

A large, expressive yellow brushstroke graphic that starts from the left side of the page, curves upwards and then downwards, ending near the center. It has a textured, hand-painted appearance with varying line thicknesses.

GROWING SUSTAINABLY, RE-ALIGNING STRATEGIES

ANNUAL REPORT
2021-22



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Forward-looking statement

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

ABOUT US

Who we are

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

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

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

Suryalakshmi Cotton Mills Limited, Today

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

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



Our vision

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



Our mission

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



Values that define us

Customer First

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

Innovation-led Design Thinking

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

People Welfare

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

Integrity

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

Responsibility

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

Where we operate

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

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

Our quality assurance

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



FROM THE CHAIRMAN'S DESK



Our deep-rooted legacy, brand power, global status, visionary approach, innovation capabilities and commitment to sustainability bolster our leadership position in the industry.

Dear Stakeholders,

As the world approaches the third year since the pandemic, its viral iterations still plague the world with uncertainties. During these humbling times, I'm reminded of all my colleagues and stakeholders who helped us wade through these uncharted waters. I take this opportunity to thank everyone who was with us in our fight against the pandemic or its subsequent waves.

With the worst hopefully behind us, the Indian economy is expected to grow by 8.9 per cent in the fiscal year under review, strongly indicating that economic activity has returned to pre-pandemic levels. High-frequency indicators like passenger traffic and merchandise export seem to hint at the same. Some of the worst-hit sectors like the textile industry, are witnessing rapid recoveries and are expected to grow three-fold in the next four years backed by government initiatives to bolster the same.

The textile sector is extremely important to the Indian economy, since it contributes significantly to export revenues. Post a slowdown to \$75 billion in FY 2021, the domestic textiles and apparels industry is anticipated to be worth \$300 billion by 2025-26, registering a growth of 300 per cent in the next 2 years.

Our Company remained a formidable entity in the textile industry during trying times due to

the resilience of our team. Analogous to the swift recovery of the textile industry in India, our company is witnessing a post-pandemic comeback of its own.

With the consumer confidence gradually increasing proportional to the opening up of the economy, a significant increase in demand was observed in the year under consideration. This demand was fuelled by the recovery of purchasing power and rebound of purchase volumes along with the increase in exports and customer base for our products.

With gradual recovery of demand, we focused on improving our capacity utilisation and addressing the needs of our customers. This was achieved through a number of strategic measures like increasing production capacity and improving overall efficiency of our process and people.

The headwind caused by inflated raw material price was partly absorbed through better capacity utilization which helped limit the increase in operating expenses. The Company has closed down the Power plant that has become unviable to operate due to the high cost of coal and easy availability of low cost grid power. The Company has also substituted coal with biofuel in other operations as a sustainability initiative and also has installed 3001.86 KWP Solar Power

plant at its Amanagallu Division to promote alternative source of energy.

The measures and more importantly, the efforts taken by our company and my colleagues culminated in a good year for Suryalakshmi as demonstrated by our financial performance in the fiscal year 2022.

Our revenue from operations grew by 60 % to Rs. 784 crores in FY 2022. Our persistent focus on operational excellence and cost optimisation has enabled us to turnaround a challenging loss-making year into a profit-making year for the Company. During the year under review, our EBITDA stood at Rs. 90 crores. While, our PBT improved from (loss Rs.0.48 crores) in FY21 to Rs. 49.95 crore in FY22. We also focused on maintain strong balance sheet and liquidity position.

One of the most important assets for sustaining our competitiveness in the ever-evolving textile space is our design thinking and technology innovation. We use state-of-the-art manufacturing systems as well as digital technologies that enable optimal production and efficiency.

Today, Suryalakshmi is moving forward into the future with confident steps. Our deep-rooted legacy, brand power, global status, visionary approach, innovation capabilities and commitment to sustainability bolster our leadership position in the industry.

The credit of our success and turnaround during the year can be attributed to the hard work, dedication and commitment of our employees. We see qualified employees as our most valuable asset. Thus, we adopt a human resources management approach that respects the rights of employees and supports equality and fairness across the organisation. We place great importance on ensuring social gender equality.

Our endeavours of creating impact are not restricted to the numerical targets but extends to developing sustainable products that are innovative and environment friendly. We want our products to be ground-breaking and drive change in the global textile industry.

With the market and our salience improving day after day, we are expecting similar growth in the forthcoming years. I would like to appreciate the unwavering loyalty and support of our customers, employees, shareholders and other stakeholders. We, like always are committed towards expanding our footprint in existing and new markets while delivering the best quality products to our customers.

Regards,

L.N. Agarwal
Chairman

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

Sri Dhruv Vijai Singh
Director

Smt. Aruna Prasad
Director

Sri Rajan Ravindra Shukla#
Nominee Director– IDBI
(From 30/04/2022)

*Up to 30/04/2022

#from 30/04/2022

Company Secretary

Sri E.V.S.V.Sarma

President (Finance)

Sri P.S.Subramanyam

Statutory Auditors

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

Cost Auditors

M/s. S. Hariharan & Associates

Bankers

State Bank of India
Industrial Finance Branch
Hyderabad

IDBI Bank Limited
Saidapet, Chennai.

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

DBS Bank India Limited (erstwhile -
Lakshmi Vilas Bank Limited)
Aditya Trade Centre,
Ameerpet, Hyderabad.

EXIM Bank,
Rajbhavan Road,
Hyderabad.

Axis Bank,
Begumpet
Hyderabad.

South Indian Bank Limited,
Rajbhavan Road,
Hyderabad.

Registered Office

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

FACTORIES

Yarn Divisions

Amanagallu
Ranga Reddy Dist.
Telangana - 509 321

Amravati,

Addl. Amravati Indl. Area,
Textile Zone, Nandgaon Peth,
Tuljapur Village, Talkhana,
Dist. Amravati.
Maharashtra - 440 010.

Denim Division

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

Registrar and Transfer Agent

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

DIRECTORS' REPORT

To
The Members

Your Directors are pleased to present their Fifty Ninth Annual Report on the business and operations of the Company and the financial results for the year ended 31st March, 2022.

Financial Results

(₹ in Lakhs)

	2021-2022		2020-2021	
Gross Profit before Interest & Depreciation		8505.44		3719.45
Less : Interest	2426.28		3245.48	
: Depreciation & Amortisation expense	1604.39	4030.67	1647.80	4893.28
Profit/(Loss) before prior year Adjustment		4474.77		(1173.83)
Exceptional Items		520.31		1126.04
Profit / (Loss) before tax for the year		4995.08		(47.79)
LESS : Deferred tax liability		1558.07		(13.83)
Profit / (Loss) after tax from continuing operations		3437.01		(33.96)
Profit / (loss) from discontinued operations		(4964.18)		(337.19)
Tax expense on discontinued operations		(1548.82)		(89.00)
Profit / (Loss) after tax from discontinued operations.		(3415.36)		(248.19)
Profit / (Loss) for the period		21.65		(282.15)
Other Comprehensive Income		15.87		(9.31)
Total Comprehensive Income for the period		37.52		(291.46)
ADD : Opening other Equity		21527.39		21818.85
ADD: Share premium on allotment of Preferential Equity shares		1599.75		
Sub Total		23164.66		21527.39
LESS: Dividend on Equity share capital		-		0
LESS: Corporate Dividend Tax		-		0
LESS: Transferred to General Reserve		-		0
Profit transferred to balance sheet		23164.66		21527.39

OPERATIONS

The Operations for the financial year 2021-22 reflect the economic revival in the country following the receding Covid19 pandemic.

The turnover at Rs.783.5Crores has improved by 60% over the previous year and profit before tax of Rs.49.95Crores reflects the improved performance of the spinning and denim fabric divisions. The overall growth in sales volumes and realisations arising out of the favourable market sentiment has contributed to the encouraging results.

POWER PLANT

As informed in the previous report the operations of the Power Plant are discontinued even during this year as it is no longer viable to operate the same due to the shortage and high coal cost and also availability low cost state power.

The Board has decided to dispose off the Power plant and use the sale proceeds to reduce the debt burden.

DIVIDEND

In view of the inadequate profits, the Board regrets its inability to recommend a dividend for the year 2021-22. The Board has decided to dispose off the Power plant and use the sale proceeds to reduce the debt burden.

CAPITAL EXPENDITURE

During the year under review the Company incurred capital expenditure of Rs. 1052.37 lakhs.

EXPORTS

The effects of pandemic subsided resulting in overall revival of the economic activity globally. Exports witnessed a healthy

54% growth and the Company managed to service its clientele of leading brands like Lee, Wrangler, Dickies, Timberland, Wal-Mart, Amazon Gorge, Primark, Salisbury & Jack & Jones etc. The Company has added new customers like CK, Uniqlo, M&S etc & new markets like Indonesia, Syria etc.

FUTURE OUTLOOK

While the performance in the Financial year 2021-22 is encouraging the galloping cotton prices apart from rising other input costs like dyes, chemicals, coal & power etc present a challenge and an opportunity to the Company. The Company will continue to do its best in the given circumstances to meet the evolving challenges.

DIRECTORS

During the year, Smt. Aruna Prasad (DIN: 07164087) Director will retire at the ensuing Annual General Meeting and being eligible, offers herself for reappointment.

During the year IDBI withdraw the nomination of Sri. V.V.S.Ravindra and nominated Sri. Rajan Ravindra Shukla instead. The Board wishes to place on board its appreciation of the continuation made by Sri.V.V.S.Ravindra to the deliberation of the Board during the Tenure.

Further details about the above directors are given in the Corporate Governance Report as well as in the Notice of the ensuing Annual General Meeting being sent to the shareholders along with the Annual Report.

EVALUATION OF THE BOARD'S PERFORMANCE

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

FAMILIARISATION PROGRAM FOR INDEPENDENT DIRECTORS

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

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 2, 2022, 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.

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. 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 four times during the year 2021-2022. The details of the board meetings and the attendance of the Directors are provided in the Corporate Governance Report.

iii) Changes in Share Capital:

During the year under review the Company made a Preferential issue of 21,33,000 equity shares to the Promoters of the Company under the prevailing provisions of Companies Act 2013 & SEBI Regulations. The shares have been listed by BSE & NSE.

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 (up to 30/04/2022, Sri Rajan Ravindra Shukla (from 30/04/2022) as the members. More details on the committee are given in the Corporate Governance Report.

v) Related Party Transactions:

All the related party transactions are entered into on arm's length basis and are in compliance with the applicable provisions of the Companies Act 2013 and the Listing Regulations. There are no materially significant related party transactions made by the company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the company at large. Thus disclosure in Form AOC-2 is not required to be made. All Related Party Transactions are disclosed to the Audit Committee and the Board.

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

vi) REPORTING OF FRAUDS

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

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

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

CORPORATE GOVERNANCE

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

CORPORATE SOCIAL RESPONSIBILITY POLICY

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

STAKEHOLDERS RELATIONSHIP COMMITTEE

The reconstituted Stakeholders Relationship Committee consists of following Directors.

Mr. Navrang Lal Tibrewal, Chairman (Independent Director), Sri L.N. Agarwal, (member), Sri Paritosh Agarwal (member) and Sri E.V.S.V. Sarma, Compliance Officer & Company Secretary. During the financial year, stakeholder's relationship committee meeting was held on 10/05/2022.

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/investor-corporate-governance.aspx

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

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

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

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trained) are covered under the Policy. The following is a summary of sexual harassment complaints received and disposed of 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. The present term of appointment of M/s.K.S.Rao&Co., Chartered Accountants comes to an end with the conclusion of this 59th AGM and in their place it is proposed to appoint M/s. Brahmayya & Co, Hyderabad (ICAI Firm Regn No.000513S) for a period of 5years on a remuneration mutually agreed upon by the Board of Directors and the Statutory Auditors.

The Company has received the prescribed certificate from the Auditors regarding the appointment and the necessary consent for his appointment as Auditors. 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 requirement of Central Government and pursuant to Section 148 of the Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has 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. S.Hariharan & Associates, Cost Accountants (Firm Registration No.100486) as the Cost Auditors for the Financial Year 2022-2023 and has recommended their remuneration to the shareholders for their ratification at the ensuing Annual General Meeting. M/s. S.Hariharan & Associates, Cost Accountants have confirmed their appointment is within the prescribed limits and also certified that they are free from any disqualification.

III. Secretarial Auditor and Secretarial Audit Report

The Board had appointed Mr.K.V.Chalama Reddy, Company Secretary in Whole-time Practice (M.No. F9268), to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2022-2023. The report of the Secretarial Auditor for the financial year 2021-22 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

The Company has installed Solar Power for 3001.86 KWp at its Amanagallu division to promote alternative source of energy, information on conservation of energy, technology absorption, foreign exchange earnings and out go, as required to be given pursuant to provision of Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is annexed here to marked ANNEXURE-4 and forms part of this report.

DEPOSITS

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

EMPLOYEES

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

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Date : 10th May, 2022

Place : Secunderabad

L.N.AGARWAL

Chairman & Managing Director

ANNEXURE – I

CORPORATE GOVERNANCE REPORT

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

Suryalakshmi's corporate culture has meant working always proactively to meet the expectations of its customers, shareholders, employees, business associates, and 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	4	6
Sri Navrang Lal Tibrewal DIN : 00030151	Non-Executive – Independent	Nil	Nil	Nil
Sri R.S.Agarwal DIN : 00012594	Non-Executive – Independent	THREE a) The Ramco Cements Ltd. b) Ramco Industries Ltd. c) Ramco Systems Ltd	2	3
Sri V.V.S.Ravindra* DIN : 01887879	IDBI Nominee Non-Executive	Nil	Nil	Nil
Sri Dhruv Vijai Singh DIN No. 07180749	Non-Executive – Independent	Nil	Nil	Nil
Smt. Aruna Prasad DIN : 07164087	Non-Executive – Non Independent	Nil	Nil	Nil
Sri Rajan Ravindra Shukla # DIN: 09611927	IDBI Nominee Non-Executive	Nil	Nil	Nil

* Up to 30/04/2022

From 30/04/2022

- 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, 2021 to 31st March, 2022	Attendance at the last Annual General Meeting held on 31/10/2020
Sri L.N.Agarwal	4	Present
Sri Paritosh Agarwal	4	Present
Sri R.Surender Reddy	4	Present
Sri Navrang Lal Tibrewal	4	Present
Sri R.S.Agarwal	4	Present
Sri Dhruv Vijai Singh	4	Present
Sri V.V.S.Ravindra	2	Absent
Smt. Aruna Prasad	4	Present

- c) During the financial year ended March 31, 2022 – Four Board Meetings were held on 10/05/2021, 02/08/2021, 20/10/2021, and 02/02/2022.

- 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

- e) The details of shares held by the Non-Executive Directors of the Company in their individual names as on March 31, 2022 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
Sri. Dhruv Vijai Singh	Director	nIL
Smt. Aruna Prasad	Director	nIL

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

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

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

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

Businesses of the Company	Core Skills / Expertise / Competencies	Name of the Director having the expertise
a) Yarn	a) Textile Technolony - Developments / trends	Sri L.N.Agarwal / Sri Paritosh Agarwal
b) Fabric		
c) Garment	b) Cotton Markets - price trends / quality / procurement	Sri L.N.Agarwal / Sri Paritosh Agarwal
d) Power	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
	e) Textile machinery - developements	Sri Paritosh Agarwal

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

h) Confirmation from the Board

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

REAPPOINTMENT OF DIRECTORS

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

Sri. Rajan Ravindra Shukla B.com, CAIIB, CA(inter), aged 46 is nominated by IDBI as its nominee Director in the place of Sri.V.V.S.Ravindra with effect from 30/04/2022, is General Manager Large Corporate Group IDBI Bank Ltd, Hyderabad.

During the year under review, there were no changes in the composition of Board of Directors.

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
- Sri Rajan Ravindra Shukla# - Member, Non-Executive - IDBI Nominee

* Up to 30/04/2022

From 30/04/2022

c. Meetings and attendance during the year

During the financial year ended March 31, 2022 - Four Audit Committee Meetings were held on 10/05/2021, 02/08/2021, 20/10/2021, and 02/02/2022.

Name	No. of the Meetings attended
Sri R.S.Agarwal	4
Sri R.Surender Reddy	4
Sri Navrang Lal Tibrewal	4
Sri V.V.S.Ravindra	2

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*
5. Sri Rajan Ravindra Shukla – Member – Non-Executive – IDBI Nominee#

* Up to 30/04/2022

From 30/04/2022

c) Meetings and attendance during the year

During the financial year ended March 31, 2022, Nomination and Remuneration Committee Meetings was held on 10th May, 2021 all the members of the Committee attended the same.

d) Performance evaluation criteria for Independent Directors

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

Directors:

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

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

5. REMUNERATION OF DIRECTORS

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

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

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

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

Sitting Fees@ (for year ended 31/03/2022)

Name	Designation	Amount (Rs.)
Sri. R.Surender Reddy	Independent Director	42500/-
Sri.Navrang Lal Tibrewal	Independent Director	42500/-
Sri. R.S.Agarwal	Independent Director	35000/-
Sri. Dhruv Vijai Singh	Independent Director	30000/-
Sri. V.V.S.Ravindra	Nominee - IDBI	10000/-
Smt. Aruna Prasad	Director	20000/-

® Exclusive of incidental expenses

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

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

Details of remuneration to the Executive Directors

(During 01/04/2021 to 31/03/2022) *

Name	Designation	Salary & Commission (Rs.)	Perquisites (Rs.)	Total (Rs.)
L.N.Agarwal	Chairman & Managing Director	78,00,000	87,200	78,87,200
ParitoshAgarwal	Managing Director	70,20,000	1,65,842	71,85,842

(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.

b. Composition, names of members and Chairperson

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

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.

7. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

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

8. GENERAL BODY MEETINGS:

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

Financial Year	Date	Venue	Time
2018-2019	30/09/2019	Rajdhani Hall, 1st Floor, Lions Bhavan, Behind LIC & HDFC Bank, Near Paradise Circle, S.D.Road, Secunderabad-500003	10.30 A.M.
2019-2020	31/10/2020	6th Floor, Surya Towers 105 S P Road, Secunderabad – 500003 (Through Video Conferencing) Regd Office	10.30 A.M.
2020-2021	30/09/2021	6th Floor, Surya Towers 105 S P Road, Secunderabad – 500003 (Through Video Conferencing) Regd Office	10.30 A.M.

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

1. 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.
2. At the AGM held on 31/10/2020 –
 - (i) Reappointment of Sri Paritosh Agarwal, Managing Director.
 - (ii) Reappointment of Sri R.S.Agarwal as an Independent Director for a Second term of 5 years.
 - (iii) Reappointment of Sri Navrang Lal Tibrewal as an Independent Director for a Second Term of 5 Years.
 - (iv) Consider the Sale of Plant & Machinery of the Power Plant.
 - (iv) Ratification of the Remuneration of Cost Auditor.
3. At the AGM held on 30/09/2021 –
 - (i) Appointment of Smt. Aruna Prasad as a Director.
 - (ii) Reappointment of Sri. Dhruv Vijai Singh as an Independent Director for a Second term of 5 years.
 - (iii) Mortgage in favour of SBICAP Trustee Company Limited.
 - (iv) Ratification of the Remuneration of Cost Auditor.

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

NIL

d) Person who conducted the postal ballot exercise

Not applicable as no Postal Ballot exercise was carried out

e) Procedure for postal ballot

Not applicable

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

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

9. MEANS OF COMMUNICATION.

a) Quarterly results.

Quarterly report is not being sent to each household of shareholders as shareholders are intimated through the press and the Company's Website <http://www.suryalakshmi.com/investor-financial-information.aspx>

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

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 : 30/07/2022

Time : 10:30 A.M

Venue : Registered Office

b) Financial Year

1st April to 31st March following

c) Date of Book Closure

23rd July, 2022 to 30th July, 2022 (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 (Rs.)		SHARE PRICE (Rs.)		SENSEX	
	HIGH	LOW	HIGH	LOW	HIGH	LOW
April, 2021	32.75	28.55	32.04	28.02	50375.77	47204.05
May, 2021	50.02	29.00	49.05	28.07	52013.22	48028.07
June, 2021	51.45	44.01	51.03	43.01	53126.73	51450.58
July, 2021	76.02	52.01	77.09	52.05	53290.81	51802.73
August, 2021	76.00	49.02	75.04	49.35	57625.26	52804.08
September, 2021	63.35	52.55	63.25	53.07	60412.32	57263.09
October, 2021	69.07	57.05	69.45	55.95	62245.43	58551.14
November, 2021	64.07	55.06	66.04	56.00	61036.56	56382.93
December, 2021	79.00	58.25	78.05	58.65	59203.37	55132.68
January, 2022	97.02	77.15	98.09	77.15	61475.15	56409.63
February, 2022	98.08	68.01	98.35	68.45	59618.51	54383.02
March, 2022	86.05	64.95	85.00	65.05	58890.92	52260.82

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 Limited
Selenium Building, Tower B, Plot No.31-32,
Financial District, Nanakramguda, Serilingampally, Mandal
HYDERABAD – 500 032.
Tel.: 040-67161754

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 31.03.2022

Particulars	No. of Shares	% of Holding
Promoters	11459889	60.94
Indian Public	6140964	32.65
Bodies Corporate	850822	4.53
Banks & Financial Institutions	67266	0.36
Non Resident Indians	120243	0.64
IEPF	77220	0.41
Unclaimed Suspense Account	11977	0.06
Others (clearing members, NBFC's & NRI-Non Repatriation)	76909	0.41
TOTAL	18805290	100.00

Distribution Schedule - Consolidated As on 31-03-2022

Nominal Value	Holders		Amount	
	Number	% to Total	in ₹	% to Total
01-5000	7149	82.46	88,23,590	5.29
5001- 10000	751	8.66	60,99,260	3.66
10001- 20000	353	4.07	54,27,750	3.26
20001- 30000	130	1.50	33,43,110	2.01
30001- 40000	59	0.68	21,20,550	1.27
40001- 50000	53	0.61	25,09,790	1.51
50001- 100000	87	1.00	62,61,370	3.76
100001 & above	88	1.01	13,21,37,480	79.26
Total	8670	100.00	16,67,22,900	100.00

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) 166006444 shares amounting to 99.61% of the Capital have been dematerialised by investors as on 31st March, 2022.

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, Mandal
HYDERABAD – 500 032.
Tel.: 040-67161754

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

No outstanding 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 Limited
Selenium Tower B, Plot No.31-32,
Gachibowli, Financial District,
Nanakramguda, Seelampur Mandal,
HYDERABAD - 500 032.
Tel: 040-6716 1754

- 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, 2022, 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 2021-22 and the same was reviewed/cleared by the Audit Committee at regular intervals. The necessary disclosures in compliance with the Accounting Standards regarding the related party transactions are given in the Notes to the financial statements.

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

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

NIL

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

The Company has in place a Whistle Blower policy for vigil mechanism for Directors and

employees to report to the management about unethical behavior, fraud, violation of Company's Code of Conduct. None of the Personnel has been denied access to the audit committee.

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

Mandatory requirements: All complied with.

Discretionary requirements:

- (i) The Board: The Board is headed by an Executive Chairman.
- (ii) Shareholder Rights: Half-yearly reports is not being sent to each household of shareholders as shareholders are intimated through the press and the Company's website www.suryalakshmi.com.
- (iii) Audit qualifications : There are no audit qualifications in the Audit Report.
- (iv) Separate posts of Chairman and CEO. There are no separate posts of Chairman & CEO.
- (v) Reporting of Internal Auditor.

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

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

Not applicable as the Company has no subsidiary.

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

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

i) 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

j) 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 proceeds of the preferential issue of 21,33,000 equity shares made to the promoters during the year have been utilised to meet the Bankers requirement of infusing Promoters' contribution by way of Equity capital.

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 31/03/2022.**

Sl. No.	Payments to the Statutory Auditors (excluding taxes)	Fees paid (Rs. In lakhs)
1.	Statutory Audit fees paid for Audit of the Company and Subsidiary Companies situated in India	4.05
2.	Fees paid for other services.	2.04
3.	Reimbursement of expenses.	—
4.	Tax Audit	0.65
	TOTAL	6.74

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.

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;

11 shareholders - 12043 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.

1 shareholder - 66 shares

(iv) aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year.

10 shareholders - 11977 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, 2022.

for **SURYALAKSHMI COTTON MILLS LIMITED**

Place : Secunderabad

Date : 10th May, 2022

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, 2022 and that to the best of our knowledge and belief:
- (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- (1) significant changes in internal control over financial reporting during the year;
 - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Secunderabad
Date : 10th May, 2022

P.S.SUBRAMANYAM
PRESIDENT (FINANCE)

PARITOSH AGARWAL
MANAGING DIRECTOR

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

Surya Lakshmi 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 2022, 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, 2022.
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.

K.S.Rao & Co.

Chartered Accountants
Firm Regn.No.0031109S

(P.Govardhana Reddy)

Partner

Place : Hyderabad
Date : 10. 05. 2022

ICAI Membership No. 029193
UDIN22029193AKJPHN2757

CERTIFICATE UNDER SCHEDULE V(C)(IO)(I) OF SEBI

To
The Members,
Suryalakshmi Cotton Mills Limited
Hyderabad.

Sub: Certificate under Schedule V(C)(IO)(i) of SEBI (Listing Obligations and Disclosure Requirements), 2015

I, K.V.Chalama Reddy, Practising Company Secretary have examined the Company and Registrar of Companies records, books and papers of Pokarna Limited (CIN: L14102TG1991PLC013299) having its Registered Office at 01st Floor, 105,Surya Towers, Secunderabad- 500003 Telangana State, India ("the Company") as required to be maintained under the Companies Act, 2013, SEBI Regulations, other applicable Rules and Regulations made thereunder for the Financial Year ended on 31st March, 2022.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations and representation furnished to me by the Company, its officers and agents, we certify that none of the following Directors of the Company 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 as on 31st March, 2022:

List of Directors of the Company as on 31st March, 2022

S. No.	DIN No.	Name of the Director	Designation
1)	00008721	Sri. Lakshmi Narayan Agarwal	Managing Director and Chairman/promoter
2)	00008738	Sri.Paritosh Kumar Agarwal	Managing Director/promoter
3)	00012594	Sri.Radhey Shyam Agarwal	Non-executive- Independent Director
4)	00030151	Sri.Navrang Lal Tibrewal	Non-executive- Independent Director
5)	00083972	Sri. Surender Reddy Ramasahayam	Non-executive -Independent Director
6)	01887879	Sri.Vedantham Venkata satya Ravindra	Nominee Director-IDBI
7)	07164087	Smt. Aruna Prasad	Non-executive -Independent Director/woman
8)	07180749	Sri. Dhruv Singh Vijai	Non-Executive -Independent Director

Place : Hyderabad
Date: 10/05/2022

K.V.Chalama Reddy

Practising Company Secretary
M.No:F9268, C.P.No:5451
UDIN No.: F009268D000291605

ANNEXURE –II

CSR REPORT

BRIEF OUTLINE ON CSR POLICY OF THE COMPANY:

Suryalakshmi is acutely conscious of the contribution of the society at large to its growth and wellbeing 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.

CSR activities of Suryalakshmi are carried out through:-

Contributions to various Trusts / Societies and directly by Company.

1. Composition of the CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Sri.L.N.Agarwal	Chairman & Managing Director	4	4
2.	Sri.R.Surender Reddy	Independent & Non-executive Director	4	4
3.	Sri.Paritosh Agarwal	Managing Director	4	4

2. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

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

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

3. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Not Applicable - as the Company does not have an average CSR obligation of Rs. 10 Crores or more in the three immediately preceding financial years.

4. Details of the amount available for set-off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in rupees)	Amount required to be set-off for the financial year, if any (in rupees)
1.	2020-21	Rs.10,44,900	-
2.	2021-22	Rs.10,10,650	-
Total		Rs.20,55,550	

5. Average net profit of the company as per section 135(5). – Rs (2410.16) lacs
6. (a) Two percent of average net profit of the company as per section 135(5): Nil
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. Nil

(c) Amount required to be set off for the financial year, if any: Nil.

(d) Total CSR obligation for the financial year (6a+6b+6c). Nil.

7. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in rupees)	Amount Unspent (in rupees)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount.	Date of Transfer
10,10,650	-	-	-	-	-

(b) Details of CSR amount spent against ongoing projects for the Financial Year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sr. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the Project		Project duration	Amount allocated for the project (in rupees)	Amount spent in the current financial year (in rupees)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in rupees)	Mode of Implementation Direct Yes/No	Mode of Implementation Through Implementing Agency	
				State	District						Name	CSR Registration number

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the Project		Amount spent for the project (in rupees)	Mode of implementation Direct (Yes/No)	Mode of Implementation Through Implementing Agency	
				State	District			Name	CSR Registration number

(d) Amount spent in Administrative Overheads - Nil

(e) Amount spent on Impact Assessment, if applicable - Nil

(f) Total amount spent for the Financial Year (7b+7c+7d+7e) - 10,10,650/-

(g) Excess amount for set-off, if any

Sr. No	Particular	Amount (in rupees)
1.	Two percent of average net profit of the Company as per Section 135(5)	Nil
2.	Total amount spent for the financial Year	10,10,650
3.	Excess amount spent for the financial year [(ii)-(i)]	10,10,650
4.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	10,44,900
5.	Amount available for set-off in succeeding financial years [(iii) - (iv)]	20,55,550

8. (a) Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (in rupees)	Amount spent in the reporting Financial Year (in rupees)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any.			Amount remaining to be spent in succeeding financial years (in rupees)
				Name of the fund	Amount (in rupees)	Date of transfer	
1.	2019-20	959377	571145		nil		959377

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting financial year (in rupees)	Cumulative amount spent at the end of reporting Financial year (in rupees)	Status of the project Completed/ ongoing
					nil			

9. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year. N.A

(Asset-wise details) :

1. Date of creation or acquisition of the capital asset(s).
2. Amount of CSR spent for creation or acquisition of capital asset.
3. Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
4. Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

10. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

L.N.AGARWAL

CHAIRMAN & MANAGING DIRECTOR

L.N.AGARWAL

CHAIRMAN OF CSR COMMITTEE

DATE: 10/05/2022

PLACE : SECUNDERABAD

CSR PAYMENTS MADE FOR THE YEAR ENDED 31.03.2022

1	2	3	4	5	6	7	8	9	10	11
S. NO.	CSR PROJECT OR ACTIVITY IDENTIFIED	SECTOR IN WHICH THE PROJECT IS COVERED	PROJECTS OR PROGRAMMES (1) Local Area or Other (2) Specify the State & Dist. Where Projects or Programmes was Undertaken	AMOUNT OUTLAY/BUDGET PROJECT OR PROGRAMS WISE	AMOUNT SPENT ON THE PROJECTS OR PROGRAMS (1) Direct Expenditure on Projects or Programs (2) Over Head FOR THE Q1 FY 2021-2022	AMOUNT SPENT ON THE PROJECTS OR PROGRAMS (1) Direct Expenditure on Projects or Programs (2) Over Head FOR THE Q2 FY 2021-2022	AMOUNT SPENT ON THE PROJECTS OR PROGRAMS (1) Direct Expenditure on Projects or Programs (2) Over Head FOR THE Q3 FY 2021-2022	AMOUNT SPENT ON THE PROJECTS OR PROGRAMS (1) Direct Expenditure on Projects or Programs (2) Over Head FOR THE Q4 FY 2021-2022	CUMULATIVE EXPENDITURE UP TO THE REPORTING PERIOD FY 2021-2022	AMOUNT SPENT: Direct or through Implementing Agency
1	Promoting Education	Books & Stationery Items / Renovation of School, Benches, Fans Etc / Salaries to Teaching Staff	Amangallu, R R Dist Telangana, Kasthuribai Candhi / Renovation of Balikata Vidhyalayam, MPP Middle School, Vitaipally, Amangallu, R R Dist. Telangana	500,000	3,10,500	-	11,500	17,250	339,250	Direct by the Company
2	Police Welfare Fund	Welfare Fund	Nagpur, Maharashtra & Nandhagaupet, Amravati Maharashtra, Ramtek, Nagpur Dist. Maharashtra	125,000	-	40,000	-	50,000	90,000	Direct by the Company
3	Surveillance Camera System	Rural Development Project	Amangallu, R R Dist Telangana	250,000	-	203,520	-	-	203,520	Direct by the Company
4	Tree Plantation	Environment Protection	Amangallu, R R Dist Telangana	25,000	-	15,000	-	-	15,000	Direct by the Company
5	Health Care	Preventive Health Care	Nagpur, Maharashtra & Nandhagaupet, Amravati Maharashtra, Ramtek, Nagpur Dist. Maharashtra	55,000	-	15,100	-	-	32,880	Direct by the Company
6	Annadanam (Food for Life)	Welfare Fund	Nagpur, Ramtek, Maharashtra	25,000	-	-	20,000	-	20,000	Direct by the Company
7	Sponsorship for Sports	Promotion Sports	Amangallu Mandal, Amangallu, R R District, Telangana, Nandgaonpeth, Amravathi, Nagpur Dist. Maharashtra	165,000	-	-	100,000	11,000	110,000	Direct by the Company & Veer Seshari Krda and Shiksan Mandal
8	Cau Seva	Animal Welfare Project	Gosamrakshana Shala, Behind Exhibition Ground, Kurnool	250,000	-	-	-	200,000	200,000	Gayathri Goseva Samithi
TOTAL				1,395,000	310,500	273,620	131,500	295,030	1,010,650	

CSR AMOUNT TO BE SPENT DURING THE FY : 2021-22 Rs. NIL

ANNEXURE III

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31-03-2022

FORM NO.MR- 3

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

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

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

1. Based on our verification of the books, papers, minutes books, forms, returns filed and other records maintained by the Company and also the information and according to the examinations carried out by us and explanations furnished and representations made to us by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in our opinion, the Company has during the audit period covering the Financial Year ended on 31st March, 2022 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, 2022 ("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 thereunder;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; Not applicable during the audit period
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Securities and Exchange Board Of India (Prohibition Of Insider Trading) (Amendment) Regulations, 2020
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - 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 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) I, further report that the Company has passed special resolution in terms of Section 180 of the Companies Act, 2013 authorising the Board of Directors of the Company to mortgaging and/or charging all the movable and immovable properties of the Company where so ever situate, present and future to secure, the Working Capital facilities including FITL sanctioned by Working capital lenders (State Bank of India, IDBI Bank Ltd, Union Bank of India (erstwhile - Andhra Bank), DBS Bank India Limited (erstwhile-Lakshmi Vilas Bank)
- (ii) I, further report that the Company has issued and allotted 21,33,000 equity shares of Rs 10/- each on conversion of equal number of warrants issued to promoters on preferential basis at a price of Rs.85/- per share (at premium of RS.75/- per share) in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and there were no other specific events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, regulations, guidelines, standards, etc referred above.

K . V . Chalama Reddy

Practising Company Secretary

Place: Hyderabad

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

Date: 10.05.2022

UDIN number: F009268D000291627

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

Annexure 'A'

To,
The Members
Surya lakshmi Cotton Mills Limited
Hyderabad

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

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

Place : Hyderabad
Date : 10.05.2022

K.V.Chalama Reddy
Practising Company Secretary
M.No.F9268, C.P.No.5451
UDIN number: F009268D000291627

ANNEXURE IV

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

A. CONSERVATION OF ENERGY

(i) the steps taken or impact on conservation of energy;	LED Lights installed for street lighting and the entire factory.
(ii) the steps taken by the company for utilising alternate sources of energy;	Solar Power installed for 3001.86 KWP.
(iii) the capital investment on energy conservation equipments;	Rs.10.91Crores

B. TECHNOLOGY ABSORPTION

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

C. Foreign Exchange Earnings and Outgo :

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

	(Figures in Rs.Lakhs) 2021-2022	(Figures in Rs.Lakhs) 2020-21
Foreign Exchange Earned		
FOB Value of Exports	15324.88	10430.08
CIF Value of Exports	15712.40	10632.56
Foreign Exchange Used		
(a) Commission on export sales	138.23	144.62
(b) Foreign Travel Expenses	2.07	-
(c) Raw material	-	23.23
(d) Stores & Spares	1637.92	743.32
(e) Foreign Technical and Consultancy Services and	0.31	7.65
(f) Others	7.43	47.31

ANNEXURE V

MANAGEMENT DISCUSSION AND ANALYSIS

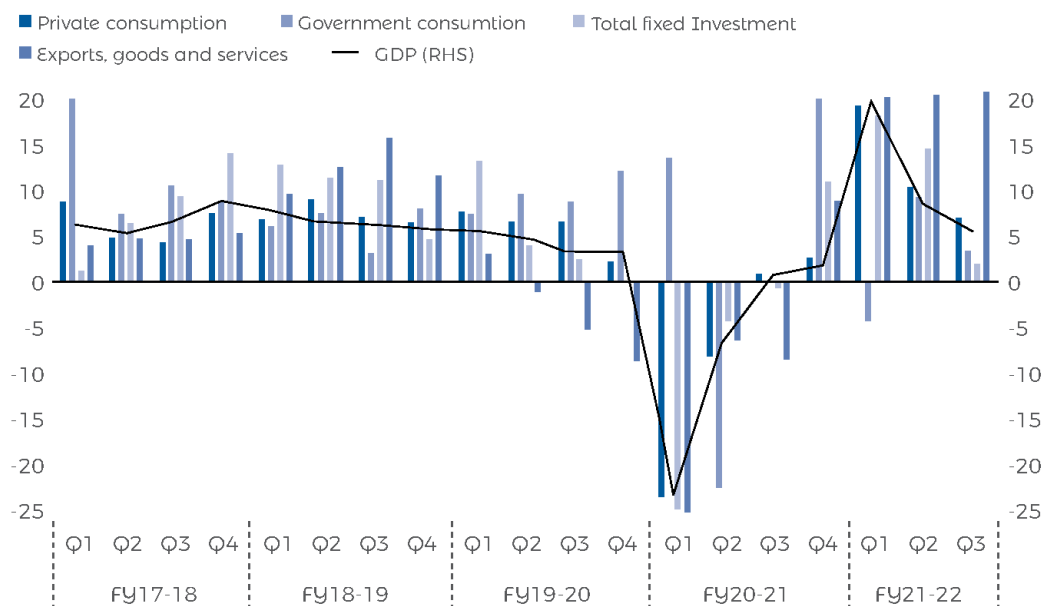
Indian Economic Overview

After declining in 2020-21, the Indian economy is predicted to grow by 9.2% in 2021-22, according to preliminary forecasts. This suggests that overall economic activity has recovered to pre-pandemic levels. Despite the fact that the healthcare was substantially impacted, all evidence shows that the “second wave” in Q1 had a far less economic impact than the whole lockdown period in 2020-21.

Total consumption is predicted to grow by 7 percent in 2021-22, with significant contributions from government spending. Gross Fixed Capital Formation also exceeded pre-pandemic levels as a result of increased public infrastructure spending. Both goods and service exports have been very robust so far in 2021-22, but imports have rebounded significantly as a result of increasing local demand and higher international commodity prices. With the vaccination programme reaching the majority of the population, the economy regaining steam, and the predicted long-term benefits of supply-side adjustments in the pipeline, the Indian economy is in excellent shape to grow at 8.0-8.5 percent in 2022-23.

India's GDP growth moderates

GDP and its components (% YoY)



Outlook:

In FY2022-23, India's GDP growth is predicted to be between 7.5 percent and 8.0 percent, and between 6.7 percent and 7.1 percent in FY2023-24. Additionally, because the partial pass-through of higher food and oil prices (with a lag) affects consumers' moods and wallets, it is expected that pent-up demand will pick up with a small delay. Companies will wait for demand signals and cost rises before spending. We expect growth to rise up in the second quarter of FY2022-23 as uncertainties fade.

¹ <https://www.indiabudget.gov.in/economicsurvey/doc/eschapter/echap01.pdf>

² <https://www2.deloitte.com/xe/en/insights/economy/asia-pacific/india-economic-outlook.html>

Indian Textile Industry:

India's domestic clothing and textile sector produces 5% of the country's GDP, 7% of industry output in value terms, and 12% of the country's export revenues. India is the world's sixth largest exporter of textiles and apparel.

India is one of the world's leading producers of cotton and jute. India is also the world's second largest producer of silk, accounting for 95 percent of all hand-woven cloth. The Indian technical textiles market is about \$16 billion, or around 6% of the global market.

The textiles and apparel industry in India is the country's second largest employer, employing 45 million people directly and another 100 million in affiliated businesses.

India's textile and clothing sector is strong throughout the value chain, from fibre to yarn to fabric to clothes. The Indian textile and clothing business is immensely diversified, with segments ranging from traditional handloom, handicrafts, wool, and silk products to India's organised textile industry. Spinning, weaving, processing, and clothing manufacture are all part of India's organised textile industry, which is defined by the use of capital-intensive technology for mass production of textile items.

In 2019-20, the domestic textiles and clothing sector generated \$108.5 billion, of which \$75 billion was used domestically and the remainder \$28.4 billion was exported to the global market. From April 2016 to March 2021, Japan, Mauritius, Italy, and Belgium were the top donors of FDI in India's textile sector (including dyed and printed textiles).

Cotton farming employs 5.8 million farmers and 40 to 50 million workers in related industries. Furthermore, the \$75 billion in domestic consumption was split into three categories: clothes (\$55 billion), technical textiles (\$15 billion), and home goods (\$5 billion). While apparel exports were \$12 billion, home textiles exports totaled \$4.8 billion, fabric exports totaled \$4 billion, yarn exports totaled \$3.8 billion, and fibre exports totaled \$1.8 billion and others at \$2 billion.

FDI in India's textiles and apparel industry has reached \$3.9 billion through December 2021. India's textile and clothing exports are predicted to exceed \$100 billion in the next five years, with a CAGR of 11%. Seven major textile parks have been proposed to quadruple the size of India's textile and apparel sector to \$190 billion by 2025-26.

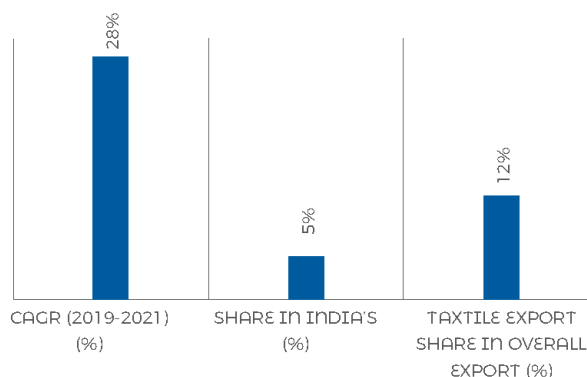
92 %

Overall Capacity Utilization during FY 2022

40021.62 INR lakhs

Total net revenue during the year (Yarn)

Indian Textile Industry:



Upcoming Trend:

After the oil industry, the textile industry is claimed to be the world's biggest polluter. An expected technical improvement to address this is the addition of Just In Time (JIT) technology, in which garments are made when a consumer screens a sample using Augmented Reality and places an order. This allows customers to choose from a variety of prints, colours, and designs without having to make the garment in the first place, saving time and resources.

The use of big data to market and sell products is another emerging trend in this industry. Customer data, such as purchase habits and location monitoring, will be collected, and an alert SMS will be sent to customers' smartphones if they pass by retail store locations. Visual trial rooms and other new technologies will soon be implemented in the retail business as well.

Another important part that will be employed for betting on the new styles is analytics. Customers will be able to choose which fashions they want to wear in the coming seasons as a result of this. Customers will also be informed about upcoming market trends thanks to this technology. As wearable technology continues to revolutionise the market, the moment has come for smart clothes to make their entrance.

Experts anticipate that some odd materials that are not currently in use will be used in the coming years. Sustainable polyester threads, as well as organic and environmentally friendly materials, will be employed in the production of fashion clothes.

It will take another two decades to make wearable technologies available in a country like India. The user will be able to modify the colour and pattern of the clothing based on their needs and moods, as well as change the colour based on the environment or weather outside, thanks to this technology.

In the future, the fashion industry will be more about the experience than the aesthetic. Customers will be more critical of the garment's experience than its appearance, thus brand owners and major market players should be more mindful of their customers. A paradigm change from looks to fashion with lifestyle solutions will occur.

For example, India is currently an average performing market in the global context, yet brands with new technologies from India will soon be seen over the world. India's textile sector is preparing to expand in big ways.

Opportunities:

- **Abundant Availability of Raw Material:** India has a large raw material base, including both natural and synthetic fibres, which has helped it achieve global significance. It is the world's leading cotton producer, accounting for around 27% of global cotton output. In addition, India is the world's second-largest producer of polyester, accounting for 8% of global output. Viscose, another significant textile fibre, is produced in India at third place in the world.
- **Presence of Complete Value Chain:** India is one of the few countries in the world that produces textiles at every stage of the value chain, from fibre to filament to garments and finished goods. On the other hand, Bangladesh, Vietnam, Sri Lanka, Myanmar, Ethiopia, and Cambodia have fragmented value chains, focusing mostly on end-products for other countries for fabric and yarn.
- **Availability of Readymade Infrastructure:** India has a long history of textile and garment manufacturing, with infrastructure scattered throughout the country in various clusters. New virtual clusters in the form of textile and apparel parks are being constructed with help from the Indian central and state governments, in addition to traditional, natural manufacturing clusters. 66 comparable parks have been sponsored by the federal government so far in several states, all of which are in various stages of development.
- **Large and Growing Domestic Market:** In the last decade, India's domestic market has outperformed the world's major consumer regions, such as the United States, the European Union, and Japan, where

demand growth has been restrained by poor economic conditions. India's domestic garment consumption has grown at an annual rate of 11% since 2005. Due to solid fundamentals, India's domestic garment business is expected to reach a value of US\$ 220 billion by 2025.

- **Presence of Large Integrated Players:** The Indian textile sector is distinguished by the presence of large-scale producers along the value chain, from yarn to completed goods. These diversified textile enterprises have considerable manufacturing capacity, are well-known by international buyers, and have conforming set-ups for high-quality goods manufacturing.
- **Availability of Large Pool of Skilled & English Speaking Manpower:** India has the world's largest youth population, with 65 percent of its population under the age of 35. India's demographic dividend will enable it to take the lead as a producer of labor-intensive products like textiles and apparel in the near future. The demand for skilled labour is projected to increase in the near future as a result of a stronger emphasis on quality. As a result, the Indian government has taken a number of efforts to develop a trained workforce.

Indian Denim Industry:

Denim is a durable cotton twill (weave) fabric that is commonly used to make jeans, jackets, shorts, jeggings, and other garments and accessories in the apparel business. It's a robust fabric with diagonal denim ribbing created by weft and warp weaving processes. Denim fabric's resilience comes from the twill weave, which allows it to withstand a lot of friction before breaking down. Other fibres, such as polyester or spandex, are periodically added in small amounts to provide the desired properties.

With new designs, textures, comfort, washes, cuts, and embellishments, the denim business is continually redefining and reinventing itself, keeping consumers intrigued and demand high. The innovation begins with the spinning step, and value is added throughout the supply chain, with fabric playing a significant role. There are around 32 denim fabric factories in India, with production capacities ranging from 10 MMPA to 120 MMPA. Despite the fact that menswear now dominates the industry, other categories are quickly catching up, with ladieswear becoming a focal point. Since a long time, India has been at the forefront of denim fabric manufacturing.

40 million metres per annum

Manufacturing Capacity

Following a slowdown during the lockdown, a surge in denim textile exports has boosted the Indian market, and denim output in mills in manufacturing heartland Gujarat has picked up. Denim is in high demand in key countries like the United States, the United Kingdom, and Europe, resulting in increased orders in Indian companies.

Export orders, in fact, were a lifeline for denim manufacturers, as they helped compensate for a drop in domestic demand from April to June 2021, when the second wave of Covid-19 was at its peak and a series of regulations were put in place to keep the spread in check.

Trade penalties placed by a number of countries on China's Xinjiang province, a textile manufacturing hotspot, are another factor driving up denim orders in India. Reduced textile trade with China, notably in the denim industry, will benefit India. The denim sector was projected to benefit from a decrease of Covid-19 cases in India, as well as the impending festive seasons.

The denim business industry is getting increasingly demanding and competitive, and leading denim fabric manufacturers' appetite for innovation is growing. Despite a slowdown in garment exports and domestic market expansion, India's denim industry continues to grow at a CAGR of 15% to 18% per year. Denim is also the apparel industry's fastest-growing fabric. The current installed capacity of 1200 million is expected to be depleted in the near future to 2000 million meters in next 3 to 4 years, due to huge demand of fabric.

Growth Prospects and Triggers

The main drivers for the increase in the denim sector's market share are:

Purpose: In today's culture, denim may be worn for almost every occasion. It's available in a range of colours and can be worn both formally and casually. Every occasion necessitates a specific type of denim. Because of their versatility, consumers have discovered that buying jeans is more cost effective than buying other bottoms.

Convenience: Denim is a durable, comfortable, and low-maintenance fabric. Denims are less difficult to maintain than formal wear and may be worn for almost any occasion.

Organised Retail Sector and E-Commerce: In the organised retail sector, demand is spurred by an extraordinary increase in the number of shopping malls and the rise of online shopping portals. Because of the ease of ordering

₹ 38265.66 Lacs

Total net revenue during the year (Denim Fabric)

online, the liberal and flexible return policies, and the cash-on-delivery system, Indian youngsters are more likely to purchase denims online.

Prices: Denim comes in a variety of price points to appeal to a wide range of market segments. The price of denim apparel is governed by a number of factors, including the quality of the material, its texture, comfort, cut, and wash. From low-cost everyday jeans to high-end luxury denim, there are denim goods to suit everyone's budget and needs.

Exports: Denim demand is growing at a CAGR of around 6% worldwide. Due to an availability of raw resources, skilled labour, and cutting-edge technology, India has the potential to become a significant denim exporter globally. The rupee's depreciation provides a competitive edge to Indian exporters.

Organised Sector: The growth of the organised retail sector has accelerated the denim industry's pace. Almost every major corporation prefers to source denim fabrics from India.

Target Market: Teenagers, as well as people in their twenties and thirties, used to dress in denim. Denim, on the other hand, has become a popular choice among all ages, from youngsters to the elderly.

Urbanisation of Work Culture: Due to the urbanisation of work culture, denim has recently become recognised as appropriate dress for the job. Denim is being included into the daily work culture of many multinational organisations in order to encourage uniformity and create a more acceptable working environment. Denim demand has risen significantly in India as a result of this. Other businesses have a 'Friday Casual' policy that requires employees to wear jeans at least once a week.

Innovation: Denim is always reinventing itself with new designs, washes, cuts, and embellishments, keeping the masses interested and demand high.

Opportunities:

- According to industry experts, denim is the only textile segment in India with considerable development potential (See chart: India Denim Export Market Overview5). An increasing number of global denim companies are considering India as a new denim export destination due to its high quality requirements, low cost, and large pool of qualified labour.
- Increased disposable incomes, westernisation of work culture, and the consequent rise in the attraction of denim jeans as business casual wear are boosting the

86 %

Overall Capacity Utilization during FY 2022

denim wear market on the domestic front. With the rise of globalisation, young Indians are turning to denim as a staple of their daily wardrobe. This expansion is being fuelled by the middle class, just as it is in the great Indian consumer story.

- They favour mid-priced denim, which is characterised by quality, value for money, and a growing styling factor. Denim production and consumption in India have grown at a CAGR of up to 15% over the previous decade, and are expected to continue at similar rates in the next years.
- Denim manufacturers can benefit from a number of factors in India. It is one of the few countries that has a presence throughout the textile value chain, from cotton production to garment manufacturing.
- It has a huge skilled workforce and produces high-quality products at low prices, making it one of the few countries with a presence across the textile value chain, from cotton production to garment production.
- The sector's expansion is aided by the country's demographics, which include rising purchasing power and a modernising fashion sense. In fact, among 30 global emerging economies, India has been rated as one of the finest places to invest in retail.
- The ambitious "Make in India" project will be extremely beneficial to the Indian denim sector. The program's aim has the potential to alter perceptions of the industry and the country's place in the global denim landscape.

Company Overview:

Suryalakshmi Cotton, which was founded in 1962, is one of India's principal integrated premium yarns, denim, and garment manufacturing companies, with more than five decades of market leadership. It has become the Original Denim manufacturer (ODM) for the major global and local brands, with a large market share in the premium denim industry, during the last two decades. For top private labels, fashion brands, and retail chains in 29 countries across the world, the company produces one of the highest quality yarns, premium denim, and garments using cutting-edge design, cutting-edge spinning technology, and end-to-end production processes. The company offer profitable growth while maintaining responsible business practices by utilising future-ready automation and measurement-based controls.

Core strengths

- SCML is one of the country's most influential Original Denim Manufacturers (ODM) with global partners like Pantaloons, Spykar, Wrangler, and others.

- SCML is a major supplier to Walmart, NEXT & MATALAN's and Levi's while being a significant vendor for VF Corporation in the United States and India.
- SCML's collaboration with global and local customers' design, sourcing and production teams, help bring the latest denim trends to the market.
- With the increasing Indian youth population alongside increasing income, the company is fully prepared to tap into the potential market through its quick response methodology enabling it to provide fast fashion into markets swiftly.
- Innovative apparels with unique design, material and texture made through dynamic design techniques that take fashion trends, customer preferences and choices into account.
- The Company's manufacturing facilities are outfitted with cutting-edge technology from leading worldwide vendors.
- Accreditations: ISO 14001:2015 Certified, ISO 9001:2015 Certified, Oeko-Tex Certification, Better Cotton Initiative, Higg Index Certified, Sedex members Ethical Trade Audit (SMETA), GOTS, OCS, GRS & RCS

Product Portfolio

Suryalakshmi has been offering end-to-end denim solutions to fashion markets in 29 countries over the past two decades, including premium yarn, denim fabric, and apparel. Pioneering in denim production improvements has given the company a competitive advantage in both domestic and international markets.

Yarn

Suryalakshmi Cotton uses cutting-edge technology and top-of-the-line machines from across the world to make yarn. World-class R&D facilities are used to research upcoming trends in yarn technology and fashion, with an emphasis on modernization and automation. This allows the company to stay up with shifting market trends while still achieving benchmark quality standards that fulfil all of the denim value chain's requirements. The company's commitment to quality control measures guarantees that every length of yarn that leaves the manufacturing facilities meet international quality standards, achieving Uster 5% quality norms.

Denim

Suryalakshmi Cotton has been manufacturing denim cloths as a forward integration strategy for the past two decades; it performs cutting-edge research to design,

create, and produce speciality denim fabrics to fulfil the particular demands of global fashion markets. In Ramtek, the company has a cutting-edge, fully integrated fabric production facility. The customer is at the centre of SCML's fabric creation process. For various fabric demands, an endless mix of finish chemistries are custom engineered. State of the art dyeing, weaving and finishing technologies are used to create over 3000 distinct varieties of textiles to be shipped to customers around the world.

Financial overview

(Amount in Rs. Lakhs)

Particulars	FY22	FY21	YoY change(%)
Revenue from operations	77807.99	48584.75	60.15
Ebdita*	9025.74	4845.50	86.27
PAT*	21.65	-28.21	10221

Ratios

Ratios	FY 2021-22	FY 2020-21
Debtors Turnover (no. of days)	68	97
Inventory Turnover (no. of days)	77	116
Interest Coverage Ratio (in times)	1.76	1.53
Current Ratio (in times)	1.43	1.10
Total Debt Equity Ratio (in times)	1.06	1.33
Operating Profit margin %	3.40	6.70
Net Profit Margin (in %)*	0.03	-0.58
Return on Net Worth (in %)*	0.09	-1.21

Internal Control:

The Company has an ample control system in place that is proportional to its size and complexity. To address the Company's growing scale and resulting demands, a thorough examination of all internal control systems was conducted. For the same, the IT support systems have

been improved. Internal auditing is in place to satisfy regulatory requirements as well as to guarantee adequate management and accounting controls implementation. The Audit Committee evaluates the internal audit functions on a regular basis.

CSR

A primary focus at Suryalakshmi has been the company's honest attempt to realise the role played by society, the environment, and its human resources, and to seek to fulfil its social obligation as a corporate citizen. To that aim, the Company has always attempted to achieve a delicate balance between economic, environmental, and social responsibilities. Suryalakshmi makes every effort to meet its CSR commitments in both law and spirit. Rural health care, the environment, and education have all been focal points of the Company's CSR initiatives. Suryalakshmi seeks to regularly examine these factors in accordance with its activities and the current situations in these sectors, particularly in its regions of operation.

Risk Management:

The company has an efficient risk management framework that enables them to identify, mitigate and manage risks. Evaluation of risks are carried out in terms of their likelihood and impact, following which pre-emptive actions are taken in order to mitigate them

Human Resources:

The working relationships were typically positive. The company evaluates its workforce needs and has a specialised and well-equipped department to handle it. The Company now employs a total of () employees.

Cautionary statement:

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

ANNEXURE VI

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

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the company for the financial year 31ST March, 2022;

Sl.No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees
1.	Sri L.N.Agarwal	50.90
2.	Sri Paritosh K. Agarwal	45.81

- (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.	Sri Siddhant Sharma	nil
4.	Sri E.V.S.V.Sarma	nil
5.	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 2407 employees on the rolls of the Company.

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

NIL

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

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

On behalf of the Board

Place :Secunderabad

Date :10th May, 2022.

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, 2022.

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 comment 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	72.15	Regular	Undergraduate	60	NIL	22/06/1994	08/09/1933	89	8.18	Yes
2	Mr. Paritosh Agarwal	Managing Director	64.93	Regular	Graduate	27	Suryavanshi Spinning Mills Limited	06/09/1994	18/03/1973	48	8.87	Yes
3	Mr. Siddhant Sharma	CEO-Denim Division	42.27	Regular	B.Tech (Textile)	33	ETCO Denim	27/02/2017	08/07/1964	57	5.83	no
4	Mr. E V S V Sarma	Company Secretary	20.28	Regular	B.Sc. ACMA, ACS, LLm	41	Transport Corporation of India Limited	03/05/1995	11/02/1951	69	nil	No
5	Mr. Prabal Kumar Bhattacharjya	G M - Exports	19.82	Regular	Masters in Management; Masters Diploma in International Trade	27	RSWM Ltd	18/04/2014	01/08/1969	52	0.03	No
6	Mr. Vasudeo Tipre	G M - Exports	19.67	Regular	BSc Statistics , MBA Marketing	28	Mafatal Industries Ltd-Denim Division	25/09/2014	28/06/1969	52	nil	No
7	Mr. P Siva Subramanyam	President (Finance)	18.98	Regular	BSc. ACA	34	Andhra Cements Limited	01/09/1992	15/12/1961	59	nil	No
8	Mr. Sanjay Baburao Ghodke	Vice President -Weaving (Denim Unit)	17.83	Regular	B.Tech (Textile)	28	Nandan Denim Limited Kanoria Africa Textiles PLC (Ethiopia)	19/04/2018	27/03/1972	50	nil	No
9	Amol R Mahajan	Vice President - Processing (Denim Unit)	16.26	Regular	BSc(Tech), IDM	21	Centuri Denim Ltd. Anubha Industries Ltd. Surgaj(GJ)	18/07/2016	01/06/1977	44	nil	No
10	Vijay Kumar	Vice President - Spinning (Denim Unit)	15.18	Regular	Diploma in Spinning	33	Purohit & Co. Ltd. Nagpur (MH) Shiva Tex Fab Ltd., Ludhiana (PB)	25/06/2018	01/03/1968	54	nil	No

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, 2022, 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, 2022, the Profit and total comprehensive Profit, 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.

Key Audit Matters

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

S. No.	Key Audit Matters	Auditor's Response
1.	Valuation of inventories The value of inventory, as at the balance sheet date amounted to Rs.157.30 crores accounting for 35% 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 1.5 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: <ul style="list-style-type: none"> 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

S. Key Audit Matters No.	Auditor's Response
<p>2. Evaluation of uncertain tax positions</p> <p>The company is subjected to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including direct and indirect tax matters. There are material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes.</p> <p>Refer Note No. 19, & 35.5.2 to the Financial Statements.</p>	<p>Principal audit procedures</p> <p>We performed the following procedures in this regard:</p> <ul style="list-style-type: none"> 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. <p>Assessed the appropriateness of disclosures made under the head 'Contingent Liabilities' in the financial Statements.</p>

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, 2020 ("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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act;
- f) with respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting.
- g) with respect to Managerial Remuneration to be included in the Auditor's report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

- h) with respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has no pending litigations that would impact its financial position. However, the company has disclosed all pending litigations as contingent liabilities. - Refer Note 35.1 to the Ind AS financial statements;
 - ii. the Company has no long term contracts and did not have derivative contracts; and
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

- iv (a) the management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) the management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) based on such audit procedures , considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.
- (v) the Company neither declared nor paid any dividend during the year

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

(P.GOVARDHANA REDDY)

Partner

Place: Hyderabad
Date: 10-05-2022

Membership No:029193
UDIN:22029193AKJPHN2757

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(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 2022.

Statement on the Companies (Auditor's Report) order, 2020

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that :

(i) a. (A) the company maintains proper records showing full particulars including quantitative details and situation of its Property, Plant and Equipment.

(B) The Company maintains proper records showing full particulars of Intangible Assets.

b. the Property Plant and Equipment have been physically verified by the management in accordance with 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 Property, Plant and Equipment 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 (other than Properties where the company is the lessee, and the lease agreements are duly executed in favour of the lessee) are held in the name of the company.

d. the company did not revalue its Property, Plant and Equipment (including right of use assets) or intangible assets during the year. Accordingly, paragraph 3 (i)(d) of the Order is not applicable;

e. on our verification of records of the Company, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988. (45 of 1988) and rules made thereunder

(ii) a) 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;

b) the Company has been sanctioned working capital limits by banks in excess of Rs 5.00 crores on the basis of Security of Current assets and the Statements filed with the Bankers by the Company are in agreement with the books of account.

(iii) the company has not granted any loans to companies, firms, Limited Liability Partnerships or any other parties. Therefore, the provisions of Clauses (a) to (f) of sub-para (iii) of Para 3 of the said Order are not applicable for the year under report;

(iv) the Company has not granted any loans, provided any 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) based on our examination of the records of the company, 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, no undisputed amounts payable in respect of these dues and other material statutory dues were in arrears as at 31st March 2022 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:

Particulars	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	99.31	2017-18 to 2021-22	Hon'ble High Court of Maharashtra Nagpur Bench, Nagpur
Maharashtra Value Added Tax Act	Value Added Tax	23.69*	2013-14	Commissioner of Sales Tax (Appeals), Nagpur
Maharashtra Value Added Tax Act	Value Added Tax	29.43@	2015-16	Commissioner, Sales Tax (Appeals), Nagpur
Central Sales Tax Act	Central Sales Tax	28.82#	2001-02	Dy. Commissioner (Commercial Tax), Begumpet Division, Hyderabad
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 information and explanations given to us and based on our verification, there were no transactions which are not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). Accordingly, paragraph 3 (viii) of the Order is not applicable.
- ix) (a) according to the records of the company examined by us, and the information and explanations given to us, the Company has not defaulted, in accordance with the terms and conditions in respect of repayment of loans or borrowings or payment of interest to any Lender, during the year under report;
- (b) as informed by the Company, it is not declared by any Bank or Financial institution or any Lender as a willful defaulter;
- (c) the term loans were applied for the purpose for which the loans were obtained;
- (d) funds raised on short term basis have not been utilised for long term purposes,
- (e) the company does not have subsidiaries, associates or joint ventures. Hence Para 3(ix) (e) of the above mentioned Order is not applicable;
- (f) the company does not have subsidiaries, associates or joint ventures. Hence Para 3(ix) (f) of the above mentioned Order is not applicable
- x) (a) the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Hence para 3(x) of the said Order is not applicable;
- (b) the company has made preferential allotment to its Promoters during the year and the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised
- xi) (a) 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;

(b) no report, under sub-section (12) of section 143 of the Companies Act in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, is filed with the Central Government during the year and as on the date of issuance of our Audit Report;

(c) as represented to us by the management, there are no whistle blower complaints received by the company during the year

xii) the company is not a Nidhi company and hence, the requirement of clause 3(xii) of the Order is not applicable 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) (a) the company has an internal audit system commensurate with the size and nature of its business; and

(b) the reports of the Internal Auditors for the period under audit were considered by us;

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

(b) the Company has not conducted any Non-Banking Financial or Housing Finance activities. Hence Para 3 (xvi) (b) of the said Order is not applicable; and

(c) the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence Para 3(xvi) (c) of the said Order is not applicable

(d) in view of our comment in para above, Para 3 (xvi) (d), with regard to, the Group having more than one CIC, is not applicable;

(xvii) the company has not incurred cash losses in the financial year and also in the immediately preceding financial year;

(xix) on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;

(xx) (a) the company has no unspent amount which is to be transferred to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act;

(b) the Company has no ongoing project for CSR spending. Hence para 3(xx) (b) of the said Order regarding transferring unspent amount to Special Account is not applicable;

(xxi) the Company does not have subsidiaries, associates or joint ventures. Hence para 3 (xxi) of the above said Order with regard to qualifications or adverse remarks in CARO reports of the companies included in the consolidated financial statements, is not applicable.

for K.S. RAO & CO
Chartered accountants
Firm Regn No. 003109S

(P. GOVARDHANA REDDY)

Partner

Place: Hyderabad

Date: 10-05-2022

Membership No.029193

UDIN: 22029193AKJPHN2757

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 2022

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 2022 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 2022, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India.

for K.S. RAO & CO
Chartered accountants
Firm Regn No. 003109S

(P. GOVARDHANA REDDY)

Partner

Place: Hyderabad
Date: 10-05-2022

Membership No. 029193
UDIN: 22029193AKJPHN2757

BALANCE SHEET

as at 31st March, 2022

(All amounts ₹ in Lakhs, unless otherwise stated)

Particulars	Note No.	As at 31st Mar 2022	As at 31st Mar 2021
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	2(A)	23,971.84	32,220.65
(b) Capital Work-in-progress	2(B)	203.22	181.73
(c) Other Intangible assets	3	18.42	19.50
(d) Financial Assets			
(i) Other Financial Assets	4	597.69	558.62
(e) Other Non-Current Assets	4(A)	327.28	77.21
(2) Current assets			
(a) Inventories	5	15,730.44	12,523.33
(b) Financial Assets			
(i) Investments	6	16.47	7.73
(ii) Trade Receivables	7	14,956.56	12,893.60
(iii) Cash and cash equivalents	8	698.44	964.32
(iv) Bank balances other than (iii) above	9	796.25	996.40
(v) Loans	10	9.62	60.29
(vi) Other financial assets	11	5,574.28	5,684.74
(c) Current Tax Assets (Net)	12	183.68	180.41
(d) Other current assets	13	3,772.72	2,206.65
(e) Assets held for Sale	14	2,890.70	186.89
Total Assets		69,747.61	68,762.07
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	15	2,057.83	1,844.53
(b) Other Equity	16	23,164.67	21,527.39
Liabilities			
(1) Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	10,093.42	9,638.82
(ia) Lease Liability	17	3.18	9.08
(b) Provisions	18	811.07	817.30
(c) Deferred Tax Liabilities(net)	19	2,400.60	2,388.09
(d) Other non-current liabilities	20	6.56	13.13
(2) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	21	16,612.59	21,334.51
(ia) Lease Liability	17	11.73	10.99
(ii) Trade payables			
- total outstanding dues of micro enterprises and small enterprises; and	22	41.95	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	22	12,046.31	8,887.27
(iii) Other financial liabilities	23	1,623.04	1,562.05
(b) Other current liabilities	24	444.25	412.55
(c) Provisions	18	430.41	316.36
Total Equity and Liabilities		69,747.61	68,762.07
Significant Accounting policies	1		
Explanatory Notes & Other Disclosures	35		

as per our report of even date

for **K S Rao & Co.**

Chartered Accountants

Firm Registration No.: 003109S

(P Govardhana Reddy)

Partner

Membership No. 029193

Place: Hyderabad

Date: 10-05-2022

For and on behalf of Board of Directors

(E.V.S.V. Sarma)

Company Secretary

(P.S. Subramanyam)

President (Finance)

(L. N. Agarwal)

Chairman & Managing Director

DIN: 00008721

(Paritosh K. Agarwal)

Managing Director

DIN: 00008738

(Navrang Lal Tibrewal)

Director

DIN: 00030151

STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2022

(All amounts ₹ in Lakhs, unless otherwise stated)

Particulars	Note No.	Current year 31st Mar 2022	Previous year 31st Mar 2021
I. Revenue from operations	25	77,807.99	48,584.76
II. Other income	26	541.92	263.43
III. Total Income (I+II)		78,349.91	48,848.19
IV. Expenses			
(i) Cost of materials consumed	27	48,148.82	27,120.29
(ii) Purchases of stock-in-trade		21.58	147.25
(iii) Changes in inventories of finished goods and work-in-progress	28	(1,371.67)	3,965.10
(iv) Employee benefits expense	29	5,745.26	4,036.77
(v) Finance costs	30	2,426.28	3,245.48
(vi) Depreciation and amortization expense	2.3	1,604.39	1,647.80
(vii) Other expenses	31	17,300.49	9,859.33
Total expenses (IV)		73,875.15	50,022.02
V. Profit / (Loss) before Exceptional Items and tax (III-IV)		4,474.76	(1,173.83)
VI. Exceptional Items	32	520.31	1,126.04
VII. Profit / (Loss) before tax (V+ VI)		4,995.07	(47.79)
VIII. Tax expense of continuing operations :			
(1) Current tax			
(2) Deferred tax	35.5.2	1,558.07	(13.83)
(3) Income tax of earlier year			
IX. Profit (Loss) for the period from continuing operations (VII-VIII)		3,437.00	(33.96)
X. Profit/(loss) from discontinued operations	33	(4,964.18)	(337.19)
XI. Tax expenses of discontinued operations	33	(1,548.82)	(89.00)
XII. Profit/(loss) from Discontinued operations (after tax) (X-XI)		(3,415.36)	(248.19)
XIII Profit/(loss) for the period (IX+XII)		21.64	(282.15)
XIV. Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss	34	19.13	(14.67)
(ii) Income Tax relating to items that will not be reclassified to profit or loss		(3.26)	5.36
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive income for the year (net of tax)		15.87	(9.31)
XV. Total Comprehensive Income for the period (XIII+XIV)		37.51	(291.46)
XVI. Earnings per equity share (face value of ₹.10/-) - Basic and Diluted			
(a) Earnings per Equity Share (for continuing operations) - Basic (in ₹)		20.58	(0.20)
(b) Earnings per Equity Share (for discontinued operations) - Basic (in ₹)		(20.45)	(1.49)
(c) Earnings per Equity Share (for continuing and discontinued operations) - Basic (in ₹)		0.13	(1.69)
Significant Accounting policies	1		
Explanatory Notes & Other Disclosures	35		

as per our report of even date

for **K S Rao & Co.**
Chartered Accountants
Firm Registration No.: 0031095

(P Govardhana Reddy)
Partner
Membership No. 029193

Place: Hyderabad
Date: 10-05-2022

For and on behalf of Board of Directors

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

(P.S. Subramanyam)
President (Finance)

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

(Paritosh K. Agarwal)
Managing Director
DIN: 00008738

(Navrang Lal Tibrewal)
Director
DIN: 00030151

CASH FLOW STATEMENT

for the year ended 31st March 2022

(All amounts ₹ in Lakhs, unless otherwise stated)

Particulars	Year ended 31-Mar-2022	Year ended 31-Mar-2021
A Cash flow from Operating Activities:		
Profit Before tax from continuing operation	4,995.08	(47.79)
Adjustments for:		
Profit/(loss) from discontinued operations before tax	(4,964.18)	(337.18)
Loss on valuation of assets held for sale at Fair Market Value	4,353.31	-
Depreciation and Amortisation (Incl. Depreciation on discontinued operations)	1,960.16	2,202.02
Actuarial Gain/(loss) on Defined Benefit plans	10.39	(17.19)
Loss/ (Gain) on sale of tangible assets (net)	19.40	(2,418.89)
Interest Income	(66.51)	(75.93)
Finance Costs	2,616.60	3,640.93
	8,924.25	2,945.97
Operating profit before working capital changes		
Adjustments for (increase)/decrease in operating assets		
Inventories	(3,207.11)	3,146.57
Trade Receivables	(2,062.95)	(596.74)
Other financial assets - Non current	(39.07)	15.37
Loans - current	50.67	(40.15)
Other financial assets - current	225.54	260.27
Other non financial assets - current	(1,566.07)	(565.39)
Other non financial assets - Non current	(250.07)	-
Adjustments for increase/(decrease) in operating liabilities		
Trade Payables	3,200.99	(1,867.24)
Other financial liabilities	(225.03)	104.15
Short term provisions	114.05	(18.84)
Long term provisions	(6.23)	19.94
Other Non financial liabilities	(5.17)	(22.70)
Cash generated from operations	5,153.80	3,381.21
Income tax paid	(3.27)	(40.70)
Net Cash flow from/(used in) operating activities	5,150.53	3,340.51
B Cash flow from Investing Activities:		
Purchase of Property, plant and Equipment & Intangible assets and Capital Advances & Capital Creditors	(1,073.87)	(476.44)
Proceeds from sale of Property, plant and equipment	414.33	2,195.79
Interest income Received	142.84	50.57
Net Cash flow from/(used in) investing activities	(516.70)	1,769.92
C Cash flow from Financing Activities:		
Increase in equity share capital	213.30	-

CASH FLOW STATEMENT

for the year ended 31st March 2022

(All amounts ₹ in Lakhs, unless otherwise stated)

Particulars	Year ended 31-Mar-2022	Year ended 31-Mar-2021
Share premium on preferential allotment	1,599.75	-
Proceeds / (Repayments) of short term borrowings	(1,535.45)	(1,144.57)
Proceeds from Long term borrowings	350.13	1,908.31
Repayment of Long term borrowings	(3,088.56)	(1,425.25)
Interest and other borrowing costs paid	(2,434.24)	(3,868.81)
Equity Dividend (including DDT) paid	(4.64)	-
Net Cash flow from/(used in) financing activities	(4,899.71)	(4,530.32)
Net Increase in Cash and Cash equivalents (A+B+C)	(265.88)	580.11
Cash and Cash equivalents at the beginning of the year	964.32	384.21
Cash and Cash equivalents at the Closing of the year	698.44	964.32

as per our report of even date

for **K S Rao & Co.**

Chartered Accountants

Firm Registration No.: 003109S

(P Govardhana Reddy)

Partner

Membership No. 029193

Place: Hyderabad

Date: 10-05-2022

For and on behalf of Board of Directors

(L. N. Agarwal)

Chairman & Managing Director

DIN: 00008721

(E.V.S.V. Sarma)

Company Secretary

(Paritosh K. Agarwal)

Managing Director

DIN: 00008738

(P.S. Subramanyam)

President (Finance)

(Navrang Lal Tibrewal)

Director

DIN: 00030151

STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March, 2022

A. Equity Share Capital

(All amounts in Rupees, unless otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021
At the beginning of the year	1,667.23	1,667.23
Changes in equity share capital during the year	213.30	-
At the end of the year	1,880.53	1,667.23
Add: Forfeited Shares	177.30	177.30
Total	2,057.83	1,844.53

B. Other Equity (Refer Note: 16)

Particulars	Reserves and Surplus				Accumulated Other Comprehensive Income		Total
	Capital Reserve	Securities Premium	Other Reserves	Retained Earnings	Remeasurements of net defined benefit plans	Equity Instruments through OCI	
Balance as at 31st March 2021	214.35	8,252.01	5,232.85	8,063.84	(237.06)	1.40	21,527.39
Total Comprehensive Income for the year ended 31st March 2022	-	1,599.75	-	21.65	7.13	8.75	1,637.28
Balance as at 31st March 2022	214.35	9,851.76	5,232.85	8,085.49	(229.93)	10.15	23,164.67

as per our report of even date

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

(P Govardhana Reddy)
Partner
Membership No. 029193

Place: Hyderabad
Date: 10-05-2022

For and on behalf of Board of Directors

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

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

(Paritosh K. Agarwal)
Managing Director
DIN: 00008738

(P.S. Subramanyam)
President (Finance)

(Navrang Lal Tibrewal)
Director
DIN: 00030151

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

CORPORATE INFORMATION

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

The company was formed in early 1960s as a yarn manufacturing company. It has evolved today as integrated denim & yarn manufacturing textile Company. The company had captive thermal power plant and due to unviability of its operation, the unit was discontinued from February, 2022 in the year under report.

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.

On 2nd February, 2022, the Management of the Company had decided to discontinue the operations of 25 MW Captive Power plant and accordingly, the operating results of the Captive Power plant division for all the periods presented have been regrouped and shown separately under profit/loss from discontinued operations as per Ind AS 105.

1.2. Current Vs Non-current classifications:

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for current or non-current classification of assets and liabilities.

1.3. Use of Estimates, Judgements and Assumptions:

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

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

1.4. Significant accounting policies:

1.4.1 Property, plant and equipment

• Measurement at recognition

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

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.

- **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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

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.

1.5. Inventories

Inventories are valued at the lower of cost and 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.

1.6. 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:

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

- 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

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 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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

- **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.

1.7. 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.

1.8. 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 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

- **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.

1.9. 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.

1.10. 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.

1.11. 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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

- (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.

1.11.1. 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.

1.12. 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.

1.13. 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

1.14. 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.

1.15. Foreign Currency transactions

• Functional and Reporting Currency:

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

• Initial Recognition:

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

• Conversion on reporting date:

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

• Exchange Differences:

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

1.16. 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.

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.

1.17. 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 is recognized directly in equity.

1.18. 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, 2022

2 Property, Plant and Equipment & Intangible Assets

(All amounts in Lakhs unless otherwise stated)												
Particulars		GROSS BLOCK				DEPRECIATION			NET BLOCK			
		As at 31st March 2021	Additions	Deletions	transfer to Assets Held for Sales (see note 14 & 35.5.6)	As at 31 Mar 2022	Upto 31 Mar 2021	For the year	On Deletions	transfer to Assets Held for Sales (see note 14 & 35.5.6)	Upto 31 Mar 2022	As at 31 Mar 2022
(A) Property, Plant and equipment:												
1 Land												
Freehold*	229.32	-	-	-	229.32	-	-	-	-	-	229.32	229.32
Leasehold (ROU) See note 37.4.1.0	571.87	-	-	-	571.87	0.32	8.51	3.76	-	5.07	566.80	571.55
2 Buildings:												
Factory	8,589.54	-	-	-	8,589.54	3,389.03	270.51	0.15	-	3,659.39	4,930.15	5,200.51
Non Factory Building	2,878.86	107.34	-	-	2,986.20	921.74	83.70	0.37	-	1,005.07	1,981.13	1,957.12
Township	803.08	-	-	-	803.08	136.08	12.69	0.01	-	148.76	654.32	667.00
Non Factory Building (ROU) See note 37.4.1.0	39.47	8.64	-	-	48.11	9.71	26.71	-	-	36.42	11.69	29.76
3 Plant & Machinery												
Workshop equipment	814	-	-	-	814	7.67	0.02	-	-	7.69	0.45	0.47
Plant and Machinery	51,764.05	909.96	644.80	9,534.80	42,494.41	30,909.17	1,258.77	449.47	2,398.74	29,319.73	13,174.68	20,854.88
Testing Equipment	574.11	-	-	-	574.11	440.45	24.15	0.14	-	464.46	109.65	133.66
Electrical Installations	5,159.33	534	15.88	8.78	5,140.01	2,955.41	160.53	16.17	2.11	3,097.66	2,042.35	2,203.92
Weighing Machines	48.11	1.04	-	-	49.15	35.29	2.09	0.12	-	37.26	11.89	12.82
Water Works	463.00	-	-	-	463.00	321.15	23.67	-	-	344.82	118.18	141.85
Furniture and fixtures	431.71	7.57	2.88	-	436.40	370.65	17.63	1.95	-	386.33	50.07	61.06
Vehicles	296.11	6.97	34.88	-	278.20	228.44	21.50	33.14	-	216.60	61.60	67.67
Data Processing	268.94	4.15	2.48	130.06	140.55	263.05	1.23	1.97	123.56	138.75	1.80	5.89
Equipment												
Power lines*	553.41	-	-	-	553.41	470.24	55.66	0.25	-	525.65	27.76	83.17
Total (A)	72,679.05	1,061.01	700.92	9,673.64	63,565.50	40,458.40	1,967.17	507.50	2,524.41	39,393.66	23,971.84	32,220.65
(B) Capital Work-in-progress												
	181.73	1,073.86	1,052.37	-	203.22	-	-	-	-	-	203.22	181.73
Total (B)	181.73	1,073.86	1,052.37	-	203.22	-	-	-	-	-	203.22	181.73
Less: Internal transfers												
Total	72,860.78	1,082.50	700.92	9,673.64	63,568.72	40,458.40	1,967.17	507.50	2,524.41	39,393.66	24,175.06	32,402.38

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

Includes 50.12 Acres of Land in the Denim Division under conversion into non agricultural use at Ramtek, Maharashtra

3 Other Intangible Assets

Particulars	GROSS BLOCK			AMORTISATION				NET BLOCK				
	As at 31st March 2021	Additions	Deletions	transfer to Assets Held for Sales	As at 31 Mar 2022	Upto 31 Mar 2021	For the year	On Deletions	transfer to Assets Held for Sales	Upto 31 Mar 2022	As at 31 Mar 2022	As at 31 March 2021
(All amounts in Lakhs, unless otherwise stated)												
Other Intangible Assets:												
Computer Software	162.96	-	-	-	162.96	143.46	1.08	-	-	144.54	18.42	19.50
Total	162.96	-	-	-	162.96	143.46	1.08	-	-	144.54	18.42	19.50

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2021

2 Property, Plant and Equipment & Intangible Assets (Contd...)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 31st March 2020	Additions	Deletions	Upto 31 Mar 2020	For the year	On Deletions	transfer to Assets Held for Sales (see note 14 & 35.5.6)	Upto 31 Mar 2021	As at 31 Mar 2021 As at 31 March 2020
(A) Property, Plant and Equipment:									
1 Land									
Freehold	446.22	-	216.90	-	-	-	-	-	446.22
Leasehold (ROU) See note 37.4.10	571.87	-	-	3.16	0.92	3.76	-	0.32	571.55
2 Buildings									
Factory	8590.63	-	1.09	3119.24	270.51	0.72	-	3389.03	5200.51
Non Factory Building	2868.36	14.23	3.73	841.45	82.67	2.38	-	921.74	1957.12
Township	790.19	12.89	-	123.38	12.70	-	-	136.08	666.81
Non Factory Building (ROU) See note 37.4.10	49.62	26.74	36.89	26.31	4.99	21.59	-	9.71	29.76
3 Plant & Machinery									
Workshop equipment	8.14	-	-	7.58	0.09	-	-	7.67	0.47
Plant and Machinery**	51496.81	1118.40	851.16	51764.05	29977.09	788.34	-	30903.17	20854.88
Testing equipment	574.11	-	-	415.38	25.09	0.02	-	440.45	135.66
Electrical Installations	5096.39	63.44	0.50	5159.33	1581.15	17.89	-	2955.41	2203.92
Weighing Machines	48.11	-	-	49.11	2.15	0.12	-	35.29	12.82
Water Works	463.00	0.33	0.33	463.00	289.80	31.66	-	321.15	141.85
Furniture and fixtures	544.76	2.73	-	431.71	448.88	29.57	-	370.65	61.06
Vehicles	316.55	-	20.44	220.12	23.18	14.86	-	228.44	67.67
Data Processing Equipment	310.79	0.29	42.14	268.94	5.66	-	42.55	263.05	5.89
Power lines	553.41	-	-	414.99	55.66	0.41	-	470.24	83.17
TOTAL (A)	72,728.96	1,239.05	1,131.04	39,035.73	2,423.42	850.41	150.34	40,458.40	32,220.65
(B) Capital Work-in-Progress:									
	186.68	476.44	481.39	-	-	-	-	-	186.68
Total (B)	186.68	476.44	481.39	-	-	-	-	-	186.68
Less: Internal transfers									
	72,915.64	1,234.09	1,131.04	72,860.78	2,423.42	850.41	150.34	40,458.40	32,402.38
Total									33,879.91

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

** Addition to Plant & Machinery includes Rs.7,29,54,816/- in Gross Block and Rs.2,22,82,040/- in Depreciation towards transfer of Plant & Machinery from Asset held for sale.

*** Capital work in progress includes FRP Cooling tower, Air dryer & Air compressor transferred from Denim & Power Plant to Amravati Plant, Rs.21,84,681/- (Gross Block - Rs.29,97,539/- less Accumulated depreciation - Rs.8,12,858/-)

Depreciation for the year includes Impairment loss of Rs. 173.34 Lacs on Garment Assets - write this along with table note

3 Other Intangible Assets

Sl. Particulars No	GROSS BLOCK			AMORTISATION			NET BLOCK		
	As at 01 Apr 2020	Additions	Deletions	transfer to Assets Held for Sales	As at 31 Mar 2021	Upto 31 Mar 2020	On transfer to Assets Held for Sales	Upto 31 Mar 2021	As at 31 Mar 2020
Other Intangible Assets:									
Computer Software	162.96	-	-	-	162.96	142.03	-	143.46	19.50
Total	162.96	-	-	-	162.96	142.03	-	143.46	20.95

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

4 Other Financial Assets

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021
Deposits - Recoverable (Telephone, APSEB, Electricity, Coal deposits and others)	597.59	558.52
Security Deposit (NSC pledged as security for ₹ 10,000/- with Sales Tax Dept.)	0.10	0.10
Total	597.69	558.62

4(A) Other Non Current Assets

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021
Advance for Capital Items	327.28	77.21
Total	327.28	77.21

5 Inventories

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021
At Cost		
Raw materials		
- Cotton	3,448.08	2,034.43
- Yarn	1,115.16	694.93
- Polyester Staple Fibre	808.90	807.00
- Viscose Staple Fibre	250.23	95.58
At lower of cost or Net Realisable Value		
Work-in-progress	3,556.05	3,813.43
Finished goods		
- Stock - in -Transit	3,890.77	640.51
- Stock - at -Factory	1,010.74	2,553.31
- Stock - in -Trade	10.83	101.00
At Cost		
Stores and spares		
- Dyes & Chemicals	596.73	700.16
- Coal	74.45	89.39
- Other Stores & Spares	919.57	956.19
At Realisable Value		
Others -Cotton & PV waste	48.93	37.40
Total	15,730.44	12,523.33

6 Investments

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021
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)	6.22	2.95
(ii) Aananda Lakshmi spinning Mills Ltd (26,546 Equity Shares (Previous Year 26,546) of ₹ 10/- each)	2.32	1.38

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

6 Investments (Contd...)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2022	31st March 2021
(iii) Sheshadri Industries Ltd	7.93	3.40
(37,777 Equity Shares (Previous Year 37,777) of ₹.10/- each)		
Total	16.47	7.73

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2022	31st March 2021
a. Aggregate amount of Quoted Investments - Book Value	105.19	105.19
b. Aggregate amount of Quoted Investments - Market Value	16.47	7.73
c. Aggregate amount of Unquoted investments		
d. Aggregate amount of impairment in value of investments	88.72	97.46

7 Trade Receivables

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2022	31st March 2021
Unsecured, considered good	15,026.78	12,947.11
Less : Allowances for Bad and Doubtful Debts	70.22	53.51
Total	14,956.56	12,893.60

Sl. Particulars	2021-22					
	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
1 Undisputed Trade receivables - considered good	14,513.98	90.96	31.34	6.87	32.51	14,675.66
2 Undisputed Trade receivables - considered doubtful	-	-	-	-	-	-
3 Disputed Trade receivables - considered good	-	-	-	-	-	-
4 Disputed Trade receivables - considered doubtful	-	-	-	5.10	346.02	351.12
Total	14,513.98	90.96	31.34	11.97	378.53	15,026.78
Provision for doubtful debts					70.22	70.22
Net Trade receivables					308.31	14,956.56

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

Sl. Particulars	2020-21					
	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
1 Undisputed Trade receivables - considered good	11,848.13	179.38	195.57	39.16	367.23	12,629.47
2 Undisputed Trade receivables - considered doubtful	-	-	-	-	-	-
3 Disputed Trade receivables - considered good	-	7.34	66.33	119.51	124.46	317.64
4 Disputed Trade receivables - considered doubtful	-	-	-	-	-	-
Total	11,848.13	186.72	261.90	158.67	491.69	12,947.11
Less: Provision for doubtful debts					53.51	53.51
Net Trade receivables					438.18	12,893.60

8 Cash and cash equivalents

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021
Balances with banks		
- In current accounts (*)	178.52	55.33
- Term deposits with balance maturity of less than 3 months	500.00	900.00
Cash on hand	19.91	8.98
Post office Savings Bank	0.01	0.01
Total	698.44	964.32

*Amount received against Sale of Plant & Machinery is deposited in Escrow Account.

9 Other Bank Balances

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021
Balances with Banks		
- Margin money deposits (on LCs and Bank Guarantees) with balance maturity of less than 12 months	790.71	636.22
- Term deposits with balance maturity of more than 3 months and less than 12 months	-	350.00
- Unpaid Dividend Accounts	5.54	10.18
Total	796.25	996.40

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

10 Loans (Unsecured, considered good)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021
Advances to staff(including advances to officers)	9.62	60.29
Total	9.62	60.29
Disclosure pursuant to Note no.B(V)(iv) of Part I of Division II of Schedule III		
Other officers of the Company	8.22	13.08
Total	8.22	13.08

11 Other financial assets (Unsecured, considered good)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021
Other advances	1,300.71	1,371.14
Interest Accrued	49.56	125.88
Interest subsidy receivable	1,174.17	1,347.58
Deposits recoverable	2.69	2.70
Claims/Other Receivable	3,047.15	2,837.44
Total	5,574.28	5,684.74

12 Current tax assets (net)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021
Advance Income tax & TDS Receivable (Net of provision)	183.68	180.41
Total	183.68	180.41

13 Other current assets (Unsecured, considered good)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021
Advance for purchase of raw material and stores	2,747.16	1,382.77
Prepaid Expenses	188.80	302.07
T&D Refund receivable	-	24.79
Export Benefit Entitlement Receivable	696.93	351.73
CVD Refund Receivable :		
(i) At ICD Nagpur	134.34	134.34
(ii) At JNPT, Mumbai	5.49	10.95
Total	3,772.72	2,206.65

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

14 Assets Held for Sale

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2022	31st March 2021
(i) Plant and Equipment - Garment	90.70	186.89
(ii) Plant and Equipment - Power Plant	2,800.00	-
Total	2,890.70	186.89

15 Equity Share Capital

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2022	31st March 2021
a. Authorised:		
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
	3,872.00	3,872.00
b. Issued:		
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
	3,020.16	3,020.16
c. Subscribed and fully paid:		
1,88,05,290 Equity Shares of ₹.10 each	1,880.53	1,667.23
(Previous year 1,66,72,290, Equity Shares of ₹ 10 each)		
Add: Forfeited Shares	177.30	177.30
	2,057.83	1,844.53

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

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022		As at 31st March 2021	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	1,66,72,290	1,667.23	1,66,72,290	1,667.23
Add: Shares issued during the year	2,133,000	213.30	-	-
Shares outstanding at the end of the year	1,88,05,290	1,880.53	1,66,72,290	1,667.23

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.
- During the financial year, the Company has issued 21,33,000 convertible share warrants of ₹. 85/- each to be converted in Equity Shares of ₹ 10/- each at a premium of ₹ 75/- each on preferential basis to the promoters group. The share warrants are converted to 21,33,000 Equity Shares.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

15 Equity Share Capital (Contd...)

c. Shareholding of Promoters

(All amounts in ₹ lakhs, unless otherwise stated)

Promoter Name	As on 31st March 2022			As on 31st March 2021		
	Number of Shares held	% of total shares	% Change during the year	Number of Shares held	% of total shares	% Change during the year
Late Smt Satyabhama Bai	30,23,032	16.08%	-	30,23,032	18.13%	-
Shri LN Agarwal	18,19,316	9.67%	33.33%	13,64,516	8.18%	-
Paritosh Agarwal	19,71,272	10.48%	33.33%	14,78,472	8.87%	-
Padmini Agarwal	12,95,715	6.89%	33.33%	9,71,815	5.83%	-
Vedant Agarwal	23,22,664	12.35%	35.26%	17,17,164	10.30%	-
LN Agarwal (HUF)	4,01,890	2.14%	-	4,01,890	2.41%	-
LN Agarwal (Family Trust)	4,93,000	2.62%	33.24%	3,70,000	2.22%	-
Paritosh Agarwal (HUF)	1,33,000	0.71%	100.00%	-	0.00%	-
Total	1,14,59,889	60.94%	22.87%	93,26,889	55.94%	-

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

16 Other Equity

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021
A. Capital Reserve	214.35	214.35
B. Securities Premium	8,252.01	8,252.01
Add : Premium per share as 21,33,000 @75/-	1,599.75	-
	9,851.76	8,252.01
C. Other Reserves		
Capital Redemption Reserve	2.09	2.09
Preference Capital Redemption Reserve	671.60	671.60
General Reserve	4,260.81	4,260.81
Equity portion on Preference shares	67.03	67.03
Equity portion on unsecured loan from Directors	231.32	231.32
Other Reserves	5,232.85	5,232.85
D. Retained Earnings	8,085.49	8,063.84
E. Accumulated Other Comprehensive Income		
Remeasurements of net defined benefit plans	(221.00)	(237.06)
Equity Instruments through OCI	1.22	1.40
Accumulated Other Comprehensive Income	(219.78)	(235.66)
Total	23,164.67	21,527.39

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

17 Borrowings

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Non-current portion		Current Maturities	
	31st Mar 2022	31st Mar 2021	31st Mar 2022	31st Mar 2021
Secured				
Term loans:				
(a) from banks (TUFS)				
(i) Union Bank of India (erstwhile Andhra Bank (40Crores)	937.81	592.39	164.00	700.16
Union Bank of India (erstwhile Andhra Bank (40Crores) - FITL	150.29	-	36.00	
(ii) IDBI Bank Ltd (40 Crores)	840.62	-	165.00	1,089.39
IDBI Bank Ltd (40 Crores) - FITL	163.48	-	37.00	
(iii) Exim Bank	239.90	3.45	42.00	300.00
Exim Bank - FITL	51.13	-	9.38	
(b) from banks (Non TUFS)				
(i) DBS Bank of India Ltd., (erstwhile Lakshmi Vilas Bank Ltd)	292.33	248.18	52.00	193.31
DBS Bank of India Ltd., (erstwhile Lakshmi Vilas Bank Ltd) - FITL	30.68	-	12.00	
(ii) Axis Bank Limited	1,434.92	1,619.89	320.00	643.35
Axis Bank Limited - FITL	120.38	-	28.00	
(iii) South Indian Bank Limited	992.28	680.97	218.00	649.76
South Indian Bank Limited - FITL	89.94	-	46.00	
(iv) State Bank of India - Covid 19	-	-		733.19
(c) from others				
(i) Vehicle loans	16.23	-	-	6.69
Unsecured				
(a) Preference Shares				
(Issued to Related parties, at amortised cost)				
- 2,00,000 5% Non-Cumulative Redeemable Preference shares of Rs.100/- each	200.00	191.58	-	-
- 5,00,000 10% Cumulative Redeemable Preference shares of Rs.100/- each	500.00	500.00	-	-
(b) Loans from related parties				
- from Directors	3,051.89	4,864.94	-	-
- Inter-corporate Deposits	930.50	874.27	-	-
(c) Deferred Payment liabilities				
- Sales Tax Deferment	51.04	63.15	-	-
Total (i)	10,093.42	9,638.82	1,129.38	4,315.85
(ii) Lease Obligations				
- Lease Liability (relating to ROU asset) See note 35.5.10	3.18	9.08	11.73	10.99

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 'Short Term Borrowings'.

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

17 Borrowings (Contd...)

2. The term loans referred at (a)(ii) to (a)(iii) and b(i) to b(iii) above are secured by mortgage of (present & future) movable and immovable properties of the company on first charge pari passu & second charge pari passu on the current assets of the company with existing term lenders and guaranteed by three directors of the company in their personal capacities.
- C. Vehicle loans are secured by hypothecation of the respective vehicles and guaranteed by one of the directors of the company.

D. Resolution Plan:

Persuant to the approval of debt resolution under RBI's Resolution Framework for COVID-19 related stress and invocation of Resolution Plan ("RP") in November, 2020 by the consortium and execution of Master Restructuring Agreement ("MRA"), the long term financial obligations to the RP lenders were reworked including repayment schedule, creation of Funded Interest Term Loan for facilities (Working Capital loans & Term loans), adjustment in interest rates, etc with Right of Recompense (RoR) clause. The amount of RoR will be ascertained at the end of restructuring period or at the time of closure of credit facilities whichever is earlier.

E. Terms of Repayment:

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Rate of Interest	As at 31st March 2022		As at 31st March 2021	
		No of Instalments due	Amount	No of Instalments due	Amount
Term loans:					
(a) from banks (TUFS)					
(i) Union Bank of India (erstwhile Andhra Bank (40Crores))	9.00%	11	1,101.81	8	1,292.55
Union Bank of India (erstwhile Andhra Bank - FITL	9.00%	10	186.29	-	-
(ii) IDBI Bank Ltd (40 Crores)	9.00%	9	1,005.62	5	1,089.39
IDBI Bank Ltd - FITL	9.00%	9	200.48	-	-
(iii) Exim Bank	9.00%	8	281.90	4	303.45
Exim Bank - FITL	9.00%	8	60.51	-	-
(b) from banks (Non TUFS)					
(i) D B S Bank India Ltd., (erstwhileLakshmi Vilas Bank Ltd.)	9.00%	12	344.33	9	441.49
D B S Bank India Ltd., (erstwhileLakshmi Vilas Bank Ltd.) - FITL	9.00%	10	42.68	-	-
(ii) Axis Bank Limited	9.00%	17	1,754.92	14	2,263.24
Axis Bank Limited - FITL	9.00%	17	148.38	-	-
(iii) South Indian Bank Limited	9.80%	14	1,210.28	10	1,330.73
South Indian Bank Limited - FITL	9.80%	14	135.94	-	-
(iv) State Bank of India - Covid 19	-	-	-	12	733.19

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

17 Borrowings (Contd...)

Redemption terms of the Preference Shares

(All amounts in ₹ lakhs, unless otherwise stated)

No of shares	Date of Repayment	Purpose
2,00,000 of Rs. 100/- each	30.06.2026*	These shares are issued to the preference shareholders of erstwhile Suryakiran International Ltd., as per the scheme of amalgamation.
5,00,000 of Rs. 100/- each	18.08.2026	These shares are issued to part finance Company's spinning project at Amravathi, Near Nagpur, Maharashtra.

(*)The repayment date of Preference shares which was earlier 21.12.2021, was extended as per terms of Restructuring of credit facilities sanctioned by the SBI led consortium of Bankers

F Redemption Terms of Loans from related parties

(All amounts in ₹ lakhs, unless otherwise stated)

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

G. Sales Tax Deferment - Repayment Schedule:

Due Date	Amount (Rs. in lakhs)
01.04.2023	57.40
Total	57.40

18 Provisions

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021	As at 31st March 2022	As at 31st March 2021
	Non-current portion		Current Maturities	
Provision for employee benefits				
Gratuity (unfunded)	736.12	740.98	201.20	173.44
Compensated absences (unfunded)	74.95	76.32	30.69	26.91
Bonus			198.52	116.01
Total	811.07	817.30	430.41	316.36

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

19 Deferred Tax

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022	Recognised in Statement of Profit & Loss (both continuing and discontinued operations)	Recognised in Other Comprehensive Income	As at 31 March 2021
Deferred Tax Liabilities				
Property, Plant & Equipment (including ROU assets) & Intangible assets	2,898.19	(2,147.68)	-	5,045.87
Fair Value adjustments of financial liabilities	96.16	(15.11)	-	111.27
Assets Held for sale	901.89	843.58	-	58.31
	3,896.24	(1,319.21)	-	5,215.45
Deferred Tax Assets				
Other Financial Current Assets	31.48	31.48	-	-
Fair Value adjustments of financial liabilities	76.27	(293.39)	-	369.66
Unused Tax Losses	277.85	(1,331.98)	-	1,609.83
Employee Benefits & Statutory Liabilities allowed on Payment Basis	387.33	258.91	3.26	125.16
MAT Credit entitlement	722.71	-	-	722.71
	1,495.64	(1,334.98)	3.26	2,827.36
Net Deferred Tax Liability/(Asset)	2,400.60	15.77	(3.26)	2,388.09

20 Other non-current liabilities

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021
Deferred Government Grant	6.56	13.13
Total	6.56	13.13

21 Short term Borrowings

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021
A. Secured (payable on demand)		
(i) from banks		
(a) State Bank of India		
Cash Credit	9,274.34	9,850.75
Packing Credit	2,004.20	2,101.84
(b) Union Bank of India (erstwhile Andhra Bank)		
Cash Credit	958.99	959.66
(c) IDBI Bank Ltd		
Cash Credit	686.25	772.09
(d) DBS Bank India Limited (erstwhile Lakshmi Vilas Bank Limited)		
Cash Credit	1,495.72	1,345.06

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

21 Short term Borrowings (Contd...)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021
(e) DBS Bank Ltd.	18.95	-
Total	14,438.45	15,029.39
(ii) Current maturities of Long-term debt (Refer note - 17)	1,129.38	4,315.85
(iii) from others		
(a) Aditya Birla Finance Limited	-	195.84
Total (A)	15,567.83	19,541.09
B. Unsecured		
From others:		
(i) Inter Corporate Deposits (Payable within 6 months from date of receipt)	-	9.33
(ii) Bills Discounted	1,044.76	1,784.09
Total (B)	1,044.76	1,793.42
Total (A+B)	16,612.59	21,334.51

a. Secured:

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

b. Unsecured:

Inter corporate deposits are repayable on demand.

22 Trade payables

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021
dues of micro, small and medium enterprises	41.95	-
dues of creditors other than micro enterprises and small enterprises	12,046.31	8,887.27
Total	12,088.26	8,887.27

Sl. Particulars	2021-22				
	Outstanding for following periods from due date of payment				
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
1 MSME	41.95	-	-	-	41.95
2 Others	11,485.72	171.53	185.54	203.52	12,046.31
3 Disputed dues - MSME	-	-	-	-	-
4 Disputed dues - Others	-	-	-	-	-
Total	11,527.67	171.53	185.54	203.52	12,088.26

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

Sl. Particulars	2020-21				
	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
1 MSME	-	-	-	-	-
2 Others	7,751.80	710.35	195.63	229.49	8,887.27
3 Disputed dues - MSME	-	-	-	-	-
4 Disputed dues - Others	-	-	-	-	-
Total	7,751.80	710.35	195.63	229.49	8,887.27

23 Other financial liabilities

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021
i. Interest accrued but not due	194.41	12.04
ii. Dues to others	1,039.08	1,156.78
iii. Creditors for capital goods	49.41	79.42
iv. Employee benefits payable	340.14	313.81
Total	1,623.04	1,562.05

24 Other current liabilities

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31st March 2022	As at 31st March 2021
i. Advances from customers	163.49	254.25
ii. Statutory remittances	56.98	63.59
iii. Contributions to PF & ESI	35.78	32.72
iv. Advances received against Sale of Plant & Machinery	182.46	51.81
v. Unpaid Dividend	5.54	10.18
Total	444.25	412.55

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

25 Revenue from operations

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
(A) Sale of products (net of GST) *		
a. Yarn	49,552.00	30,440.46
b. Fabric	35,181.95	18,757.73
c. Cotton (traded)	-	669.02
Less:		
Inter Division sale - Yarn	8,788.12	2,367.76
Inter Division sale - Fabric	-	31.35
Inter Division sale - Waste	59.77	2.24
(B) Sale of Services		
a. Job work	17.96	3.40
(C) Other Operating Revenue		
a. Sale of Waste	975.37	759.27
b. Export Benefit entitlement	896.47	341.28
c. Packing & Forwarding collection charges	9.61	5.22
d. Scrap Sales	22.52	9.73
Total	77,807.99	48,584.76

*Net of rejections and returns

26 Other Income

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
(A) Interest Income on		
a. Bank Deposits	66.51	75.93
(B) Other Non-operating Income (Net of Expenses)		
a. Rent Received	0.94	0.52
b. Provisions written back:		
i. Credit Balances written back	125.72	1.33
ii. Excess Provision written back	(1.58)	1.55
c. Gain on Foreign currency transactions (net)	341.34	150.90
d. Miscellaneous Receipts (net)	2.43	26.64
e. Government Grant	6.56	6.56
Total	541.92	263.43

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

27 Cost of materials consumed

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Opening Stock	3,631.93	2,369.89
Add: Purchases during the year	52,145.07	28,400.94
	55,777.00	30,770.83
Less: Value of Raw Materials sold	2,005.81	18.61
Less: Closing Stock	5,622.37	3,631.93
TOTAL	48,148.82	27,120.29

Details of raw materials consumed

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Cotton	32,182.88	17,624.52
Yarn	2,163.81	1,300.94
Polyster Staple Fibre	10,543.65	6,272.94
Viscose Staple Fibre	3,258.48	1,921.89
	48,148.82	27,120.29

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

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Opening Stock:		
Yarn	1,270.05	1,786.76
Fabric	2,024.77	5,405.61
Work-in-progress	3,813.43	3,801.02
Cotton Waste	37.40	117.36
	7,145.65	11,110.75
Less: Closing Stock:		
Yarn	1,422.58	1,270.05
Fabric	3,489.76	2,024.77
Work-in-progress	3,556.05	3,813.43
Cotton Waste	48.93	37.40
	8,517.32	7,145.65
(Increase)/ Decrease in stocks	(1,371.67)	3,965.10

29 Employee Benefits Expense

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Salaries and Wages	5,002.39	3,468.07
Contribution to provident funds	324.43	216.86
Gratuity, bonus and incentives	122.92	131.50
Staff welfare expenses	206.42	161.09
Contribution to ESI	89.10	59.25
Total	5,745.26	4,036.77

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

30 Finance Costs

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Interest on Borrowings	1,726.28	2,719.72
Dividend on Redeemable Preference Shares	-	39.82
Other Borrowing cost	692.13	478.85
Unwinding of Interest on Sales Tax deferment	7.87	7.09
Total	2,426.28	3,245.48

31 Other Expenses

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Consumption of stores & spare parts		
(i) Consumable Stores	605.69	365.51
(ii) Dyes and Chemicals	4,107.17	1,710.05
(iii) Packing Material Consumed	798.24	536.04
Power and fuel		
(i) Electricity Charges	4,364.96	3,235.18
(ii) Fuel Consumed	847.00	464.97
Rent	10.06	15.10
Security Charges	25.72	32.26
Rates & taxes	154.15	66.26
Printing & Stationery	8.05	8.76
Postage, Telegrams & Telephones	53.48	65.13
Travelling & Conveyance	102.59	78.80
Directors' Sitting fees & Travelling expenses	7.30	6.95
Advertisements	3.71	0.74
Expenses on Sales	1,732.92	937.20
Commission on Sales	820.50	316.81
Insurance	177.57	171.11
Legal & Professional Charges	159.59	110.75
Payments to auditors :		
- As auditor	4.05	4.05
- for Tax Audit	0.65	0.65
- for GST Audit	-	0.75
- for Other Services	2.04	2.22
- Cost Auditor	0.80	0.90

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

31 Other Expenses (Contd...)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Repairs to :		-
- Buildings	33.50	10.71
- Machinery	727.59	385.21
- Other Assets	296.55	130.69
Vehicle Maintenance	44.33	37.82
Miscellaneous Expenses	1,211.41	789.21
Expenses on Corporate Social Responsibility	10.11	10.45
Donations	3.89	5.58
Bad debts and Debit Balances written off	220.73	72.24
Claims Written Off	199.00	
Other Manufacturing expenses	310.72	191.21
Managerial remuneration	150.73	96.02
Listing Fees	4.80	-
Advances Written off	100.89	-
Total	17,300.49	9,859.33

32 Exceptional Items

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Profit/(loss) on sale of assets	530.70	1,126.04
Prior period expenses	(10.39)	-
Total	520.31	1,126.04

33 Profit/(loss) from discontinued operations (See note 35.5.6)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Sale of Products		221.41
Other Income	18.16	4.99
Revenue from discontinued operations (A)	18.16	226.40
Cost of materials consumed	-	15.74
Changes in inventories of finished goods and work-in-progress	-	438.22
Employee benefits expense	0.73	34.78
Finance costs	190.32	395.45
Depreciation and amortization expense	355.78	554.22
Impairment Loss	4,349.23	-
Other expenses	86.28	418.04

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

33 Profit/(loss) from discontinued operations (See note 35.5.6) (Contd...)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Expenses of discontinued operations (B)	4,982.34	1,856.45
(i) Profit/(loss) of discontinued operations before tax excluding (ii) below (A-B)	(4,964.18)	(1,630.05)
(ii) Gain on Sale of Land	-	1292.86
Total Profit/(loss) of discontinued operations before tax (i) + (ii) (C)	(4,964.18)	(337.19)
Tax expense		
- on (i) above	(1,548.82)	(89.00)
- on (ii) above	-	-
Tax expenses of discontinued operations (D)	(1,548.82)	(89.00)
Total (C-D)	(3,415.36)	(248.19)

34 Items that will not be reclassified to profit or loss

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year	Previous Year
Remeasurements of defined benefit plans	10.39	(17.19)
Equity Instruments through Other Comprehensive Income	8.74	2.52
Total	19.13	(14.67)

Explanatory Notes and Other Disclosures

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

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31.03.2022	As at 31.03.2021
(i) Against Foreign & Inland Letters of Credit	3,946.35	2,976.06
(ii) Against Bank Guarantees	438.84	436.04
(iii) Disputed demand from sales tax department on subjecting the turnover of unit at Maharashtra to tax along with the turnover of Andhra Pradesh and set off. The company has filed appeal before STAT (A.P), Hyderabad against the revised demand issued by the DC(CT), Begumpet Division, Hyderabad and Hon'ble STAT has partly allowed the appeal and remanded to the Assessing Authority. (However the Company paid the demand under protest and shown as Advance)	28.82	28.82
(iv) Disputed demand from Customs department towards differential custom duty on garments exported. The Case is pending for hearing with Hon'ble High Court of Judicature of Telangana at Hyderabad.	61.49	61.49
(v) TSPDCL raised demand for Interest/Late payment of charges/dues on the company arising out of delayed receipt of incentive from State Government. The Company is of the opinion that this liability may not arise as there was no delay in payment of dues from Company.	607.01	541.24

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

35.1 Contingent Liabilities and commitments not provided for in respect of: (Contd...)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31.03.2022	As at 31.03.2021
(vi) Company purchased power from Power exchange for its Spinning division at Amanagallu, Mahboobnagar District, Telangana. TSPDCL imposed Cross subsidy to be paid on power drawn from power exchange at the rate of ₹ 1.29 per unit. On a challenge by the Company of the Order of TSERC, the Hon'ble High Court of Telangana was pleased to stay the cross subsidy rate of ₹.1.29 per unit and allowing the Writ petition, directed the DISCOM to levy only 30 paise per Unit. Accordingly the Company has been advised that no liability on account of the differential cross subsidy of ₹ 0.99 paise per unit is likely to arise.	438.22	438.22
(vii) Cases relating to Industrial disputes with workers pending at Labour and Industrial Courts, Nagpur	568.10	114.94
(viii) Demand for Gram Panchayat Tax raised by Gram Panchayat Nagardhan, over and above, Agreement with them, pending before Divisional Commissioner, Maharashtra State, Nagpur.	93.09	100.27
(ix) In Previous year Dy Commissioner of Sales Tax, Nagpur, (VAT-E005) has passed Assessment order for Financial Year 2013-14 and disallowed VAT input tax credit on purchase of Coal as Raw material and raised tax demand with interest. The Company has filed appeal with Commissioner of Sales Tax (Appeals) and is of the opinion that the liability against above demand may not arise, as there are several such judgments, supporting the Company's contention. (₹.1.25 Lakhs pre-deposited for filing appeal and shown as advance	23.69	23.69
(x) Siri Consultants Ltd filed a suit for recovery against the Company, which was decreed by the City Civil Court, Secunderabad. The Company has challenged the decree in the High Court and the High Court of Telangana was pleased to stay the execution of Decree pending payment. The matter is pending in the High Court. ₹.5.78 Lakhs is pre-deposited pursuant to Hon'ble High Court Order.	13.97	13.97
(xi) Dy Commissioner of Sales Tax, Nagpur, (VAT-E005) has passed Assessment order for Financial Year 2015-16 and disallowed VAT input tax credit on purchase of Coal as Raw material and raised tax demand with interest. The Company has filed appeal with Commissioner of Sales Tax (Appeals) and is of the opinion that the liability against above demand may not arise, as there are several such judgments, supporting Assessee's contention. (₹.1.52 Lakhs is pre-deposited for filing appeal and shown as advance)	29.43	29.43

35.2 Estimated amount of contracts to be executed on capital account

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31.03.2022	As at 31.03.2021
(i) Contracts to be executed on capital accounts	1,100.16	353.84

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

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

35.4 Additional Regulatory information in accordance with the requirement of Schedule III (as amended) to the Companies Act, 2013:

- i) Title deeds of Immovable Property not held in name of the Company: Title deeds of the immovable properties owned by the Company are in the name of Company
- ii) the Company has not revalued its property plant and equipment during the year
- iii) Disclosures in case of loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties: the Company has not advanced any loan to promoters, directors, KMPs and other related parties during the year.
- iv) Capital Work In progress Ageing Schedule:

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	CWIP	Amount in CWIP for a period of				
		2021-22				
UNIT	Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 Years	Total
AML UNIT -2	Residential	44.81	6.10	-	-	50.91
	Buildings					
AML UNIT -3	Residential	34.79	-	-	-	34.79
	Buildings					
DENIM UNIT -4	Machinery	1.15	1.81	-	-	2.96
	Under Erection					
	- ACB					
AMARAVATI UNIT -9	Residential	12.17	-	-	-	12.17
	Buildings					
AMARAVATI UNIT -10	Factory	-	-	-	102.39	102.39
	Building					
Total		92.92	7.91	-	102.39	203.22

Particulars	CWIP	Amount in CWIP for a period of				
		2020-21				
UNIT	Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 Years	Total
AML UNIT -2	Residential	6.10				6.10
	Buildings					
DENIM UNIT -4	Machinery	18.80				18.80
	Under Erection					
	- ACB					
AMARAVATI UNIT -9	Residential	31.26				31.26
	Buildings					
AMARAVATI UNIT -10	Factory	2.41			123.16	125.57
	Building					
Total		58.57	-	-	123.16	181.73

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

- v) Intangible Assets under development: No intangible assets are underdevelopment
- vi) Details of Benami Property held: No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder
- vii) quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts
- viii) Company is not declared as willful defaulter by any bank or financial Institution or other lender
- ix) Relationship with Struck off Companies: the Company has no relationship or any transactions with the Struck off Companies as defined u/s 248 of the Companies Act 2013;
- x) Registration of charges or satisfaction with Registrar of Companies
There are no charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period.
- xi) Compliance with number of layers of companies:
Company has no investment in any subsidiaries during the year .

xii. Analytical Ratio's:

Sl	Particulars	F Y 2021-22			F Y 2020-21		
		NUMERATOR	DENOMINATOR	RATIO	NUMERATOR	DENOMINATOR	RATIO
1	Current Ratio	Current Assets	Current Liabilities		Current Assets	Current Liabilities	
	Current Assets/ Current Liabilities	44629.14	31210.27	1.43	35704.35	32523.72	1.10
2	Debt Equity Ratio	Debt	Shareholders Equity	Ratio	Debt	Shareholders Equity	
	Total Debt / Shareholders Equity	26706.01	25222.50	1.06	30973.39	23371.93	1.33
3	Debt Service Coverage Ratio	EBITDA	Debt Repaid+Finance Cost	Ratio	EBITDA	Debt Repaid+Finance Cost	Ratio
	EBITDA / (Debt repay+Fin Cost)	9025.32	5372.79	1.68	5516.45	3581.08	1.54
4	Return on Equity (ROE)	PAT- Pref Dividend	Avg Shareholder's Equity	Ratio	PAT- Pref Dividend	Avg Shareholder's Equity	Ratio
	(PAT - Pref Dividend)/Avg Shareholder's Equity	21.64	24297.21	0.09%	282.15	23517.66	-1.20%
5	Inventory Turnover Ratio	Cost of sales	Avg Inventory	Ratio	Cost of sales	Avg Inventory	Ratio
	Cost of goods sold or sales / Avg Inventory	67033.86	14126.89	4.75	44449.30	14096.62	3.15
6	Trade receivables turnover Ratio	Net credit sales	Avg Accounts Receivables	Ratio	Net credit sales	Avg Accounts Receivables	Ratio
	Net credit sales / Avg Accounts Receivables	74839.46	13925.08	5.37	47436.99	12595.24	3.77

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

Sl	Particulars	F Y 2021-22			F Y 2020-21		
		NUMERATOR	DENOMINATOR	RATIO	NUMERATOR	DENOMINATOR	RATIO
7	Trade payables turnover ratio	Net credit purchases	Avg Accounts payables	Ratio	Net credit purchases	Avg Accounts payables	Ratio
	Net credit purchases / Avg trade payables	55549.99	10487.76	5.30	30034.63	19641.77	1.53
8	Net Capital Turnover Ratio	Net Sales	Working capital	Ratio	Net Sales	Working capital	Ratio
	Net Sales / Working capital	76889.00	13418.87	5.73	48233.74	3180.63	15.17
9	Net Profit Ratio	PAT	Net Sales	Ratio	PAT	Net Sales	Ratio
	PAT / Net Sales	21.64	76889.00	0.03%	-282.15	48233.74	-0.58%
10	Return on Capital Employed (ROCE)	PBIT	Capital employed	Ratio	PBIT	Capital employed	Ratio
	PBIT / Capital employed	2647.50	54329.11	4.87%	3255.96	56733.34	5.74%
11	Return on investment	Net Return	Opening Investment Value	Ratio	Net Return	Opening Investment Value	Ratio
	Listed Instruments- Equity Shares	8.74	7.73	113.12	2.52	5.21	48.41 (#)

(#) Note: Due to increase in Market Value of investments, the net return has increased.

xiii. Compliance with approved Scheme(s) of Arrangements: there is no Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

xiv. Utilization of Borrowed funds and share premium : By way of Preferential Allotment the company has collected the Share capital along with premium to repay the Unsecured Loans as stipulated by the Lenders while restructuring the Loans.

There is no additional information to be disclosed as per the requirements of Part II of Division I of Schedule III to the Companies Act, 2013 other than the items presented and disclosed hereunder

i) Undisclosed income

There are no transactions that are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961), and also there are no previously unrecorded income and related assets that required recording in the books of account during the year;

i. Corporate Social Responsibility:

Sl.	Particulars	2021-22	2020-21
		Amount (Rs.)	Amount (Rs.)
(i)	Amount required to be spent by the Company during the year	0	NIL
(ii)	Amount of expenditure incurred	10,10,650	10,44,900
(iii)	shortfall at the end of the year	NIL	NIL
(iv)	total of previous years shortfall	NIL	NIL
(v)	reason of shortfall	NIL	NIL

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

Sl.	Particulars	2021-22	2020-21
		Amount (Rs.)	Amount (Rs.)
(vi)	nature of CSR Activities	Promoting Education, Police Welfare Fund, Tree Planitation, Health Care, Police Welfare Fund Etc.	
(vii)	details of related party transactions, contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	NIL	NIL
(viii)	where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately	NIL	NIL

ii. Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

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

35.5.1 Capital Management

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

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

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

Gearing Ratio

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	As at 31.03.2022	As at 31.03.2021
(a) Debt	26,706.01	30,973.33
(b) Cash & Cash Equivalents	698.44	964.32
(c) Net Debt (a) - (b)	26,007.57	30,009.01
(d) Total Equity	25,222.49	23,371.92
Capital Gearing ratio (c)/(d)	1.03	1.28

35.5.2 Income Taxes

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

(All amounts in ₹ lakhs, unless otherwise stated)

	Current Year (₹)	Previous Year (₹)
(i) Tax expense recognized in Statement of Profit and loss (from continuing and discontinued operations)		
Current Tax	-nil-	-nil-
Deferred Tax (including MAT Credit Entitlement)		
- Continuing operation	1,558.07	(13.83)
- Discontinuing operation	(1,548.82)	(89.00)
Total	9.25	(102.83)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

35.5.2 Income Taxes (Contd...)

(All amounts in ₹ lakhs, unless otherwise stated)

	Current Year (₹)	Previous Year (₹)
(ii) Effective tax Reconciliation		
(a) Profit/(loss) before tax (from continuing and discontinued operations)	30.90	(384.98)
(b) Applicable tax rate	31.20%	31.20%
(c) Tax expense on Net profit (a*b)	9.64	(120.11)
(d) Increase/(decrease) in tax expenses on account of:		
- Expenses not allowed under income tax		17.42
- Due to decrease in rate of tax	nil	nil
- Others	(0.39)	(0.14)
Total (d)		17.28
(e) Tax Expense as per Statement of Profit and loss (c+d)	9.25	(102.83)

35.5.3 Post-Employment Benefits

Contributions to Defined Contribution Plans

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year (₹)	Previous Year (₹)
Contribution to Provident and other funds	324.42	243.66
Contribution to Employee State Insurance	89.10	61.39
Total	413.52	305.05

Defined Benefit Plans:

(i) Gratuity (Unfunded)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year (₹ in lakhs)	Previous Year (₹ in lakhs)
A Changes in Present Value of Defined Benefit Obligation		
Opening defined benefit obligation	914.42	893.45
Interest cost	58.89	56.96
Current services cost	66.34	69.77
Benefits paid	(126.93)	(94.12)
Actuarial(gains)/losses on obligation	24.59	(11.64)
Closing defined benefit obligation	937.31	914.42
B Changes in Fair Value of Plan Assets		
Opening Fair value of plan assets	-	4.77
Adjustments to opening balance		
Expected Return		-
Contributions	126.93	94.12
Benefits paid	(126.93)	(94.12)
Actuarial Gain/(loss)	-	(4.77)
Closing fair value of plan assets	-	-

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for the year ended 31st March, 2022

35.5.3 Post-Employment Benefits (Contd...)

(i) Gratuity (Unfunded) (Contd...)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year (₹ in lakhs)	Previous Year (₹ in lakhs)
C Expenses recognized in statement of profit and loss		
Current Service Cost	66.34	69.77
Interest Cost on benefit obligation	58.89	56.96
Expected return on plan assets	-	-
Total	125.23	126.73
D Expenses recognized in Other Comprehensive Income		
Actuarial(gains)/losses on obligation	24.59	(11.64)
Return on plan assets (greater)/lesser than discount rate	-	-
Total	24.59	(11.64)
E Actuarial Assumptions		
Salary Escalation	0%	0%
Rate of Discounting	7.36%	6.92%
Mortality Rate (as % of IALM (2012-14) Ult. Mortality Table)	100%	100%
Disability Rate (as % of above mortality rate)	0%	0%
Withdrawal Rate	2% to 10%	2% to 10%
Normal Retirement Age	58 years	58 years
Average Future Service	18.75	19.65
Actuarial Valuation Report Dated : 12.04.2022		

F. Sensitivity Analysis

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

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	31st March 2022	
	Increase	Decrease
Salary escalation	7.8%	(6.9%)
Withdrawal rate	4.4%	(4.9%)
Rate of Discounting	(6.0%)	6.9%

(ii) Leave Encashment (unfunded)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year (₹)	Previous Year (₹)
A Changes in Present Value of Defined Benefit Obligation		
Opening defined benefit obligation	103.23	93.73
Interest cost	6.84	4.53
Current services cost	39.05	28.84
Benefits paid	(8.81)	(52.70)
Actuarial(gains)/losses on obligation	(34.98)	28.83
Closing defined benefit obligation	105.33	103.23

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

35.5.3 Post-Employment Benefits (Contd...)

(ii) Leave Encashment (unfunded) (Contd...)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year (₹)	Previous Year (₹)
B Expenses recognized in statement of profit and loss		
Current Service Cost	39.05	28.84
Interest Cost on benefit obligation	6.84	4.53
Total	45.89	33.37
C Expenses recognized in Other Comprehensive Income		
Actuarial(gains)/losses on obligation	(34.98)	28.83
Total	(34.98)	28.83
D Actuarial Assumptions		
Salary Escalation	0%	0%
Rate of Discounting	7.36%	6.92%
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 : 12.04.2022		

E. Sensitivity Analysis

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

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	31st March 2022	
	Increase	Decrease
Salary escalation	4.5%	(3.8%)
Attrition rate	1.0%	(1.1%)
Rate of Discounting	(3.2%)	3.4%

35.5.4 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)	
(Upto 7th November '2020)	
d. Shri E V S V Sarma (Company Secretary)	Relatives of Key Managerial Personnel
e. Shri P Siva Subramanyam (President Finance)	
f. Smt Sabita Jain	Enterprises over which key managerial personnel and their relatives have significant influence
g. M/s Jayman Dealers Pvt Ltd	
h. M/s SVP Distributors Pvt. Ltd	
i. Shri L N Agarwal (HUF)	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

35.5.4 Related Party Disclosures (Contd...)

(i) Transactions with Key Managerial Personnel

(All amounts in ₹ lakhs, unless otherwise stated)

Nature of transactions	Current Year	Previous Year	Receivable/ (Payable) as on 31.03.2022	Receivable/ (Payable) as on 31.03.2021
Remuneration:				
Shri L N Agarwal	78.87	50.49	(4.00)	(2.55)
Shri Paritosh K. Agarwal	71.86	45.53	(1.35)	(2.59)
Smt Padmini Agarwal	15.00(*)	17.21	nil	nil
Shri E V S V Sarma	19.70	14.24	(1.05)	(0.97)
Shri P S Subramanyam	20.03	13.57	(1.09)	(1.01)
Interest:				
Shri L N Agarwal	-	23.31	-	(21.57)
Shri Paritosh K. Agarwal	-	32.87	-	(30.41)
Smt Padmini Agarwal	-	35.15	-	(32.51)
Unsecured Loan:				
Shri L N Agarwal	291.32	(42.00)	(680.68)	(972.00)
Shri Paritosh K. Agarwal	719.16	(533.00)	(1124.84)	(1844.00)
Smt Padmini Agarwal	620.63	(465.00)	(1246.37)	(1867.00)

* Gratuity paid during the financial year

(ii) Sitting Fees paid to Independent Directors:

(All amounts in ₹ lakhs, unless otherwise stated)

Nature of transactions	Current Year	Previous Year	Receivable/ (Payable) as on 31.03.2022	Receivable/ (Payable) as on 31.03.2021
Shri R Surender Reddy	0.35	0.38	nil	nil
Shri Navranglal Tibrewal	0.35	0.38	nil	nil
Shri R S Agarwal	0.35	0.38	nil	nil
Shri V V S Ravindra(Nominee Directors, IDBI Bank Ltd.,)*	0.23	0.35	nil	nil
Shri Dhruv Vijai Singh	0.23	0.23	nil	nil
Smt Aruna Prasad	0.20	0.05	nil	nil

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

(iii) Transaction with Relatives of Key Managerial Personnel

(All amounts in ₹ lakhs, unless otherwise stated)

Nature of transactions	Current Year	Previous Year	Receivable/ (Payable) as on 31.03.2022	Receivable/ (Payable) as on 31.03.2021
Rent:				
Smt. Sabita Jain	10.20	10.20	(5.36)	(4.72)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

35.5.4 Related Party Disclosures (Contd...)

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

(All amounts in ₹ lakhs, unless otherwise stated)

Nature of transactions	Current Year	Previous Year	Receivable/ (Payable) as on 31.03.2022	Receivable/ (Payable) as on 31.03.2021
Interest:				
Shri L N Agarwal (HUF)	-	2.39		(2.21)
M/s. Jayman Dealers Pvt Ltd.	32.00	32.00	(75.68)	(46.88)
M/s.SVP Distributors Pvt. Ltd	30.48	30.48	(73.82)	(46.39)
Unsecured Loans:				
L N Agarwal (HUF)	95.25	-	-	(95.25)
Inter corporate Deposits:				
M/s Jayman Dealer Pvt Ltd.,	-	-	(400.00)	(400.00)
M/s SVP Distributors Pvt Ltd	-	-	(381.00)	(381.00)
Purchase of Cotton:				
M/s. Jayman Dealers Pvt Ltd	416.42	-	161.11	nil
Purchase of fabric:				
M/s. Jayman Dealers Pvt Ltd		54.79		-
Rent:				
M/s. Jayman Dealers Pvt Ltd	2.40	2.40	(0.43)	(0.66)

35.5.5 Earnings per share (basic and diluted)

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Current Year (₹)	Previous Year (₹)
(a) Profit/(loss) after tax from continuing operations (₹ in lakhs)	3,437.00	(33.96)
(b) Weighted average number of Equity shares (face value of ₹ 10 each)	167.02	166.72
(c) Earnings per Equity Share from continuing operations-Basic and Diluted (in ₹)	20.58	(0.20)
(d) Profit/(loss) after tax from discontinued operations (₹ in lakhs)	(3,415.36)	(248.19)
(e) Weighted average number of Equity shares (face value of ₹ 10 each)	167.02	166.72
(f) Earnings per Equity Share from discontinued operations-Basic (in ₹)	(20.45)	(1.49)
(g) Earnings per Equity share (for discontinued & continuing operations) - Basic and Diluted (In ₹)	0.13	(1.69)

35.5.6 Non Current Assets Held for sale and discontinued operations

The company's Power Plant has become unviable on account of lack of demand/ cheaper power tariff from Maharashtra Electricity Board. As a result, on 2nd February, 2022, the company has decided to close down the power plant permanently and accordingly as required by the Ind AS 105, Non Current Assets held for Sale and Discontinued Operations, the operating results of the Power Plant for all the periods presented have been regrouped and shown separately under profit/loss from discontinued operations (See note 33)

Based on the agreement entered into Power Plant machinery sale, loss is recognized..

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

35.5.7 Financial Instruments

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

Level 1 – Quoted prices in an active market:

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

Level 2 – Valuation techniques with observable inputs:

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

Level 3 – Valuation techniques with significant unobservable inputs:

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

Financial Assets and Liabilities

Particulars	Carrying Amount			Fair Value Hierarchy			
	Amortised cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3
As at 31st March 2022							
Financial Assets							
Investments (Refer note below)			16.47	16.47	16.47		
Trade Receivables	14,956.56			14,956.56			
Cash and cash equivalents	698.44			698.44			
Bank balances other than (ii) above	796.25			796.25			
Loans	9.61			9.61			
Others	6,171.97			6,171.97			
Financial Liabilities							
Borrowings	26,706.01			26,706.01			
Trade Payables	12,088.26			12,088.26			
Others	1,623.04			1,623.04			
As at 31st March 2021							
Financial Assets							
Investments (Refer note below)			7.73	7.73	7.73		
Trade Receivables	12,893.60			12,893.60			
Cash and cash equivalents	964.32			964.32			
Bank balances other than (ii) above	996.40			996.40			
Loans	60.28			60.28			
Others	6,243.36			6,243.36			
Financial Liabilities							
Borrowings	30,973.33			30,973.33			
Trade Payables	8,887.27			8,887.27			
Others	1,562.05			1,562.05			

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

35.5.8 Financial Risk Management Objectives and Policies

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

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

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

(i) Market Risk:

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

a. Interest Rate Risk

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

b. Foreign Currency Risk

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

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

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

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Change in Rate	For the year ended 31st March 2022	For the year ended 31st March 2021
USD	+ 0.50%	(14.59)	(7.50)
	- 0.50%	14.59	7.50

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.

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for the year ended 31st March, 2022

35.5.8 Financial Risk Management Objectives and Policies (Contd...)

(i) Market Risk: (Contd...)

c. Other price risk (Contd...)

The Company is exposed to price risk arising mainly from investments in Equity shares recognized at FVTOCI.

Sensitivity analysis of 1% change in price of security as on reporting date.

(All amounts in ₹ lakhs, unless otherwise stated)

Particulars	Impact on Profit & Loss		Impact on OCI	
	2021-22	2020-21	2021-22	2020-21
Listed Equity shares (1% change in price)	nil	nil	0.16	0.08
Total	nil	nil	0.16	0.08

(ii) Credit Risk:

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

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

(iii) Liquidity Risk:

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

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

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

(All Amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Total	On Demand	< 1 year	1 to 5 years	> 5 years
As at 31 March 2021					
Borrowings – Non-Current	9,638.82	-	-	9,638.82	-
Borrowings – Current	21,334.51	15,029.40	6,305.11	-	-
Trade Payables	8,887.27	8,887.27	-	-	-
Other financial liabilities	1,562.05	1,562.05	-	-	-
As at 31 March 2022					
Borrowings – Non-Current	10,093.42	-	-	10,093.42	-
Borrowings – Current	16,612.59	14,438.45	2,174.14	-	-
Trade Payables	12,088.26	12,088.26	-	-	-
Other financial liabilities	1,623.04	1,623.04	-	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2022

35.5.9 Operating Segments

Factors used to identify the reportable segments

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

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

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

- a) 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".
- b) Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocated".

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Current year (₹ in lakhs)	Previous year (₹ in lakhs)
1. Segment Revenue		
Spinning	48,869.51	30,204.91
Denim	38,265.66	20,992.52
Unallocated	62.63	52.11
Total	87,197.80	51,249.54
Less: Inter Segment Revenue	8,847.89	2,401.35
Total Revenue	78,349.91	48,848.19
2. Segment Results		
Spinning	5,485.41	2,969.82
Denim	1,863.66	173.28
Unallocated	(4,701.57)	112.85
Total	2,647.50	3,255.95
Less: Interest	2,616.60	3,640.93
Profit before tax	30.90	(384.98)
3. Segment Assets		
Spinning	28,991.25	25,480.59
Denim	34,269.78	27,820.19
Power plant (Assets held for sale)	3,002.62	10,788.30
Garment (Assets held for sale)	205.24	563.37
Unallocated	3,278.72	4,109.62
Total	69,747.61	68,762.07
4. Segment liabilities		

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for the year ended 31st March, 2022

35.5.9 Operating Segments (Contd...)

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	Current year (₹ in lakhs)	Previous year (₹ in lakhs)
Spinning	11,658.22	13,472.19
Denim	21,696.84	15,714.87
Power plant (Assets held for sale)	10,070.81	12,985.27
Garment (Assets held for sale)	156.83	2,625.23
Unallocated	942.41	592.59
Total	44,525.11	45,390.15

(a) Information about Products and Services

(All Amounts in ₹ Lakhs, unless otherwise stated)

Products	Revenues
a. Yarn	40,763.88
b. Fabric	35,181.95
d. Sale of Waste	915.60
e. Job work income	17.96
f. Export Benefit entitlement	896.47
g. Packing & Forwarding collection charges	9.61
h. Scrap Sales	22.52
Total Revenue from operations (from continuing & discontinued operations)	77,807.99

(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	62,095.74	24,193.49
(B) Outside India		
- Bangladesh	9,549.68	
- Ethiopia	2,071.76	
- Guatemala	1,680.56	
- South Korea	628.65	
- Madagascar	587.95	
- Mexico	485.26	
- Kenya	189.49	
- Singapore	399.26	
- Others	119.64	
TOTAL	77,807.99	

(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.

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for the year ended 31st March, 2022

35.5.10 Leases

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

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

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

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

(All amounts in ₹ Lakhs, unless otherwise stated)

Particulars	31st March 2022
Depreciation charge for right-of-use assets (pertaining to continuing and discontinued operations)	
(i) Land *	4.75
(ii) Non Factory Buildings	26.71
Interest expense on Lease liabilities (pertaining to continuing and discontinued operations)	2.11
Expense relating to Short term leases (pertaining to continuing and discontinued operations)	10.06
Additions to ROU assets	8.64
Carrying Amount of ROU assets at the end of the year	578.49

*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 Amravati Unit -1 (Spinning Unit) and Amravati Unit -2 (Weaving Unit) respectively for a period of 95 years.

Maturity analysis of lease liabilities as of 31st March 2022

Particulars	Amount (₹ in lakhs)
Less than 1 year	11.73
1-5 years	3.18
> 5 years	-

Maturity analysis of lease liabilities as of 31st March 2021

Particulars	Amount (₹ in lakhs)
Less than 1 year	10.99
1-5 years	9.08
> 5 years	-

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for the year ended 31st March, 2022

35.5.11 Dues to Micro, Small and Medium Enterprises

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

i) Principal amount remaining unpaid as on 31st March, 2022	NIL	NIL
ii) Interest due thereon as on 31st March, 2022	NIL	NIL
iii) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of payment made to the suppliers beyond the appointed day during the year.	NIL	NIL
iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.	NIL	NIL
v) Interest accrued and remaining unpaid as at 31st March, 2022	NIL	NIL
vi) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Act.	NIL	NIL
Amount shown against dues to Micro, Small and Medium Enterprises under the head Trade Payables represents amount outstanding as on 31st March, 2022 which is not due for payment.	NIL	NIL

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

as per our report of even date

for **K S Rao & Co.**
Chartered Accountants
Firm Registration No.: 0031095

(P Govardhana Reddy)
Partner
Membership No. 029193

Place: Hyderabad
Date: 10-05-2022

For and on behalf of Board of Directors

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

(P.S. Subramanyam)
President (Finance)

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

(Paritosh K. Agarwal)
Managing Director
DIN: 00008738

(Navrang Lal Tibrewal)
Director
DIN: 00030151

NOTICE

NOTICE is hereby given that the 59th Annual General Meeting (AGM) of the Members of Suryalakshmi Cotton Mills Limited will be held on Saturday, 30th July, 2022 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, 2022 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. Aruna Prasad, Director (DIN: 07164087) who retires by rotation and who, being eligible, offers herself for reappointment.
3. To consider, and if thought fit, to pass the following resolution with or without modification(s) as an ordinary resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to recommendation of the Audit Committee and the Board of Directors, M/s. Brahmayya & Co Chartered Accountants, Hyderabad, (ICAI Firm Regn. No. 000513S) be and are hereby appointed as Statutory Auditors of the Company in place of M/s.K.S.Rao & Co., Hyderabad (ICAI Firm Regn. No. 003109S) whose tenure expires at this Annual General Meeting, at such remuneration plus reimbursement of out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the said Auditors.”

“RESOLVED FURTHER THAT M/s. Brahmayya & Co., Chartered Accountants, shall hold office for the period of five years from the conclusion of this Fifty Ninth Annual General Meeting of the Company till the conclusion of Sixty Fourth Annual General Meeting of the Company.

“RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution.”

SPECIAL BUSINESS:

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

“RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 to the Board of Directors of the Company to raise or borrow from time to time from the Company's Bankers or Financial Institutions or from elsewhere on such terms and conditions as to repayment or interest or otherwise as it thinks fit, such sums as may be necessary for the purpose of the Company's business in excess of the paid up capital and free reserves of the Company, that is to say reserves not set apart for any specific purpose provided however that the total amount of such borrowings together with the monies already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) in aggregate shall not exceed at any one time a sum of Rs. 750 Crores (Rupees Seven Hundred and Fifty Crores only).

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

“RESOLVED THAT the Company do hereby approve in terms of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit & Auditors) Rules, 2014, the remuneration of Rs. 1,00,000/- (Rupees One Lacs only) plus out of pocket expenses payable to M/S. S. Hariharan & Associates., (Firm Registration No. 100486), Cost Accountants for the cost audit to be conducted by them of the cost records of the Company for the financial year 2022-23.”

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

Place :Secunderabad
Date : 10th May, 2022.

E.V.S.V.SARMA
COMPANY SECRETARY

NOTES :

1. The register of members and share transfer books will be closed from Saturday, 23rd July, 2022 to Saturday, 30th July, 2022 (both days inclusive) for the purpose of Annual General Meeting.
2. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Special Businesses specified above is annexed hereto.
3. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 13th January, 2021 permitted the Companies to conduct their AGM's in accordance with the earlier circulars through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue and accordingly, in compliance with the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
4. **The facility for appointment of proxies will therefore not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.**
5. Institutional / Corporate Members are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization, etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting to the M/s. KFin Technologies Limited (Kfintech) the Registrar and Transfer Agents, by email through its registered email address to evoting@kfintech.com
6. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
7. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2021-22 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 2021-22 will also be available on the Company's website www.suryalakshmi.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of Kfintech at www.kfintech.com.
8. The Notice calling the AGM has been uploaded on the website of the Company in the Investor Relations Section under Financials in the Annual Reports tab. The complete Annual Report is also available in the same section. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Ltd and National Stock Exchange of India Limited at www.bseindia.com and 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.
9. The attendance of the Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
10. The Company has engaged the services of M/s. KFin Technologies Limited, Registrar and Transfer Agent as the authorised agency (Kfintech) for conducting of the e-AGM and providing e-voting facility.
11. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated 8 April, 2020, 13th April, 2020, 5th May, 2020 and 13th January, 2021 the Company is providing facility for voting by electronic means for all its Members to enable them to cast their vote electronically and the business may be transacted through such e-voting.
12. The recorded transcript of the forthcoming AGM on 30th July, 2022, shall also be made available on the website of the Company www.suryalakshmi.com in the Investor Relations Section, as soon as possible after the Meeting is over.
13. Relevant documents referred to in the accompanying Notice calling the AGM are available on the website of the Company for inspection by the Members.
14. The SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Members holding shares in physical form are required to submit their PAN details to the Registrar and Share Transfer Agents.

15. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, mandates, nominations, power of attorney, bank details such as, name of the Bank and branch details, bank account number, MICR code, IFSC code, etc., to their DP's in case the shares are held by them in electronic form and to the Company's Registrars and Transfer Agents, KFin Technologies 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 11, 2019 except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holding to dematerialized form. Members can contact the Company or KFin Technologies 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 2013-14 has been deposited in the Investors Education and Protection Fund. Further, amount of Unclaimed Dividend for the following financial years is due for deposit to the Investors Education and Protection Fund dates mentioned below:
- | Year on | Date of declaration | Due for transfer |
|---------|---------------------|------------------|
| 2014-15 | 29/07/2015 | 04/09/2022 |
| 2015-16 | 28/07/2016 | 03/09/2023 |
| 2016-17 | 28/08/2017 | 03/10/2024 |
19. The Company transferred 8508 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 2013-14 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
20. In case the Dividend has remained unclaimed in respect of financial years 2014-15 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:

- Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM at <https://emeetings.kfintech.com/> 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.
- 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://emeetings.kfintech.com/>. 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://emeetings.kfintech.com/>

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, 22nd July, 2022 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, 25th July, 2022 to 5.00 P.M. (IST) on Friday, 29th July, 2022. 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.kfintech.com>".
 - b. Enter the login credentials (i.e., user id and password) mentioned in the communication. You're Folio No. / DP ID No. / Client ID No. will be your User- ID. User - ID: For Members holding shares in Demat form For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID User - ID: For Members holding shares in Physical Form: - Event Number followed by Folio No. registered with the Company Password: Your unique password is sent via e-mail forwarded through the electronic notice Captcha: Please enter the verification code i.e. the alphabets and numbers in the exact way as they are displayed for security reasons.
 - c. After entering these details appropriately, click on "LOGIN".
 - d. Members holding shares in Demat / Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). Kindly note that this password can be used by the Demat holders for voting's 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.kfintech.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@kfintech.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, 22nd July, 2022. 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.kfintech.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 and also on the website of Kfintech at <https://evoting.kfintech.com/>.
 9. In case of any query pertaining to e-voting, please visit Help and FAQs section available at Kfintech's website [https:// evoting.kfintech.com](https://evoting.kfintech.com) or contact toll free no. 1800 4250 999.

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

ITEM NO.3

TO APPOINT M/S. BRAHMAYYA & CO., CHARTERED ACCOUNTANTS AS STATUTORY AUDITOR OF THE COMPANY AND TO FIX THEIR REMUNERATION.

As per the provisions of Companies Act, 2013 (here in after referred to as "the Act") and the relevant Rules made there under (including any statutory modification(s) or

re-enactment(s) thereof for the time being in force), it is proposed to appoint M/s. Brahmayya & Co., Hyderabad (ICAI Firm Regn No.000513S) Chartered Accountants, as Statutory Auditors of the Company in the place of M/s. K.S.Rao & Co., Hyderabad (ICAI Firm Regn. No. 003109S) whose term expires at the end of ensuing Annual

General Meeting (AGM). The Audit Committee and Board of Directors of the Company have recommended the appointment of M/s. Brahmayya & Co., Chartered Accountants as Statutory Auditors of the Company for a term of five (5) consecutive years from the conclusion of 59th AGM till the conclusion of 64th AGM of the Company. Additional information about Statutory Auditors pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) is provided M/s. Brahmayya & Co., Chartered Accountants, Hyderabad (ICAI Firm Regn. No. 000513S) have confirmed that their appointment, if made would be within the limits specified under Section 141(3) (g) of the Act and that they are not disqualified to be appointed as Statutory Auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014. The remuneration plus reimbursement of out-of-pocket expenses and other expenses payable to Auditors shall be mutually agreed upon between the Board of Directors and Auditors

The Board of Directors recommends the resolution at Item No.4 of the Notice for your approval.

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

ITEM NO.4

As per Sec 180(1) (c) of the Companies Act, 2013, the Board of Directors of a public company, shall not, except with the consent of the shareholders by a special resolution, borrow money, where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of paid-up capital of the Company and its free reserves. It is proposed that such borrowings shall not exceed Rs. 750 Crores (other than the temporary loans from Company's

Bankers). Hence the consent of members is being sought by way of Special Resolution under sec 180(1)(c) of the Act.

The Board recommends the Resolution given at sr. no. 3 of this notice for your approval as Special Resolution.

The Directors or key managerial personnel or their relatives do not have any concern or interest, financial or otherwise, in passing of the said Resolution, except to the extent of their shareholding in the company.

ITEM NO.5: RATIFICATION OF THE REMUNERATION OF COST AUDITOR

Section 148 of the Companies Act, 2013 read with Rule 14 of Companies (Audit & Auditors) Rules, 2014 provides for the appointment and the remuneration of the Cost Auditor for the audit of the cost records of the company by the Board and the remuneration of the Cost Auditor is to be ratified by the members of the company. The appointment of M/S. S. Hariharan & Associates., has been approved by Board of Directors as Cost Auditor for carrying out cost audit for the year 2022-23 on a remuneration of Rs.1,00,000/- plus out of pocket expenses. The ratification by the members to this remuneration is being sought in this resolution. The Board recommends the resolution for the approval of the members.

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

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

Place :Secunderabad

Date : 10th May, 2022.

E.V.S.V.SARMA
COMPANY SECRETARY

[illegible]

[illegible]



Solar power plant - Amanagallu



SURYALAKSHMI COTTON MILLS LIMITED

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

Secunderabad - 500 003

(CIN: L17120TG1962PLC000923)

