

RESPONSIBLE. INNOVATIVE. AGILE. SUSTAINABLY DRIVING GROWTH.



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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.



**RESPONSIBLE, INNOVATIVE, AGILE**— these three words encapsulate what the Company stands for. We believe in taking ownership of our decisions and actions, ensuring that we always act responsibly safeguarding the best interests of our stakeholders.

**For us, sustainability is not merely a business imperative. It defines every aspect of our operations. As a responsible organisation, we remain committed to ethical business practices and maintain the highest levels of health, safety and environmental compliance to empower communities and do our bit for the planet.**

Our commitment to innovation drives us to constantly seek new and improved solutions, staying ahead of the curve in an evolving market.

Our agility enables us to adapt quickly to changing circumstances, enabling us to seize opportunities and overcome challenges.

We embrace new technology as we understand its potential to enhance efficiency and drive growth. By staying abreast of the latest advancements, we are able to provide our stakeholders with cutting-edge solutions that meet their changing needs. Moreover, the integration of new technology strengthens our competitive edge and reinforces our position as industry leaders.

Strengthening our balance sheet is another priority for our Company. By managing our finances effectively and reducing debt, we endeavour to enhance our financial stability and position ourselves for long-term value creation. This not only instils confidence in our stakeholders, but also provides us with the flexibility to invest in future growth opportunities.

From production to distribution, our entire value chain is integrated, which ensures efficiency and consistent quality. This also helps us adapt quickly to market changes and seize new opportunities. Our agility coupled with our integrated business model foster collaboration and innovation across the value chain, leading to improved overall performance.

We embed sustainability in our business practices. Striving to minimise our ecological footprint, we implement eco-friendly initiatives and promote sustainable practices throughout our operations. This helps us contribute to a healthier planet, while also creating long-term value for our stakeholders and driving growth.

# DELIVERING EXCELLENCE ACROSS THE DENIM VALUE CHAIN

With a rich experience spanning over six decades, we are one of India's leading Original Denim Manufacturers (ODM), renowned for our collaborations with leading domestic and international brands with an enviable market share in the premium denim segment. Our deep-rooted legacy, brand power, global status, visionary approach, innovation capabilities and commitment to sustainability bolster our leadership position in the industry.

## What sets us apart?

With an integrated business model and strong spinning and manufacturing capabilities, we have positioned ourselves at the forefront of the industry.

Suryalakshmi Cotton is a successful end-to-end clothing company, integrating robust backend spinning leading to premium yarn production and fabric manufacturing for a superior denim value chain.

Forward and backward integration and best-in-class quality assurance provide us with a critical competitive advantage in anticipating economic upheavals, proactively planning for cyclical demand-supply situations, and staying ahead in a dynamic market landscape. We have navigated through challenges with transformative strategies, leveraging our strong fundamentals and agility.

We are the driving force behind numerous prominent international brands.

Our extensive presence in markets across Europe, the United States, and Asia underscores our leadership in the premium denim industry. Our commitment to innovation is exemplified by integrating superior

technologies such as CleanKORE, for sustainable clothing solutions.

We are committed to responsible business practises and maintain the highest levels of health, safety and environmental compliance to safeguard communities and do our bit for the planet.



# 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 specialised denim and premium yarn sector, bringing inspiration and innovation to every fabric and spindle we create.

# Our values



## Innovation-led Design Thinking

We exercise the highest levels of professionalism in our work and relationships and are committed to continuous improvement in our pursuit of excellence.



## Customer First

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



## Integrity

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



## Responsibility

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



## People Welfare

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



# CHAIRMAN'S MESSAGE



**Our presence throughout the entire value chain has provided us with a significant competitive edge, enabling us to comprehend the industry's ever-changing economic trends.**



## Dear Shareholders,

We are emerging from a period punctuated by formidable challenges, and are now witnessing robust recovery substantiated by our commendable performance. Our journey has been difficult, but we have successfully navigated the challenges, thanks to our transformative strategies. These strategies have not only allowed us to weather the storm but also positioned us as leaders in our industry. Our ability to adapt and innovate has set us apart from our competitors, paving the way for our remarkable recovery.

Our dedication to excellence in denim manufacturing has garnered us a reputation as a global centre of denim expertise, serving both local and international customers. With state-of-the-art technology and a highly skilled workforce, we ensure that our denim products meet the highest quality standards. Our commitment to sustainability and ethical practices further distinguish us as a responsible player in the industry.

Our presence throughout the entire value chain has provided us with a significant competitive edge, enabling us to comprehend the industry's ever-changing economic trends. With cutting-edge design, the latest spinning technology and end-to-end manufacturing plants, we have been creating the finest yarn and premium denim for leading private labels, fashion brands and retail chains in over 29 countries.

## Macroeconomic scenario

Let me begin by providing some insight into our macroeconomic situation. Throughout the fiscal, the global economy continued to face challenges due to the persistent impact of the pandemic and the Russia-Ukraine war, leading to heightened inflationary pressures and rate hikes by central banks across the world. Declining purchasing power weakened consumer confidence and investor sentiment, thereby continually clouding growth prospects.

Despite global supply chain disruptions and looming uncertainty plaguing the global economy, the Indian economy remained on a solid growth trajectory. During the fiscal, the remarkable resilience of the economy was reflected in the recovery of post-pandemic private consumption.

growing manufacturing activity and a resurgent service sector. Multiple factors like a youthful and expanding population, increasing middle-class incomes, and Government-led reforms have positioned India as one of the fastest-growing major economies.

### India as a global design and manufacturing hub

The textile industry holds immense potential in helping India expand its global footprint and achieve the mission of Make in India. Growth and demand for the textiles sector have moderated this fiscal year due to the Russia-Ukraine war, high inflation and concerns about impending recessions in major markets like the US and Europe. Amid these difficulties, sustained domestic demand and fresh pockets of growth turned out to be the silver lining for the sector.

In the given market environment, I am pleased to share that we achieved good growth in exports. The cotton market remained volatile during the fiscal with cotton yarn exports hitting a decadal low. However, our spinning segment did reasonably well under these circumstances.

### Financial performance

In terms of financial performance, we reached a significant topline number of Rs 851.05 crore in FY 2022-23, representing an increase from Rs 778.08 crore in FY 2021-22. Our Profit After Tax (PAT) reached Rs 10.40 crore in FY 2022-23, a substantial increase from the Rs 0.22 crore in FY 2021-22. In line with our commitment to achieve debt reduction and financial stability, we successfully decreased our debt burden during the fiscal year. Notably, our debt-to-equity ratio for

FY 2022-23 stands at an impressive 0.75 times, a significant improvement compared to 1.06 time ratio observed in FY 2021-22.

### Keen focus on ESG

We are dedicated to ethical manufacturing practices that prioritise sustainability and environmental stewardship. Our approach to denim production goes beyond conventional ways as we attempt to redefine the industry through the use of environment-friendly practices.

In response to the prevailing resource limitations, we have strategically identified key focal points within our manufacturing process. These include a dedicated drive for waste reduction across the denim production process and optimising the utilisation of precious natural resources. During the fiscal year, we continued our efforts towards sustainability objectives by installing a roof top solar power plant.

The introduction of the groundbreaking Regenagri initiative has redefined our approach to cotton cultivation, emulating natural ecosystems and reinvigorating soil health. Our adoption of the innovative CleanKore technology for indigo dyeing has resulted in a seismic shift, removing the environmentally hazardous Potassium Permanganate and infusing our retail denim line with eco-conscious creations. This progression towards circularity has also seen the integration of cutting-edge materials such as recycled polyester fibres and upcycled cotton waste.

We acknowledge the invaluable contributions of our workforce and are committed to nurturing a culture of collaboration, inclusion, and empowerment. Our commitment to

our employees extends beyond the confines of our factory. We ensure the well-being of our employees through various programmes focusing on health, education, transportation and housing.

As we move ahead, our growth-oriented strategic imperatives will continue to serve as a road map, directing our actions and propelling us towards a brighter future. We are constantly upgrading denim production to match global standards, and we will continue to do so in the coming fiscal year to better serve our customers. We also remain committed to expanding our business in the domestic market as well as in newer geographies.

### Looking ahead

With our strong legacy, brand recall, global status, visionary approach, innovation capabilities and commitment to responsible business practices, we are well-equipped to navigate the future and drive positive change in the industry.

I extend my heartfelt appreciation to all our stakeholders. Our success over the years has only been possible because of our people's hard work and our shareholders' belief in our vision and endeavours. I also want to thank our customers for their trust in us.

Together, we will continue to fuel growth, accelerate innovation, and pave the way towards a more dynamic and sustainable future.

Regards,

**L.N. Agarwal**  
Chairman

# PRUDENT STRATEGIES FOR GROWTH

## Strategically increasing market presence

To increase market presence, our growth plan focuses on two major dimensions— domestic and international. Our robust domestic presence forms the cornerstone of our growth strategy, fostering deeper engagement with local markets. Meanwhile, our global outreach includes three important regions – the US, Europe, and the Asian markets. This tri-continental strategy enables us to tap into diverse consumer behaviours, trends and preferences, resulting in a globally resonant brand.

Our global reach, supported by an extensive footprint, provides us with a significant competitive advantage. It propels us as leaders in the premium denim segment. Our expertise and strategic locations enable us to leverage emerging opportunities. By reviving our client base and introducing innovative products, we achieve success in the fast-paced denim industry.

## Shifting towards sustainable clothing

We are positioned to benefit from the growing demand for eco-conscious fashion since we are a frontrunner in sustainable clothing innovation. The paradigm shift towards conscious consumerism presents a significant growth opportunity for us. We anticipate an increase in demand for our products in the coming years as a result of our unwavering dedication to sustainable practises. Our Regenagri initiative promotes responsible sourcing, fostering both supply chain integrity and environmental health. Simultaneously, CleanKore Technology's global prominence enhances our reputation as pioneers in eco-friendly manufacturing, reducing water and chemical usage.

The switch to recycled polyester fibres and the use of processed cotton waste demonstrate our efforts in reducing our carbon footprint. This strategic move not only aligns with conscious consumer preferences but also enhances our market competitiveness. Moreover, the use of fibres including hemp, banana, sorona, and lyocell reflects our forward-thinking sustainability approach, fostering environmental gains and functional benefits.

## Integrating spinning and manufacturing capabilities

### Pioneering symbiosis

Our strategic integration of spinning and manufacturing capabilities is likely to strengthen our industry reputation and recall, and provide us with a competitive edge. Our ability to anticipate economic shifts and navigate demand-supply dynamics positions us as market leaders.

### End-to-end excellence

We create a seamless denim value chain, from cotton to yarn to finished fabric. Our expertise in premium yarn production, backend spinning, and fabric manufacture builds a strong foundation. Through our state-of-the-art spinning mill facilities across India, we optimise sourcing efficiency.

## Strengthening our balance sheet

We are committed to strengthening our balance sheet by implementing significant debt reduction measures in our pursuit of sustained growth and improved resilience. By significantly reducing debt levels, we aim to bolster our financial stability and ensure a solid foundation for future growth initiatives. This endeavour aligns with our overarching objective of becoming debt-free.

Our growth strategy includes a comprehensive review and refinement of our business model. Through rigorous analysis and optimisation, we aim to strengthen the efficiency of our operations and enhance the value we deliver to our customers and stakeholders. By combining prudent financial management with a streamlined and agile business model, we are poised to navigate the evolving business landscape with confidence and capitalise on new opportunities, driving our growth trajectory to new heights.



# DOING BUSINESS RESPONSIBLY

Sustainability lies at the core of our organisation, defining every aspect of our operations. From our supply chain to our energy consumption, we are committed to minimising our environmental impact. We continuously strive to implement innovative solutions that promote resource conservation and reduce waste.

Water management and sustainable product development are key focus areas for reducing environmental impact through innovation and technology-driven solutions.

As an important strategic partner to the top global retailers in the fashion space, we are responsible for not only complying with environmental norms but also driving innovation in the sphere of sustainability. Having a strong background in sustainable practices, we have benefited from growing consumer awareness of environmental issues and purchasing patterns driven by eco-friendly products.

**By practicing the 3R concept of Reduce, Replace and Recycle, we:**



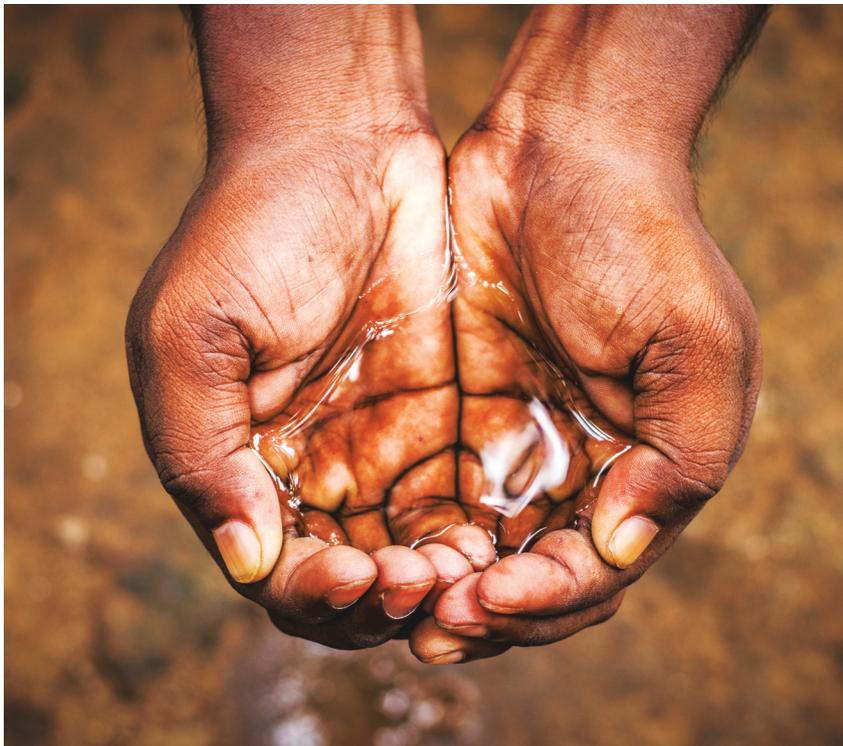
## Key focus area of our engagement

<p><b>Carbon footprint</b></p> <p>95 % Reduction of coal usage in fuel needs</p> <hr/> <p>Organic cotton to reduce CO2 emission</p>	<p><b>Water stewardship</b></p> <p>100 % Water recycled</p> <hr/> <p>Freshwater consumption reduced by 45%</p>	<p><b>Energy conservation</b></p> <p>5 MW Solar power installed</p> <hr/>
<p><b>Recycling and waste reduction</b></p> <p>Hydro-free dyeing and CleanKore</p>	<p><b>Sustainable practices</b></p> <p>Regenagri - Regenerative cotton initiative</p>	<p><b>Supply chain sustainability</b></p> <p>Control unit certified supply chain</p> <hr/> <p>A data-driven supply chain that can be tracked digitally</p>

## Climate responsibility

At the heart of our commitment to climate responsibility is our transformative approach to denim manufacturing. We prioritise lowering our carbon footprint as a means of addressing climate change, as seen by our consistent efforts to reduce greenhouse gas emissions across our denim operations. This includes significantly cutting down on the use of coal, switching to organic and regenerative cotton to reduce CO<sub>2</sub> emissions, and placing a strong focus on energy efficiency, as evidenced by the use of solar power. In addition to revolutionising our industry, we are also improving the well-being of our planet.

We have defined a future plan that is aligned with climate change goals on a national and global level and hope to lead the industry in pioneering positive impact.



## Water stewardship

Our efforts in water management have been acknowledged by global customers through external audits and certifications such as Indigood. Indigood is a verification of our freshwater usage and places us as a preferred supplier to major retailers.

## Waste management

We work towards reducing waste across the denim value chain. With efficient effluent management systems ensuring zero liquid discharge.

Our goal is to achieve a closed-loop circular system that minimises the use of fresh resources and helps create a circular economy.

## Sustainable practices

### Regenagri - Regenerative cotton initiative

Regenerative agriculture is a holistic approach that seeks to emulate natural ecosystems within agricultural environments, aiming to rejuvenate soil vitality. This is achieved by minimising soil disruption through practices like cover cropping and direct drilling, maintaining soil coverage, and incorporating livestock integration. Regenagri holds the potential to yield substantial benefits, such as a significant reduction in carbon emissions compared to traditional cotton production. The overarching goal is to establish a self-sustaining and environmentally responsible value chain that encompasses all stakeholders, ultimately resulting in the creation of purposeful garments that offer both wearer satisfaction and a positive ecological impact.

#### CleanKore technology

We have partnered with a patented indigo dyeing technology that eliminates the use of Potassium Permanganate (PP) in the creation of denim jeans and helps reduce chemical usage in the dyeing process. PP has wide use in the industry to achieve brightness on garments, however, it is highly toxic and hazardous for the environment and garment workers. We have successfully implemented this technology on a wide variety of our products that are now available on top shelves in major retail stores across the world.



#### Innovating on fibres

We have emphasised product innovation using innovative new fibres that help us create a circular product. The use of virgin polyester fibres in our products has significantly reduced and we have moved to recycled polyester fibres made with PET bottles. Products are also incorporated with pre-consumer and post-consumer processed cotton waste.

New fibre innovations such as Hemp, Banana fibre (made with stems of harvested banana crops), Sorona fibres, and Lyocell are also being incorporated into our product lines. These developments are expected to grow in the coming years as they not only help reduce the impact on the environment but also provide functional benefits.

### Higg Index

Higg is a standardised measurement tool for value chain sustainability accepted by major brands. It measures the environment, society and governance index of an organisation. We have achieved an 85.4 score for the 2023 assessment year which puts us in a strong position to achieve long-term industry targets in a very short span of time. Our efforts in energy investments by eliminating the use of coal, investments in renewable energy sources via solar, reduction in water/chemical usage through investments in ETP, and product innovations have helped us achieve such a high score.

**The focus across the team at Surya Lakshmi is to drive innovation keeping in mind the three spheres of sustainability — people, environment and economics. The push in this direction positions the organisation to remain a top supplier in the short and long-term future achieving sustainable growth with time.**

# CERTIFICATIONS



# 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

\*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. Brahmayya & Co.  
Flat No. 403 & 404 Golden Green  
Apartments,  
Irrum Manzil Colony,  
Hyderabad - 500082.  
Tel. (040) 23370002/4

## ➤ Cost Auditors

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

## ➤ Secretarial Auditor

### **Sri Kambham Venkata Chalama Reddy**

## ➤ 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 Sixtieth Annual Report on the business and operations of the Company and the financial results for the year ended 31st March, 2023.

## Financial Results

(₹ in Lakhs)

	2022-2023		2021-2022	
Gross Profit before Interest & Depreciation		6,795.19		8,505.43
<b>Less : Interest</b>	2,449.35		2,426.28	
: Depreciation & Amortisation expense	1,756.18	4,205.53	1,604.39	4,030.67
Profit/(Loss) before prior year Adjustment		2,589.66		4,474.76
Exceptional Items		(719.36)		520.31
Profit / (Loss) before tax for the year		1,870.30		4,995.07
<b>Less: Current Tax</b>		319.73		-
<b>Less : Deferred tax liability</b>		278.44		1,558.07
Profit / (Loss) after tax from continuing operations		1,272.13		3,437.00
Profit / (loss) from discontinued operations		(272.97)		(4,964.18)
Tax expense on discontinued operations		(40.95)		(1,548.82)
Profit / (Loss) after tax from discontinued operations.		(232.02)		(3,415.36)
Profit / (Loss) for the period		1,040.11		21.64
Other Comprehensive Income		(23.59)		15.87
<b>Total Comprehensive Income for the period</b>		<b>1,016.52</b>		<b>37.51</b>
<b>Add : Opening Other Equity</b>		23,164.67		21,527.41
<b>Add : Equity component on preferential shares</b>		63.99		
<b>Add : Share premium on allotment of Preferential Equity shares</b>		-		1,599.75
<b>Sub Total</b>		24,245.18		23,164.67
<b>Less: Dividend on Equity share capital</b>		-		-
<b>Less: Corporate Dividend Tax</b>		-		-
<b>Less: Transferred to General Reserve</b>		-		-
Other Equity at year end		24,245.18		23,164.67

## OPERATIONS

The Operations for the current financial year 2022-23 reflects the continued optimism in the Indian economy. The turnover at Rs. 857.3 crores has registered an increase of 9.4% over the previous year. The profit after tax is Rs.10.4 crores, a significant improvement over the last year. The production in both the Spinning and Denim fabric divisions has been satisfactory. There is significant improvement in the domestic and export realization of Denim fabric. The yarn sales have largely remained stable both in volume and realization while the fabric division has seen some growth in the domestic business and better export realization. The performance of the spinning division is subdued on account of fluctuations in cotton prices.

## POWER PLANT

The company has completed the sale of the Power Plant and used the sale proceeds to reduce the term loan liabilities.

## DIVIDEND

In compliance with the conditions imposed by our lenders on declaration of dividend during the restructuring arrangement, your board regrets its inability to recommend a dividend for the year under review. The company is in the process of exiting from restructuring arrangement and your board is confident, barring unforeseen circumstances, of resumption of dividend pay out to shareholders at the earliest reasonable opportunity.

## CAPITAL EXPENDITURE

During the year under review the Company incurred capital expenditure of Rs. 2347.64 lakhs for solar power plant, fancy yarn attachment & carding machinery & others.

## EXPORTS

The American and European economies have been experiencing recessionary trends since last year impacting the fabric exports to these markets. The company however had undertaken sustainable initiatives like recycling and cleankore (sustainable dyeing technology) to achieve around 15% growth in export revenues. The export realization had also improved significantly on account of better product mix and innovations which were well received by our reputed clientele like Lee, Wrangler, Dickies, Timberland, Wal-Mart, Amazon Gorge, Primark, Salisbury, Jack & Jones, etc. The Company hopes to improve on these initiatives in the coming year.

## FUTURE OUTLOOK

While the performance in the financial year 2022-23 is encouraging the 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 present global scenario to meet the evolving challenges.

## DIRECTORS

IDBI withdrew the nomination of Sri. Rajan Ravindra Shukla in the first week of May 2023. The Board wishes to place on board its appreciation of the contribution made by Sri. Rajan Ravindra Shukla to the deliberation of the Board during his tenure.

During the year, Sri. Paritosh Agarwal (DIN: 00008738), Managing Director will retire at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

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

## DECLARATION BY INDEPENDENT DIRECTORS

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

## MEETING OF INDEPENDENT DIRECTORS

A separate meeting of the Independent Directors was held under the Chairmanship of Sri R. Surender Reddy, Independent Director on February 14, 2023, inter-alia to discuss evaluation of the performance of Non-Independent Directors, the Board as a whole, evaluation of the performance of the Chairman, taking into account the views of the Executive and Non-Executive Directors and the evaluation of the quality, content and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

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

## POLICY ON APPOINTMENT & REMUNERATION OF DIRECTORS

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

The policy also provides the criteria for determining qualifications, positive attributes and Independence of Directors and criteria for appointment of Key Managerial Personnel / Senior Management and performance

evaluation which are considered by the Nomination and Remuneration Committee and the Board of Directors while making selection of the candidates. The above policy has been posted on the website of the Company at [www.suryalakshmi.com](http://www.suryalakshmi.com).

## DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis; and
- (e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively.
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## DISCLOSURES UNDER THE COMPANIES ACT, 2013

### i) Annual Return:

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

### ii) Number of Board Meetings:

The Board of Directors met four times during the year 2022-2023. The details of the board meetings and

the attendance of the Directors are provided in the Corporate Governance Report.

### iii) 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 Rajan Ravindra Shukla since 30/04/2022 as the members. More details on the committee are given in the Corporate Governance Report.

### iv) 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>

### v) 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.

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

## 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](http://www.suryalakshmi.com/investor-corporate-governance.aspx)

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

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

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

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trained) are covered under the Policy. The following is a summary of sexual harassment complaints received and disposed 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. Brahmayya & Co, Chartered Accountants, Hyderabad (ICAI Firm Regn No.000513S) were appointed as auditors for a period of 5 years in the 59th AGM 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 2023-2024 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 2023-2024. The report of the Secretarial Auditor for the financial year 2023-2024 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 Solar Power for 5 MW 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 : 29th May, 2023  
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	
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, 2022 to 31st March, 2023	Attendance at the last Annual General Meeting held on 30/07/2022
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 Rajan Ravindra Shukla	3	Present
Smt. Aruna Prasad	4	Present

- c) During the financial year ended 31st March, 2023 – Four Board Meetings were held on 10/05/2022, 30/07/2022, 10/11/2022, and 14/02/2023.

- 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 31st March, 2023 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. Rajan Ravindra Shukla	Director	NIL
Sri. Dhruv Vijai Singh	Director	NIL
Sri. Aruna Prasad	Director	NIL

- f) Web link where details of familiarization programmers 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 Technology - Developments / trends	Sri L. N. Agarwal / Sri Paritosh Agarwal
b) Fabric	b) Cotton Markets - price trends / quality / procurement	Sri L. N. Agarwal / Sri Paritosh Agarwal
	c) Knowledge of Indian / Foreign Markets	Sri Paritosh Agarwal / Sri Rajan Ravindra Shukla/ Sri Dhruv Vijai Singh
	d) Fashion trends / designs	Sri Paritosh Agarwal
	e) Textile machinery - developments	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 Rajan Ravindra Shukla/Smt. Aruna Prasad
	g) Financial Markets / Institutions	Sri Paritosh Agarwal / Sri R. Surender Reddy / Sri R. S. Agarwal / Sri Dhruv Vijai Singh / Sri Rajan Ravindra Shukla/Smt. Aruna Prasad
	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.

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

- |                                |   |
|--------------------------------|---|
| i. Sri R. Surender Reddy       | - Chairman, Non-Executive & Independent |
| ii. Sri Navrang Lal Tibrewal   | - Member, Non-Executive & Independent   |
| iii. Sri R. S. Agarwal         | - Member, Non-Executive & Independent   |
| iv. Sri V. V. S. Ravindra *    | - Member, Non-Executive - IDBI Nominee  |
| v. 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 31st March, 2023 - Four Audit Committee Meetings were held on 10/05/2022, 30/07/2022, 10/11/2022, and 14/02/2023.

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

## 4. NOMINATION & REMUNERATION COMMITTEE

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

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- ii. Formulation of criteria for evaluation of Independent Directors and the Board;
- iii. Devising a policy on Board diversity;
- iv. Identifying persons who are qualified to become Directors and persons suitable to be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- vi. 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 31st March, 2023, Nomination and Remuneration Committee Meetings was held on 10th May, 2022 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 31/03/2023)

Name	Designation	Amount (Rs.)
Sri. R. Surender Reddy	Independent Director	35000/-
Sri. Navrang Lal Tibrewal	Independent Director	35000/-
Sri. R. S. Agarwal	Independent Director	35000/-
Sri. Dhruv Vijai Singh	Independent Director	25000/-
Sri. Rajan Ravindra Shukla	Nominee - IDBI	20000/-
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 01/04/2022 to 31/03/2023) \*

Name	Designation	Salary & Commission (Rs.)	Perquisites (Rs.)	Total (Rs.)
L. N. Agarwal	Chairman & Managing Director	86,00,000	8,600	86,08,600
Paritosh Agarwal	Managing Director	84,20,000	1,69,500	85,89,500

(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 Division)
- 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
2019-2020	31/10/2020	6th Floor, Surya Towers, 105 S. P. Road, Secunderabad - 500 003 (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.
2021-2022	30/07/2022	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 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.
- (v) Ratification of the Remuneration of Cost Auditor.

#### 2. 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.

#### 3. At the AGM held on 30/07/2022 -

- (i) 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.
- (ii) To Appoint M/S. Brahmayya Co., Chartered Accountants as Statutory Auditor of the Company and to fix their Remuneration.

(iii) To Approve the Borrowing Limits.

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

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

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

**b) Financial Year**

1st April, 2022 to 31st March, 2023 following

**c) Date of Book Closure**

23/09/2023 to 30/09/2023 (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.

## 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 : 30/09/2023.

Time : 10:30 A.M.

Venue : Registered Office

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, 2022	90.70	76.65	90.55	77.5	60,845.1	56,009.07
May, 2022	84.90	61.00	84.45	61.45	57,184.21	52,632.48
June, 2022	71.30	55.35	72.4	55.05	56,432.65	50,921.22
July, 2022	65.50	57.80	67.9	58	57,619.27	52,094.25
August, 2022	79.10	60.05	79.2	60	60,411.2	57,367.47
September, 2022	77.95	64.50	77.05	64.55	60,676.12	56,147.23
October, 2022	69.00	53.80	67.95	53.55	60,786.7	56,683.4
November, 2022	71.90	54.25	70.9	54.25	63,303.01	60,425.47
December, 2022	66.75	53.85	65.8	54.05	63,583.07	59,754.1
January, 2023	66.85	56.55	68.75	56.05	61,343.96	58,699.2
February, 2023	63.85	51.30	64	52.15	61,682.25	58,795.97
March, 2023	60.90	43.45	61	44.15	60,498.48	57,084.91

**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 Tower B, Plot No. 31&32,  
Financial District, Nanakramguda,  
Serilingampally Mandal,  
HYDERABAD - 500 032.  
Tel: 040-6716 1754

**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 31.03.2023

Particulars	No. of Shares	% of Holding
Promoters	1,14,59,889	60.94
Indian Public	62,17,999	33.06
Bodies Corporate	8,19,093	4.36
Banks & Financial Institutions	67,266	0.4
Non-Resident Indians	96,141	0.51
IEPF	81,027	0.43
Unclaimed Suspense Account	11,977	0.06
Others	51,898	0.28
(Clearing members, NBFC's & NRI-Non Repatriation)		
<b>TOTAL</b>	<b>1,88,05,290</b>	<b>100.00</b>

**Distribution Schedule - Consolidated As on 31-03-2023**

Nominal Value	Holders		Amount	
	Number	% to Total	in ₹	% to Total
01-5000	7,974	83.401	93,68,520	4.98
5001- 10000	768	8.032	61,93,700	3.30
10001- 20000	380	4.014	58,21,900	3.10
20001- 30000	145	1.516	37,54,840	2.00
30001- 40000	69	0.721	24,97,440	1.33
40001- 50000	49	0.512	23,26,170	1.23
50001- 100000	90	0.941	64,76,970	3.44
100001 & above	86	0.899	1,51,61,3360	80.62
<b>Total</b>	<b>9,561</b>	<b>100.00</b>	<b>18,80,52,900</b>	<b>100.00</b>

**l) Dematerialisation of shares and liquidity**

The Company's shares are available for dematerialization on both the Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) 166006444 shares amounting to 99.61% of the Capital have been dematerialised by investors as on 31st March, 2023.

ISIN : INE713B01026

Address of Registrars for Dematerialisation of Shares.

KFin Technologies Limited

Selenium Tower B, Plot No.31&32,

Financial District, Nanakramguda,

Serilingampally Mandal,

HYDERABAD - 500 032.

Tel.: 040-6716 1754

**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,  
Financial District, Nanakramguda,  
Serilingampally 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) The rating agency has upgraded the Long-Term rating to "[ICRA] BBB" (pronounced ICRA triple B) from [ICRA] BBB- (pronounced ICRA triple B minus) and also upgraded the short-term rating to "[ICRA] A3+" (pronounced ICRA A three plus) from [ICRA] A3 (pronounced ICRA A three). The ratings have been removed from 'rating watch with negative implications' and Stable outlook was assigned on the long-term rating & short term credit rating.**

During the financial year ended 31st March, 2023, the credit rating for the term loans/ the long term / short term fund based limits sanctioned to the Company have been revised by ICRA to denote a rating watch with negative implications.

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

During the year under review, your Company has not entered into any material transaction with any of its related parties or entity belonging to the Promoter / Promoter Group which holds 10% or more shareholding in the Company. Your Company has formulated a Policy on materiality of Related Party Transactions and also dealing with Related Party Transactions. Omnibus approval was granted by the Audit Committee for transactions entered with related parties for

the financial year 2020-21 and the same was reviewed/cleared by the Audit Committee at regular intervals. The necessary disclosures in compliance with the Accounting Standards regarding the related party transactions are given in the Notes to the financial statements.

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

**b) 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 have been denied access to the audit committee.**

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

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

Mandatory requirements: All complied with.

Discretionary requirements:

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

The Internal Auditor submits his report to the Managing Director and also to the Audit

Committee for review, where the Company submits its replies and action taken on the report.

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

Not applicable as the Company has no subsidiary.

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

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

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

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

**h) Disclosure of Accounting Treatment**

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

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

The 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. Brahmayya & Co., Chartered Accountants, and Statutory Auditors of the Company on a consolidated basis during the financial year ended 31/03/2023.**

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	4.06
2.	Fees paid for other services.	1.26
3.	Tax Audit	0.65
	<b>TOTAL</b>	<b>5.97</b>

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

- (i) No. of complaints filed during the financial year - nil
- (ii) No. of complaints disposed off during the financial year - nil
- (iii) No. of complaints pending as on end of the financial year - nil

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

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

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

Details given under 11(d) of the above.

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

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

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

- (i) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year;

10 shareholders -11977 shares

- (ii) number of shareholders who approached listed entity for transfer of shares from suspense account during the year;

NIL

- (iii) number of shareholders to whom shares were transferred from suspense account during the year;

NIL

- (iv) number of shareholders whose shares were transferred from suspense account to IEPF Authority under IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

NIL

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

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 31st March, 2023.

for **SURYALAKSHMI COTTON MILLS LIMITED**

Place : Secunderabad  
Date : 29/05/2023

**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, 2023 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 : 29/05/2023

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

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

# PRACTISING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of **Surya Lakshmi Cotton Mills Limited**

I have examined the compliance of the conditions of Corporate Governance by Surya Lakshmi Cotton Mills Limited ("Company"), and examined the records for the purpose of certifying compliance of the conditions of the Corporate Governance as specified in regulations 17 to 27, clause (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) Regulation, 2015 ("Listing Regulations"), for the financial year ended 31st March, 2023. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

This certificate 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.

In my opinion and to the best of our information and according to the explanations and information furnished to us, and based on the representations made by the directors and the management, i certify that, the Company has complied with the conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("Listing regulations"), as applicable for the said financial year ended 31st March, 2023.

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

Place: Hyderabad

Date: 18/08/2023

**K.V. CHALAMA REDDY**

Practicing Company Secretary

F C S: 9268, C.P.No:5451

UDIN number: F009268E000822377

PR No.:2301/2022

# CERTIFICATE UNDER SCHEDULE V(C)(10)(I) OF SEBI

(LODR) REGULATIONS 2015

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

## Sub: Certificate under Schedule V(C)(10)(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 **Surya Lakshmi Cotton Mills Limited** (CIN:L17120TG1962PLC000923) having its Registered Office at 6th 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, 2023.

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, 2023:

### List of Directors of the Company as on 31st March, 2023

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)	09611927	Sri. Rajan Ravindra Shukla	Nominee Director-IDBI
7)	07164087	Smt. Aruna Prasad	Non-Executive Non-Independent Director/woman
8)	07180749	Sri. Dhruv Vijai Singh	Non-Executive -Independent Director

**K.V.Chalama Reddy**

Practising Company Secretary

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

UDIN No.: F009268E000371951

PR No.:2301/2022

Place : Hyderabad

Date: 29/05/2023

## 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 recognizes 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.	2021-22	Rs. 10,10,650	NIL
2.	2022-23	Rs. 19,40,573	NIL
<b>Total</b>			

5. Average net profit of the company as per section 135(5). – Rs. (444.9) 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
19,40,573	-	-	-	-	-

- (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 State District	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 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 State District	Amount spent for the project (in rupees)	Mode of implementation Direct (Yes/No)	Mode of implementation - Through implementing agency 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) – Rs. 19,40,573/-
- (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	19,40,573
3.	Excess amount spent for the financial year [(ii)-(i)]	19,40,573
4.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	20,55,550
5.	Amount available for set-off in succeeding financial years [(iii) – (iv)]	39,96,123

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	

- (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) :

- Date of creation or acquisition of the capital asset(s).
- Amount of CSR spent for creation or acquisition of capital asset.
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- 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) - **na**.

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

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

DATE: 29/05/2023  
PLACE : SECUNDERABAD

## ANNEXURE III

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31-03-2023

## 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, 2023 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, 2023 ("Audit Period") according to the provisions of:
  - i. The Companies Act, 2013 (the Act) and the rules made thereunder;
  - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
  - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **Not applicable during the audit period**
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Securities and Exchange Board Of India (Prohibition of Insider Trading) (Amendment) Regulations, 2022
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018: **Not applicable during the audit period**
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **Not applicable during the audit period**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not applicable during the audit period**
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not applicable during the audit period**
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **Not applicable during the audit period and**
  - i) The Securities and Exchange Board of India (Listing Obligations and disclosure Requirements) Regulations, 2015.
  - J) Securities and Exchange Board of India (Depositories and participants) Regulations, 2018;
- vi. The Company is into business of manufacture and sale of Cotton & blended yarns and denim fabric Accordingly, the following Industry specific Act is applicable to the Company, in the view of the Management:
- i) The Essential Commodities Act,1955and rules and notifications 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 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

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

Place: Hyderabad UDIN number: F009268E000371949

Date: 29/05/2023

PR No.:2301/2022

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. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. 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: 29/05/2023

**K.V.Chalama Reddy**  
Practising Company Secretary  
M.No:F9268, C.P.No:5451  
UDIN No.: F009268E000371951  
PR No.:2301/2022

## ANNEXURE IV

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

#### A. CONSERVATION OF ENERGY

(i) the steps taken or impact on conservation of energy;	Air leakage controlled in compressors, WCS VFD conversion in blow rooms and comber, WCS Plant Pulley Reduced in Carding, Suction Pascal Reduced in link coner and energy audits carried out and water consumption minimized.
(ii) the steps taken by the company for utilising alternate sources of energy;	Installed 5 MW Solar Power Plants. Rice Husk has been utilized in place of Coal at Process Boiler (as Biomass).
(iii) the capital investment on energy conservation equipments;	Rs. 10.36 crores.

#### B. TECHNOLOGY ABSORPTION

(i) the efforts made towards technology absorption;	All HMD Plants Automation Planned Energy Saving HRU Unit For YCP Hot Water Purposes
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution;	Yes
(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)	(Figures in Rs.Lakhs)
	2022-23	2021-22
<b>Foreign Exchange Earned</b>		
FOB Value of Exports	17,035.36	15,324.88
CIF Value of Exports	17,457.84	15,712.40
<b>Foreign Exchange Used</b>		
(a) Commission on export sales	220.80	138.23
(b) Foreign Travel Expenses	24.37	2.07
(c) Raw material	-	-
(d) Stores & Spares	2,370.94	1,637.92
(e) Foreign Technical and Consultancy Services and	27.63	0.31
(f) Others		7.43

## ANNEXURE V

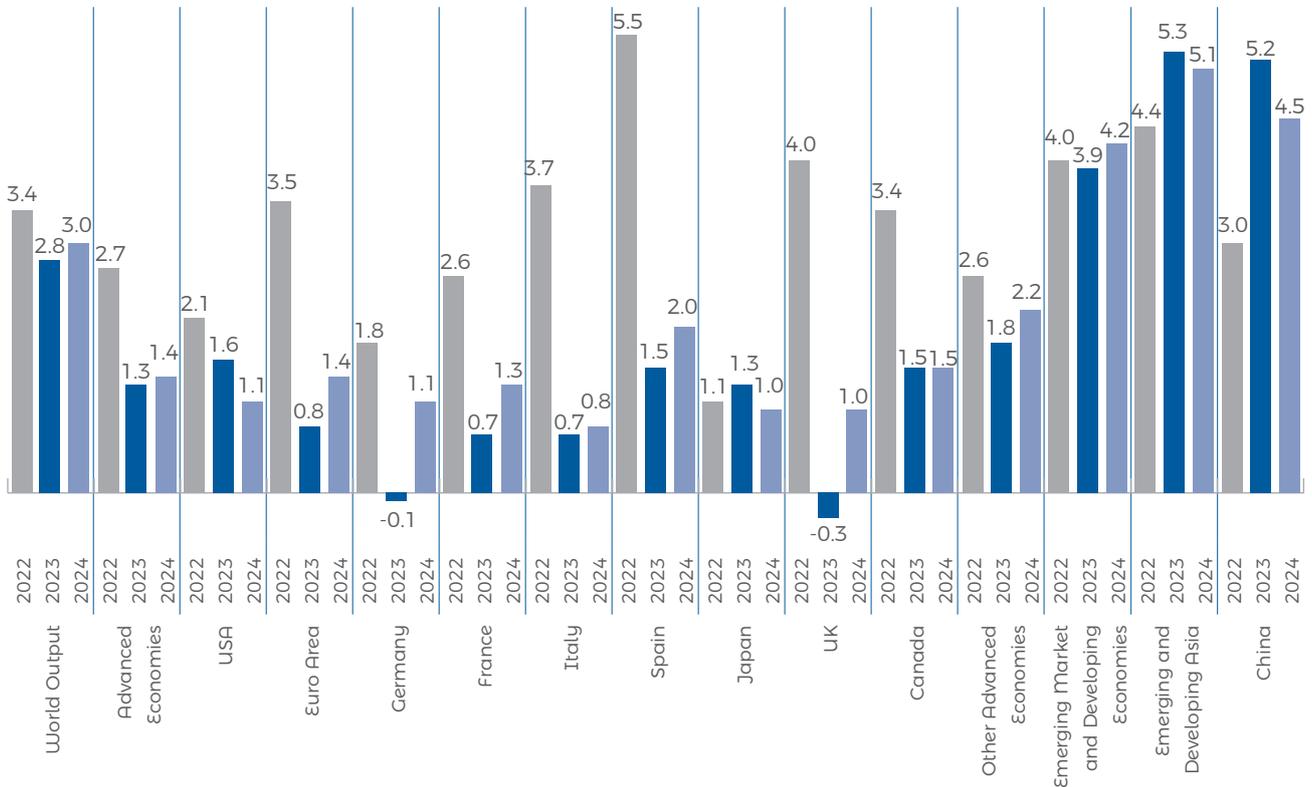
# MANAGEMENT DISCUSSION AND ANALYSIS

### Economic overview

#### Global economy

The global economy has been dealing with multiple crises for the past two years, including liquidity issues caused by global bank crises. Even though the impact has been limited, these uncertainties have shaken the confidence of consumers and businesses, leading to lower spending and affecting economic growth. The most significant factors affecting the future economy include the risk of a Covid-19 resurgence, the Russian-Ukrainian conflict, and the climate crisis. The International Monetary Fund (IMF) estimates that the global growth rate, which was 3.4% in CY2022, will decrease to 2.7% in CY2023, which could lead to a recession for many people. However, the IMF's recent update no longer predicts a global recession but a small decline in global growth in CY2023, followed by a rebound to 3.1% in CY2024. China, Russia, the US, Germany, and Italy are among the countries whose GDP forecasts for CY2023 have risen, while the UK's forecast has been lowered by almost 1%. It's essential to keep monitoring and predicting the economy and for policymakers to be flexible and alert to emerging challenges and risks.<sup>1</sup>

#### Global growth (%)



(Source: IMF, April 2023 World Economic Outlook.)

<sup>1</sup> <https://www.imf.org/en/Publications/WEO/Issues/2023/04/11/world-economic-outlook-april-2023>

The global economy is facing uncertainty due to various challenges such as the conflict in Ukraine, which has caused supply disruptions and high prices for basic goods. This has also led to higher inflation. However, there is some good news from the International Monetary Fund (IMF), which predicts that global inflation will decrease from 8.8% in CY2022 to 6.6% in CY2023 and 4.3% in CY2024. This is due to two reasons: first, interest rates are increasing worldwide, which lowers the demand for goods and services, thereby slowing down inflation. Second, the demand for different commodities has gone down, resulting in a decrease in price. It looks like the world has come out of the shadow of the pandemic and has, in fact, learned to live with it. However, geopolitical crises, supply chain reorientations, global inflation, and tight monetary policy conditions will weigh on the outlook. It's important for governments to balance boosting the economy while keeping inflation under control. This can be done through effective communication and coordination among central banks to manage inflation expectations.

### Indian economy

Recently, India became the world's fifth-largest economy by overtaking the United Kingdom. India is set to be the third-largest economy by FY2029 as per the SBI research report. The economic growth of India has even surpassed that of China in recent years. India has been able to successfully jump up ranks in various indexes.

The New Trade Policy has made it extremely easy for traders to carry out imports and exports. The trade of all items barring a restricted few has been allowed. Also, the tax on many items has been abolished, while for others, the amount has been visibly minimised. In 2022, it was Russia's invasion of Ukraine that largely determined the fate of India's economy. India's food and energy subsidies prevented a major downfall.

Higher tax collections are good and bode well for the current financial year. It is another sign of a good recovery. The growth in real GDP during 2022-23 is estimated at 7.2 per cent as compared to 9.1% in 2021-22.<sup>2</sup> Investments will be crucial for India's growth over the next two years, in addition to consumption-driven growth. While India has a large and growing population with high spending potential, sustained economic growth will require investment momentum. We expect investments to see a turnaround and thrust the economy into sustainable growth.

Goldman Sachs predicts that India's growth in FY2024 will have two halves: a slower first half as the boost from reopening fades and monetary tightening affects domestic demand, followed by faster growth in the second half as global growth recovers, drag from net exports decreases, and the investment cycle picks up.

According to the IMF, India will remain the world's fastest-growing major economy in FY2023 and FY2024. Despite external headwinds, India's resilient domestic demand will help it maintain growth, although it will slow down from 6.8% in FY2022 to 5.9% in FY2023 before recovering to 6.3% in FY2024<sup>3</sup>. The Reserve Bank of India's aggressive rate hikes to tackle high inflation levels, as well as a slowdown in exports and consumer demand, have contributed to slower GDP growth. In addition to these factors, the slowdown in exports and consumer demand has also contributed to bringing down the numbers. The Real GDP growth for FY2023-24 is projected at 6.4 % with Q1 at 7.8%, Q2 at 6.2%, Q3 at 6% & Q4 at 5.8%.<sup>4</sup>

### Industry overview

#### Indian textile industry

The textile and clothing market in India is worth more than USD 150 billion, with over USD 40 billion coming from exports. A report predicts that by 2025-26, the global textile and clothing market will be worth USD 1,000 billion, with India's market reaching USD 250 billion. To reach the goal of a USD 250 billion market and create a sustainable textile industry, Indian companies should utilise government support programs such as PLI, PM MITRA, and export incentives. This will help them invest in new products, expand their operations, and enhance their competitiveness.<sup>5</sup>

Currently, India has a 4% share of the global textile and clothing market worth USD 840 billion and is in fifth place. India scaled its highest-ever exports tally at USD 44.4 billion in Textiles and Apparel (T&A) including Handicrafts in FY 2021-22, indicating a substantial increase of 41% and 26% over corresponding figures in FY 2020-21 and FY 2019-20, respectively. The market growth of the apparel industry is expected to be driven by the increasing demand for fashion apparel and the growth of e-commerce platforms.<sup>6</sup>

The textile industry is very important to India. India's domestic apparel and textile industry contributes 2% to the

<sup>2</sup> [https://mospi.gov.in/sites/default/files/press\\_release/PressNoteNAD\\_28feb23final.pdf](https://mospi.gov.in/sites/default/files/press_release/PressNoteNAD_28feb23final.pdf)

<sup>3</sup> <https://www.imf.org/en/Publications/WJEO/Issues/2023/04/11/world-economic-outlook-april-2023>

<sup>4</sup> [https://mospi.gov.in/sites/default/files/press\\_release/PressNoteNAD\\_28feb23final.pdf](https://mospi.gov.in/sites/default/files/press_release/PressNoteNAD_28feb23final.pdf)

<sup>5</sup> <https://ficci.in/pressrelease-page.asp?nid=4600>

<sup>6</sup> <https://www.investindia.gov.in/sector/textiles-apparel>

country's GDP and 7% of industry output. India holds a 4% share of global trade in textiles and apparel, and its share of textile, apparel, and handicrafts in total exports was 11.4% in FY2020-21. India is a major producer of cotton and jute. The Indian textile industry is the second-largest employer in India, employing 100 million people in supporting sectors in addition to 45 million workers directly.

India is the second largest producer of silk in the world, and 95% of all hand-woven fabric comes from India. India is also the largest producer of cotton and jute in the world. The Indian technical textiles segment is estimated at USD 16 billion, approximately 6% of the global market. Technical textiles are functional fabrics used in various industries like automobiles, civil engineering, construction, agriculture, healthcare, and industrial safety for protection purposes.

The Indian textile industry is poised to reach a business size of USD 250 billion by FY2025. It is a significant contributor to the country's export earnings, accounting for 12%. India has a 5% share in the global trade of textiles and apparel. The export of cotton textiles alone has been on the rise, reaching USD 17.2 billion with a 39% share. There has been a growth of 54% and 67% during FY2021-22 over FY 2020-21 and FY 2019-20, respectively. India's readymade garment exports are to see a CAGR of 12-13% and surpass \$ 30 Bn by 2027.<sup>7</sup>

## 100%

FDI is allowed in the textile sector under the automatic route.<sup>8</sup>

FDI in sectors to the extent permitted under automatic route does not require any prior approval either by the Government of India or the Reserve Bank of India (RBI). The Ministry of Textiles has set up FDI Cell to attract FDI in the textile sector in the country. From FY2017 to FY 2022, the textile industry in India received USD 1522.23 million in FDI. The rise in investment was due to international apparel leaders setting up their operations in the country.<sup>9</sup>

The Indian textiles and apparel industry is diverse, covering the entire value chain from fibre to apparel. It includes traditional handloom and handicrafts as well as modern, capital-intensive manufacturing for mass production. The Indian Textile Industry has several factors that support its

growth, including a raw material base, cheap labour, and strong entrepreneurial skills.

The small size of manufacturing in the apparel industry allows for greater flexibility to service smaller and specialized orders, while the country's rich cultural diversity and heritage inspire designers. Rising income levels, increasing urbanization, and a growing purchasing population are natural demand drivers that also fuel domestic demand.

### Upcoming trend

The Indian Government is promoting zero-discharge plants in textile manufacturing to reduce water pollution. The mandate is set for FY2030 and will take time for organizations to adapt to the new regulations. Because after the oil industry, the textile industry is claimed to be the world's biggest polluter. The demand for sustainable natural fibres such as cotton, silk, and linen has surged, driven by a new generation of customers willing to pay a premium. This demand is a positive development as it will encourage organizations to become more sustainable, in addition to regulatory efforts. By FY2030- FY2035, most of the organised sector textile manufacturers are expected to adopt a sustainable business model. Tamil Nadu, a state in India, could serve as a model for the industry as most of the manufacturers there use 100% green energy and have implemented zero liquid discharge in processing.

Augmented and virtual reality (AR/VR) is revolutionizing the shopping experience in the fashion industry by providing customers with an exciting alternative to traditional in-person shopping. AR/VR technology offers in-store navigation, interactive display screens, virtual try-on, virtual fitting rooms, virtual tailors, and virtual makeovers, keeping customers engaged, and enhancing loyalty. This technology also helps convert visitors into customers by spreading awareness and providing a unique shopping experience. This technology allows customers to choose from various options of prints, colours, and designs without having to produce the garment, which saves time and resources. This is hardly surprising, especially considering that the era of COVID-19 has spurred the development of new in-home experiences. VR technology could help make the fashion industry more sustainable. Augmented reality not only impacts consumers visually but also psychologically, as studies have shown it can trigger pleasure receptors in the brain. More specifically, it could help reduce the environmental impact of garment production.

<sup>7</sup> <https://www.investindia.gov.in/sector/textiles-apparel>

<sup>8</sup> <https://www.texmin.nic.in/fdi-cell#:~:text=100%25%20FDI%20is%20allowed%20in,sector%20under%20the%20automatic%20route.>

<sup>9</sup> <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1885410>

By analysing data sets, algorithms can forecast the response to the latest or upcoming fashion line, helping designers understand what type of clothing will trend. Tracking purchasing history of the customer by e-commerce platforms helps them send personalized messages and offers based on a recommendation system to the customers. Smart clothes are the next big thing in wearable technology. Experts predict that new materials, including sustainable polyester and organic materials, will be used in the production of fashion clothes. Data science is transforming the fashion industry by collecting, processing, identifying, and analysing data to convert it into valuable insights.

Customers in the future will be more concerned about the experience provided by clothing rather than just the appearance. As a result, fashion industry players must be more customer-focused and offer solutions that enhance lifestyles. This will be a shift from focusing solely on aesthetics. The Indian government has launched initiatives such as TUFS and ATUFS to provide financial assistance to textile manufacturers for adopting advanced technologies and upgrading machinery.

### Opportunities

- **Abundant Availability of Raw Material:** India is a leading cotton producer and the world's second-largest producer of polyester, accounting for 27% and 8% of global output respectively. India is also the third-largest producer of viscose<sup>10</sup>. India has high self-sufficiency for raw materials particularly natural fibres. Indian textile Industry produces and handles all types of fibres.
- **Availability of cheap skilled labour:** Around 62.5% of India's working-age population is aged between 15 and 59 years, ensuring that India will have a demographic advantage all the way to 2055<sup>11</sup>, presents an advantage for the textile and apparel industry. The country is composed to lead as a producer of labour-intensive products, and efforts are being made by the government to develop a skilled workforce to meet the industry's demand for quality, the central government has launched the SAMARTH scheme under the Ministry of Textile and has developed 65 clusters for skill development.
- **Availability of end-to-end value chain:** India's advantage lies in its complete and integrated textile value chain, allowing for efficient production of textiles

at every stage from fibre to finished goods, it has large-scale producers present throughout the value chain, from yarn to finished goods. These enterprises have significant manufacturing capacity, are recognized by international buyers, and have established setups for producing high-quality goods. In contrast, other countries like Bangladesh, Vietnam, and Sri Lanka have fragmented value chains, with a focus on end-products and importing raw materials like fabric and yarn.

- **Existence of Established Infrastructure:** India's textile and garment manufacturing infrastructure is spread across various clusters, concentrated in regions like Gujarat, Maharashtra, Tamil Nadu, Uttar Pradesh, and West Bengal. The government establishing new virtual clusters in the form of textile and apparel parks under the PM-MITRA scheme in seven states<sup>12</sup>.
- **Expansive and Increasing Local Demand:** Natural demand drivers including rising income levels of the middle class, increasing urbanization and growth of the purchasing population drive domestic demand. India's textile industry is set to reach USD 250 billion by FY2025-26 with the government's Production-Linked Incentive (PLI) Scheme worth USD 1.42 billion for setting up 7 mega textile parks and boosting production and exports of man-made fibres<sup>13</sup>.

### Indian denim industry

Denim is a durable and versatile cotton fabric, popular worldwide due to its durability, comfort, and classic style. The distinctive blue colour of denim is obtained through the indigo dye used in the twill weave fabric. Denim clothing items like jeans, jackets, shirts, skirts, and dresses are long-lasting and can withstand repeated washing and wear, making them a sustainable fashion choice. The denim industry is constantly evolving with new designs, textures, washes, cuts, and embellishments, which keeps consumers interested and demand high. Innovation begins with the spinning process and continues throughout the supply chain, with the fabric playing a significant role.

The Indian denim industry is growing steadily, but the per capita consumption of denim apparel is lower than in other countries. However, with the introduction of new technologies and changing trends, the industry is poised for growth. The recent growth in cotton production indicates the potential for the denim industry in India.

<sup>10</sup> [https://texmin.nic.in/sites/default/files/Indian%20Manmade%20fibre%20textile%20industry\\_0.pdf](https://texmin.nic.in/sites/default/files/Indian%20Manmade%20fibre%20textile%20industry_0.pdf)

<sup>11</sup> <https://indbiz.gov.in/one-of-the-youngest-populations-in-the-world-indias-most-valuable-asset/>

<sup>12</sup> <https://pib.gov.in/PressReleasePage.aspx?PRID=1908052>

<sup>13</sup> <https://www.fibre2fashion.com/news/textile-news/indian-textile-apparel-market-can-grow-to-250-bn-by-2025-26-report-284389-newsdetails.htm>

India's denim industry has grown significantly over the past decade, with over 50 denim fabric mills currently in operation in the organized segment. India has the second-largest installed capacity for denim fabrics in the world, with an annual capacity of over 1600 million meters, second only to China. A large portion of the denim fabric produced in India is consumed domestically, including for the production of local jeans for export, with the remainder being exported to countries such as Bangladesh, Colombia, Venezuela, Egypt, and Sri Lanka.

Denim is the fastest-recovering market segment post-pandemic and the global market for jeans is projected to grow at a CAGR of 4.7% from 2020 to 2027, reaching a value of USD 87.4 billion. India is a leader in denim fabrics, and the domestic jeans market has been growing faster than the global growth rate, with an expected average CAGR of 8-9% for the next few years. The Indian domestic market for denim is projected to reach USD 12.27 billion by 2028<sup>14</sup>. Denim is a versatile industry that's always in demand due to its classic style. Soft and stretchable denim made with spandex is currently in high demand, leading to lighter and more comfortable denim that's fashionable for everyday wear.

#### Growth prospects and triggers

- **Convenience:** Denim is a tough and comfortable fabric that is easy to take care of. Unlike formal wear, denim doesn't require much maintenance and can be worn for almost any occasion.
- **Organised Retail Sector and E-Commerce:** The demand for denim in the organized retail sector has significantly increased due to the proliferation of shopping malls and the emergence of online shopping portals. Online shopping has become a popular choice among Indian youngsters because of the convenience it offers. The ability to order denim online, along with flexible return policies and the cash-on-delivery payment system, has made it easier for them to purchase denim without leaving their homes. As a result, the online denim market has experienced a surge in sales and has become a key player in the denim industry.
- **Rising fashion consciousness:** The rise in fashion consciousness among Indian consumers has resulted in a surge in demand for denim clothing. Its popularity can be attributed to its versatility, durability, and style. Furthermore, the availability of a diverse range of denim styles, along with the growth of the fashion industry and e-commerce, as well as the influence of social media, have further fuelled its appeal. Denim's affordability and fashionable appeal have made it a preferred choice, particularly among the younger generation. It is anticipated that the demand for denim clothing in India will continue to grow in the foreseeable future.
- **Purpose:** Denim has transformed from a workwear fabric to a fashion staple worn by people worldwide. It is no longer limited to casual wear and has become a popular choice for formal and semi-formal settings. Denim jeans can be dressed up or down, making them versatile. In addition to classic indigo and black, denim is available in a range of colours, patterns, and finishes, giving customers numerous options to choose from. Its versatility has made it more cost-effective than other types of bottoms, as a good pair of jeans can be worn on multiple occasions with various tops and accessories. As a result, denim has become a popular choice for all ages and demographics, whether for a casual outing, formal event, or weekend brunch.
- **export:** Denim is in high demand worldwide with an annual growth rate of about 6%. India's resources, skilled labour, and technology could make it a major global denim exporter. The rupee's depreciation gives Indian exporters an advantage.
- **price:** Denim caters to customers with varying affordability. The price depends on factors such as material quality, texture, comfort, cut, and wash. Cheaper denim with fewer design elements is used for low-cost everyday jeans, while premium quality denim with intricate designs is used for high-end luxury denim. Brands and retailers have different pricing strategies for denim. Some offer affordable options for price-sensitive customers, while others position themselves as high-end luxury brands. Manufacturing, brand reputation, and marketing expenses also affect pricing. Denim products are available at different price points, suitable for every customer's budget and needs. Denim offers a wide range of options for everyday wear or special occasions.
- **westernisation of lifestyle:** In India, the Westernization of lifestyle has increased the demand for denim clothes. Its versatility, durability, and style make it a popular choice for both casual and formal occasions. The rise of the Indian middle class and the increased spending power of consumers have also contributed to the popularity of denim clothing.

<sup>14</sup> <https://www.financialexpress.com/industry/strong-demand-in-india-quite-supportive-for-future-growth-of-denim-industry/2949598/>

## Opportunities

- India has been a leader in the denim fabric manufacturing industry for a long time. Despite new players and competition from Pakistan and Bangladesh, India remains competitive thanks to its access to raw materials, advanced technology, and product development skills. Additionally, India has unique strengths such as large domestic consumption, favourable demographics, and indigenous raw materials, which position it for continued growth and leadership in the denim industry.
- India has a strong presence in the denim fabric manufacturing industry around 65% of denim production in India is consumed in the domestic market, including both Indian brands and garment exports. The remaining 35% is exported globally, with Bangladesh and Turkey being the main markets. However, emerging export markets for Indian denim fabrics include South America and several African countries.<sup>15</sup>
- The denim wears market in India is experiencing growth on the domestic front as young Indians are turning to denim as a staple in their daily wardrobe. This trend is driven by the middle class, who prefer mid-priced denim with quality and value for money. The rise of globalisation has contributed to this trend, as well as increased disposable incomes and the westernisation of work culture. Denim jeans are now being worn as business casual attire, further boosting the market. This expansion is being driven by the middle class, which is a key factor in the great Indian consumer story.
- India's textile value chain, from cotton production to garment manufacturing, offers a range of benefits to denim manufacturers. India's skilled workforce produces high-quality products at low prices, making it a cost-effective option. The country's demographics, including rising purchasing power and modern fashion sense, support the sector's growth. India has been rated as one of the top places to invest in retail among 30 global emerging economies. The "Make in India" initiative is expected to benefit the Indian denim sector significantly, potentially changing the industry's perception and India's position in the global denim landscape.

## Company overview

Suryalakhmi Cotton Mills Ltd. is an Indian textile company that produces cotton yarn and fabrics. It was founded in

1962 and has become a major player in the industry. The Company is a top Indian company that produces premium yarns and denim. With 50 years of experience and cutting-edge technology, they have become the original denim manufacturers for leading global and domestic brands. They have a dominant market share in the premium denim sector and export to 29 countries worldwide. Their presence across the entire value chain from yarn to denim cloth gives them a competitive edge and helps them predict the industry's cyclical demand-supply situation.

The company exports high-quality products worldwide and is committed to sustainable practices. The company aims to grow profitably while also maintaining responsible business practices. They achieve this by utilizing automation and measurement-based controls that are ready for the future.

The company today is a successful end-to-end clothing company - integrating robust backend spinning leading to premium yarn production and fabric manufacturing for a superior denim value chain. With state-of-the-art spinning mill production facilities in Telangana and Maharashtra, India, we leverage efficient sourcing across our operations. We ensure manufacturing compliance with the highest levels of health, safety and environment (HSE) regulations to protect communities and the environment. The company's mission is "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."

### Core strengths

**Certifications:** the company maintains high standards in manufacturing and has earned certifications in ISO 14001:2015, ISO 9001:2015, Oeko-Tex, Better Cotton Initiative, Higg Index Certified, GOTS, OCS, GRS & RCS and Regenagri, CleanKore, Indigoood. These reflect the company's commitment to responsible and sustainable practices. It also ensures compliance with social and environmental assessment audits by third-party auditors as a part of the conformance procedures for USA and European customers like VF Corporation and Levi's.

**Robust R&D department:** the company developed a host of functional finished fabrics like antimicrobial, anti-viral, smart temp, etc. It has used specialised yarns like Dual Fx, T400, Modal, Lyocell, Viscose, Spun Poly, Indigo Dyed WJef, etc. Knit, dobbies with some magnificent over-dyed shades plus an in-house peach finish are some of the very interesting fabrics in its product mix<sup>17</sup>.

<sup>15</sup> <https://www.indiantextilemagazine.in/an-overview-of-the-global-and-indian-denim-market/>

<sup>16</sup> <http://www.suryalakhmi.com/our-solutions-overview.aspx>

**Key buyers:** In denim fabric, 55% of its sales are exported and the remaining 45% is in the domestic market.

Globally its key customers are Lee, Wrangler, Wal-Mart, Dickies, Amazon, Zara and Timberland. In domestic our key customers are Lee, Wrangler, Pepe, Spykar, West-Side, Reliance Trends and Killer Jeans.<sup>18</sup>

**Design Strategy:** the company focuses on the latest fashion trends and customer preferences to design its denim apparel. This strategy enables them to manufacture innovative and unique denim products with different styles, textures, materials, and finishes. By doing so, the company aligns its product development efforts with the consumers' needs and preferences. This dynamic design approach has helped the company to cater to the constantly changing fashion industry and offer products that stand out in the market.

**High-value products:** The Company's unwavering goal is to satisfy customer needs by focusing on developing high-quality products that align with changing customer tastes and preferences. The Company produces value-added denim fabrics and polyesters, which has helped it create a competitive edge and collaborate with global multinationals.

#### Product portfolio

The company has a diverse product portfolio that includes premium yarns and denim fabrics. They specialise in specialized denim variants and offer over 3000 high-quality denim products. Their yarn range includes cotton, polyester, viscose, modal, and blends of various fibres. The company offers a wide range of denim fabrics, including regular, stretch, and bi-stretch denim, as well as denim fabrics with different weights, colours, and textures. They also offer denim fabrics with various finishes, such as enzyme wash, acid wash, and over-dye, to create unique and trendy looks. The company partners with leading global and domestic brands to provide cutting-edge designs and trend-setting yarns, denim fabrics, and end-to-end clothing solutions. Pioneering in denim production improvements has given the company a competitive advantage in both domestic and international markets.

#### Yarn

Suryalaxmi cotton mills produce high-quality yarns using top-notch machinery and advanced technology. We specialize in creating specialized and functional yarns using cotton, polyester, and blends. Our R&D team stays up-to-date with the latest trends to meet the denim industry's changing needs. Our quality team ensures that every length of yarn meets international quality standards. We also source cotton and other raw materials responsibly, ensuring fair practices and sustainability. We have modern spinning units in Telangana, Nagpur, and Maharashtra, with a total capacity of 87,000 spindles<sup>19</sup>, and we produce value-added and fancy yarns specially used for denim manufacturing.

#### Denim

Suryalaxmi Cotton Mills manufactures speciality denim fabrics with a focus on customization to meet the unique needs of global fashion markets. With a fully integrated fabric manufacturing facility in Ramtek (Nagpur, Maharashtra), we have a production capacity of 40 million meters per annum<sup>20</sup>. Our denim fabrics range from 5 oz to 15 oz<sup>21</sup>, catering to diverse end-product needs. We conduct ongoing research to develop new colours, grains, and finish attributes, and our products undergo stringent quality procedures to ensure high performance. Our commitment to sustainability is reflected in our near-zero environmental impact and safe, green technologies.

#### Financial overview

Particulars	(Amount in ₹ lakhs)		
	FY 2022-23	FY 2021-22	YoY change (%)
Revenue from operations	85,104.89	77,807.99	9.4%
EBDITA	6075.84	9,025.74	-32.7%
PAT	1,040.11	21.64	4706%

<sup>17</sup> <https://futuretextilemachines.com/suryalaxmi-cotton-mills-global-supplier-of-yarn-denim-fabric/>

<sup>18</sup> <https://www.indiantextilemagazine.in/suryalaxmi-cotton-mills-global-supplier-of-yarn-denim-fabric/>

<sup>19</sup> <http://www.suryalaxmi.com/our-solutions-yarn.aspx>

<sup>20</sup> <http://www.suryalaxmi.com/our-solutions-denim.aspx>

<sup>21</sup> <http://www.suryalaxmi.com/our-solutions-denim.aspx>

## Ratios

(Amount in ₹ lakhs)

Ratios	FY 2022-23	FY 2021-22
Debtors Turnover (in times)	5.68	5.37
Inventory Turnover (in times)	5.02	4.75
Interest Coverage Ratio (in times)	0.82	1.76
Current Ratio (in times)	1.33	1.43
Total Debt Equity Ratio (in times)	0.75	1.06
Operation Profit margin (in %)	4.75	3.40
Net Profit margin (in %)	1.21	0.03
Return on Net worth (in %)	3.95	0.09

## Internal control

Suryalakshmi Cotton Mills has implemented a robust system of internal control to ensure efficient and effective operations, accurate financial reporting, and compliance with laws and regulations. The company has established policies and procedures for all key business processes, including financial management, human resources, procurement, and inventory management. Regular audits are conducted by internal auditors to monitor compliance with these policies and procedures and to identify areas for improvement. The company also maintains a system of checks and balances, with segregation of duties and clear lines of authority and responsibility. Through these measures, The Company aims to minimise the risk of fraud, errors, and other financial irregularities, and to promote transparency and accountability throughout the organization.

## Corporate social responsibility

The Company is committed to corporate social responsibility, focusing on education, skill development, health, environment, and sustainability in the communities it operates in. It spends at least 2% of its average net income over the previous three years on CSR projects, as required by the Companies Act of 2013. It offers solutions that address changing demands and environmental changes and emphasizes the importance of CSR in all its activities. The CSR Committee develops and recommends a CSR Policy for the Company in accordance with Schedule VII of the Companies Act, 2013. It also proposes the amount of money to be spent on CSR operations and oversees their implementation.

## Risk management

Risk management is an integral part of the company's operations. The company has established a robust risk management framework to identify, assess, and mitigate risks across various areas of the business. The risk management framework includes regular risk assessments, monitoring of key risk indicators, and mitigation plans for identified risks. The company has also established a Risk Management Committee, which comprises senior management personnel, to oversee the risk management framework. The committee regularly reviews the risk management policies and procedures and provides guidance to the management team on risk-related matters. With a focus on sustainability, the company also evaluates environmental, social, and governance risks to ensure responsible and sustainable business practices. By proactively managing risks, the Company is able to mitigate potential negative impacts and enhance its ability to achieve its strategic objectives.

## Human resources

The Company values its human resources greatly, recognising them as the key to its success. The company has a dedicated HR department responsible for all aspects of human capital management, including recruitment, employee engagement, performance management, and training and development. The HR team works closely with other departments to ensure that the company has the right talent to achieve its strategic objectives. The company fosters an inclusive and diverse work environment, providing a safe and conducive workplace. It invests in employee training and development programs to enhance the skills and capabilities of its workforce, improving operational excellence and customer satisfaction.

## Cautionary statement

This report on Management Discussion and Analysis includes forward-looking statements, which are predictions, expectations, projections, or estimates about the Company's objectives. These statements are based on certain assumptions and expectations of future events. However, actual results may differ from these statements due to various factors such as changes in government regulations, tax laws, and other statutes. Additionally, unforeseen events such as force majeure could affect the actual result. It is important for readers to understand the context in which these statements are made and that they may not reflect future outcomes accurately.

## 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, 2023;

SL. NO.	NAME OF THE DIRECTOR	RATIO OF THE REMUNERATION TO THE MEDIAN REMUNERATION OF THE EMPLOYEES
1.	Sri L. N. Agarwal	42.60
2.	Sri Paritosh K. Agarwal	38.34

- (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	8%
2.	Sri Paritosh K. Agarwal	8%
3.	Sri Siddhant Sharma	5.2%
4.	Sri E. V. S. V. Sarma	8.1%
5.	Sri P. S. Subramanyam	8.1%

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

15.35%

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

There are 1730 employees on the rolls of the Company.

- (v) 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

- (vi) 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: 29th May, 2023.

**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, 2023.

S. No	Name of the employee	Designation	Remuneration received (INR) in Lakhs	Nature of employment	Qualification	Experience in years worked for Lakshmi	Organisation worked for before Surya Lakshmi	Date of commencement of the employment	Date of Birth	Age of the employee	% of the equity shares held in the company	Whether the employee is relative of any Director or Manager
1	Mr. L N Agarwal	Chairman & Managing Director	78.00	Regular	Undergraduate	61	NIL	22-06-1994	08-09-1933	89	9.67	Yes
2	Mr. Paritosh Agarwal	Managing Director	70.2	Regular	Graduate	28	Suryavanshi Spinning Mills Limited	06-09-1994	18-03-1973	50	10.48	Yes
3	Mr. Siddhant Sharma	CEO-Denim Division	44.69	Regular	B.Tech (Textile)	34	ETCO Denim	27-02-2017	08-07-1964	58	Nil	No
4	Mr. E V S V Sarma	Company Secretary	21.93	Regular	B.Sc. ACMA, ACS, LLM	42	Transport Corporation of India Limited	03-05-1995	11-02-1951	72	Nil	No
5	Mr. Prabal Kumar Bhattacharjya	GM - Exports	20.96	Regular	Masters in Management; Masters Diploma in International Trade	28	RSWM Ltd	18-04-2014	01-08-1969	53	Nil	No
6	Mr. Vasudeo Tipre	GM - Exports	20.81	Regular	BSc Statistics , MBA Marketing	29	Mafatral Industries Ltd-Denim Division	25-09-2014	28-06-1969	53	Nil	No
7	Mr. P Siva Subramanyam	President (Finance)	20.53	Regular	BSc. ACA	35	Andhra Cements Limited	01-09-1992	15-12-1961	61	Nil	No
8	Amol R Mahajan	Vice President - Processing (Denim Unit)	17.39	Regular	BSc (Tech), IDM	22	Centuri Denim Ltd. Anubha Industries Ltd. Suraj(GJ)	18-07-2016	01-06-1977	45	Nil	No
9	Vijay Kumar	Vice President - Spinning (Denim Unit)	16.21	Regular	Diploma in Spinning	34	Purohit & Co. Ltd. Nagpur (MH) Shiva Tex Fab Ltd., Ludhiana (PB)	25-06-2018	01-03-1968	55	Nil	No
10	Santosh Kumar Agarwal	VP (Finance)	16.18	Regular	B.Com. ACA	35	Grasim Industries Ltd	09-06-2008	03-04-1964	59	Nil	No



# FINANCIAL STATEMENTS

# INDEPENDENT AUDITOR'S REPORT

To  
The Members of  
SURYALAKSHMI COTTON MILLS LIMITED

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of **SURYALAKSHMI COTTON MILLS LIMITED** ("the company"), which comprise the Balance Sheet as at March 31, 2023, 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, the Profit and other comprehensive income, 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 the 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.

#### Key Audit Matters

##### Evaluation of uncertain tax positions

The Company operates in different states and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including direct and indirect tax matters.

#### Auditor's Response

##### Principal audit procedures

Our audit procedures include the following substantive procedures:

- Obtained understanding of key uncertain tax positions; and
- We along with our internal tax experts –
  - evaluated the Design and tested the operating effectiveness of controls around the assessment of the matter;
  - Read and analysed select key correspondences, external legal opinions / consultations by management for key uncertain tax positions;

Key Audit Matters	Auditor's Response
<p>These involve significant management judgment to determine the possible outcome of the uncertain tax positions, consequently having an impact on related accounting and disclosures in the financial statements. Refer Note 1.3 and Note 35.1 to the financial statements.</p>	<ul style="list-style-type: none"> <li>• Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the tax provisions; and</li> <li>• Assessed management's estimate of the possible outcome of the disputed cases;</li> </ul> <p>Assessed the appropriateness of disclosures made under the head 'Contingent Liabilities' in the financial Statements.</p>

## Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, 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.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these 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 Act 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 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 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.

## Other Matter

The financial statements of the Company for the year ended March 31, 2022, included in these financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 10, 2022.

## 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 Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit,
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books,
  - 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 Act.
  - e) On the basis of written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

- g) With respect to the Managerial remuneration to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended:

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

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

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 35.1 to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
- iv. a. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) 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 or entity, including foreign entity ("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 its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("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;

- c. Based on the audit procedures that have been 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) above, contain any material misstatement.

- v. The Company neither declared nor paid any dividend during the year.

3. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. 1 April 2023, reporting under this clause is not applicable.

for **BRAHMAYYA & CO.**  
Chartered Accountants  
Firm's Regn No. 000513S

**(K.SHRAVAN)**

Partner

Place : Hyderabad

Date : 29.05.2023

Membership No. 215798

UDIN: 23215798BGQCF2558

## ANNEXURE – A to the Auditor's Report:

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date, to the members of SURYALAKSHMI COTTON MILLS LIMITED, for the year ended March 31, 2023.,

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
  - a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
  - (B) The Company has maintained proper records showing full particulars of intangible assets.
  - b. The Company has a regular program of physical verification of its property, plant and equipment, and right of use assets under which the assets are physically verified in a phased manner 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. In accordance with this program, certain property, plant and equipment were verified during the year and no material discrepancies were 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 all the immovable properties (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 or intangible assets during the year. Accordingly, paragraph 3 (i)(d) of the Order is not applicable.
  - e. There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder
- ii. a. The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.
- b. In our opinion and according to the information and explanation given to us and the records of the Company examined by us during the course of the audit, the quarterly returns or statements filed by the company with banks or financial institutions are in agreement with the books of account of the Company.
- iii. During the year the Company has not made investments in, granted any loans or advance in the nature of loans, guarantee or security, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties. Therefore, the provisions of clause 3(iii)(a), 3(iii)(b), 3(iii)(c), 3(iii)(d), 3(iii)(e) & 3(iii)f of the said Order are not applicable for the year under report.
- iv. The Company has not given any loans or made any investments or given any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Accordingly, clause 3 (iv) of the Order is not applicable.
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act and are of the opinion that prime facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. a. According to the records, the company is regular in depositing undisputed statutory dues including Goods and service tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and all other material statutory dues with the appropriate authorities and there were no arrears of statutory dues as at March 31, 2023 for a period of more than six months from the date they became payable.

- b. According to the records of the Company and the information and explanations given to us, there were no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute except the following.

Particulars	Nature of Dues	Amount (Rs. in Lakhs)	Period to which amount related	Forum where dispute is pending
Maharashtra Gram Panchayat Act	Gram Panchayat Tax	103.89	FY 2017-18 to 2022-23	Hon'ble High Court of Maharashtra Nagpur Bench, Nagpur
Maharashtra Value Added Tax Act	Value Added Tax	23.69*	FY 2013-14	Commissioner of Sales Tax (Appeals), Nagpur
Maharashtra Value Added Tax Act	Value Added Tax	29.43@	FY 2015-16	Commissioner, Sales Tax (Appeals), Nagpur
Customs Act,1962	Custom Duty	61.49	FY 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

According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.

- viii. a. According to the information and explanations given to us, the Company has not defaulted in repayment of loans or in the payment of interest thereon to any lender.
- ix. b. According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- c. The term loans were applied for the purpose for which the loans were obtained;
- d. In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- e. The company does not have subsidiaries, associates or joint ventures. Hence clause 3(ix) (e) of the Order is not applicable;
- f. The company does not have subsidiaries, associates or joint ventures. Hence clause 3(ix) (f) of the Order is not applicable.
- x. a. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, para 3 (x)(a) of the Order is not applicable.
- b. During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence, reporting under clause 3(x) (b) of the Order is not applicable.
- xi. a. No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- b. No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- c. According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, para 3(xii) of the Order is not applicable.
- 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. In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business;
- b. We have considered the reports of the Internal Auditors for the period under audit;
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors, and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. a. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable
- b. In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016 and accordingly reporting under 3(xvi)(d) of the Order is not applicable;
- xvii. The Company has not incurred cash losses in the financial year and also in the immediately preceding financial year.
- xviii. There is no resignation of statutory auditors of the Company during the 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 and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence

supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not 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. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. According to the information and explanations given to us, the Company does not have any unspent amount in respect of any ongoing or other than ongoing project as at the expiry of the financial year. Accordingly, reporting under Para 3(xx) of the Order is not applicable to the Company.

xxi. The Company does not have subsidiaries, associates or joint ventures. Hence clause 3 (xxi) of the 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 **BRAHMAYYA & CO.**  
Chartered Accountants  
Firm's Regn No. 000513S

**(K.SHRAVAN)**

Partner

Place : Hyderabad  
Date : 29.05.2023

Membership No. 215798  
UDIN: 23215798BCQQCF2558

# ANNEXURE B

to the Auditor's Report

## Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of SURYALAKSHMI COTTON MILLS LIMITED ("the Company") as of March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control 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 Act.

### Auditor's 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, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, both issued by ICAI.

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 aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 these 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and 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 financial controls 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 controls 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 expenditure of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 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 March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

for **BRAHMAYYA & CO.**  
Chartered Accountants  
Firm's Regn No. 000513S

**(K.SHRAVAN)**

Partner

Place : Hyderabad

Date : 29.05.2023

Membership No. 215798

UDIN: 23215798BGQFCF2558

# BALANCE SHEET

as at 31st March, 2023

(All amounts in Lakhs, unless otherwise stated)

Particulars	Note No.	As at	
		31 March 2023	31 March 2022
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment	2(A)	24,502.31	23,971.84
(b) Capital Work-in-progress	2(B)	124.71	203.22
(c) Other Intangible assets	3	17.33	18.42
(d) Financial Assets			
(i) Other Financial Assets	4	548.30	597.69
(e) Other Non Current Assets	4(A)	533.32	327.28
<b>(2) Current assets</b>			
(a) Inventories	5	14,994.25	15,730.44
(b) Financial Assets			
(i) Investments	6	15.26	16.47
(ii) Trade Receivables	7	13,957.09	14,956.56
(iii) Cash and cash equivalents	8	628.00	698.44
(iv) Bank balances other than (iii) above	9	1,570.42	796.25
(v) Loans	10	25.64	9.62
(vi) Other financial assets	11	3,664.67	3,597.58
(c) Current Tax Assets (Net)	12	240.68	183.68
(d) Other current assets	13	4,508.40	5,749.42
(e) Assets held for Sale	14	74.84	2,890.70
<b>Total Assets</b>		<b>65,405.22</b>	<b>69,747.61</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	15	2,057.83	2,057.83
(b) Other Equity	16	24,245.18	23,164.67
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	5,729.94	10,093.42
(ia) Lease Liability	17	-	3.18
(b) Provisions	18	882.57	811.07
(c) Deferred Tax Liabilities(net)	19	2,674.21	2,400.60
(d) Other non-current liabilities	20	-	6.56
<b>(2) Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	21	14,042.23	16,612.59
(ia) Lease Liability	17	9.84	11.73
(ii) Trade payables			
- total outstanding dues of micro enterprises and small enterprises; and	22	60.74	41.95
- total outstanding dues of creditors other than micro enterprises and small enterprises	22	13,074.11	12,046.31
(iii) Other financial liabilities	23	1,909.67	1,628.58
(b) Other current liabilities	24	327.22	438.71
(c) Provisions	18	391.68	430.41
<b>Total Equity and Liabilities</b>		<b>65,405.22</b>	<b>69,747.61</b>
<b>Significant Accounting policies</b>	<b>1</b>		
<b>Explanatory Notes &amp; Other Disclosures</b>	<b>35</b>		

as per our report of even date attached  
for Brahmayya & Co.  
Chartered Accountants  
Firms Registration No.: 000513S

**(K Shruvan)**

Partner  
Membership No. 215798

Place: Hyderabad  
Date: 29.05.2023

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 2023

(All amounts in Lakhs, unless otherwise stated)

Particulars	Note No.	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
<b>I. Revenue from operations</b>	25	85,104.89	77,807.99
<b>II. Other income</b>	26	624.27	541.92
<b>III. Total Income (I+II)</b>		<b>85,729.16</b>	<b>78,349.91</b>
<b>IV. Expenses</b>			
(i) Cost of materials consumed	27	54,724.43	48,148.82
(ii) Purchases of stock-in-trade		26.55	21.58
(iii) Changes in inventories of finished goods and work-in-progress	28	(970.42)	(1,371.67)
(iv) Employee benefits expense	29	6,436.55	5,745.26
(v) Finance costs	30	2,449.35	2,426.28
(vi) Depreciation and amortization expense	2,3	1,756.18	1,604.39
(vii) Other expenses	31	18,716.86	17,300.49
<b>Total expenses (IV)</b>		<b>83,139.50</b>	<b>73,875.15</b>
<b>V. Profit / (Loss) before Exceptional Items and tax (III-IV)</b>		<b>2,589.66</b>	<b>4,474.76</b>
VI. Exceptional Items	32	(719.36)	520.31
<b>VII. Profit / (Loss) before tax ( V+ VI )</b>		<b>1,870.30</b>	<b>4,995.07</b>
<b>VIII. Tax expense of continuing operations :</b>			
(1) Current tax		319.73	
(2) Deferred tax	35.8	278.44	1,558.07
<b>IX. Profit (Loss) for the period from continuing operations (VII-VIII)</b>		<b>1,272.13</b>	<b>3,437.00</b>
X. Profit/(loss) from discontinued operations	33	(272.97)	(4,964.18)
XI. Tax expenses of discontinued operations	33	(40.95)	(1,548.82)
<b>XII. Profit/(loss) from Discontinued operations (after tax) (X-XI)</b>		<b>(232.02)</b>	<b>(3,415.36)</b>
<b>XIII. Profit/(loss) for the period (IX+XII)</b>		<b>1,040.11</b>	<b>21.64</b>
<b>XIV. Other Comprehensive Income</b>	34		
A (i) Items that will not be reclassified to profit or loss		(28.42)	19.13
(ii) Income Tax relating to items that will not be reclassified to profit or loss		4.83	(3.26)
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			
<b>Other comprehensive income for the year (net of tax)</b>		<b>(23.59)</b>	<b>15.87</b>
<b>XV. Total Comprehensive Income for the period (XIII+XIV)</b>		<b>1,016.52</b>	<b>37.51</b>
<b>XVI. Earnings per equity share (face value of Rs.10/-) - Basic and Diluted</b>			
(i) for continuing operations		6.76	20.58
(ii) for discontinued operations		(1.23)	(20.45)
(iii) for discontinued & continuing operations	35.11	5.53	0.13
<b>Significant Accounting policies</b>	<b>1</b>		
<b>Explanatory Notes &amp; Other Disclosures</b>	<b>35</b>		

as per our report of even date attached

for Brahmayya & Co.  
Chartered Accountants  
Firms Registration No.: 000513S**(K Shravan)**Partner  
Membership No. 215798

Place: Hyderabad

Date: 29.05.2023

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 2023

(All amounts in Lakhs, unless otherwise stated)

Particulars	for the Year ended 31-03-2023	for the Year ended 31-03-2022
<b>A Cash flow from Operating Activities:</b>		
<b>Profit/(loss) before tax</b>		
- Continuing operation	1,870.30	4,995.08
- Discontinued operations	(272.97)	(4,964.18)
<b>Adjustments for:</b>		
Loss on valuation of assets held for sale at Fair Market Value	-	4,353.31
Depreciation and Amortisation	1,756.18	1,960.16
Actuarial Gain/(loss) on Defined Benefit plans	(27.21)	10.39
Loss/ (Gain) on sale of tangible assets (net)	(42.90)	19.40
Interest Income	(119.07)	(66.51)
Excess provision and Credit balances written off	(8.46)	-
Government Grant	(6.56)	(6.56)
Bad debts and Debit Balances written off	108.98	220.73
Finance Costs	2,573.01	2,616.60
Right of Recompense amount included in Exceptional Item	453.08	-
	<b>6,284.38</b>	<b>9,138.42</b>
<b>Operating profit before working capital changes</b>		
Adjustments for (increase)/decrease in operating assets		
Inventories	736.19	(3,207.11)
Trade Receivables	890.49	(2,283.68)
Other financial assets - Non current	49.39	(39.07)
Loans - current	(16.02)	50.67
Other financial assets - current	(27.72)	225.54
Other non financial assets - current	1,241.01	(1,566.07)
Adjustments for increase/(decrease) in operating liabilities		
Trade Payables	1,055.05	3,200.99
Other financial liabilities	21.67	(223.63)
Short term provisions	(38.74)	114.05
Long term provisions	71.50	(6.23)
<b>Cash generated from operations</b>	<b>10,267.20</b>	<b>5,403.88</b>
Income tax paid	(335.78)	(3.28)
<b>Net Cash flow from/(used in) operating activities</b>	<b>9,931.42</b>	<b>5,400.60</b>
<b>B Cash flow from Investing Activities:</b>		
Purchase of Property, plant and Equipment & Intangible assets and Capital Advances & Capital Creditors	(2,474.69)	(1,323.94)
Proceeds from sale of Property, plant and equipment (Including Assets Held for Sale)	2,918.58	414.33
Interest income Received	79.70	142.83
Changes in Other Bank Balances	(774.18)	-
<b>Net Cash flow from/(used in) investing activities</b>	<b>(250.59)</b>	<b>(766.78)</b>

# CASH FLOW STATEMENT

for the year ended 31st March 2023

(All amounts in Lakhs, unless otherwise stated)

Particulars	for the Year ended 31-03-2023	for the Year ended 31-03-2022
<b>C Cash flow from Financing Activities:</b>		
Proceeds from issue of shares	-	1,813.05
Proceeds / (Repayments) of short term borrowings, net	(2,792.28)	(1,535.45)
Proceeds from Long term borrowings	114.51	350.13
Repayment of Long term borrowings	(4,192.06)	(3,088.56)
Interest and other borrowing costs paid	(2,876.37)	(2,434.24)
Repayment of Lease liabilities	(5.07)	(4.64)
<b>Net Cash flow from/(used in) financing activities</b>	<b>(9,751.27)</b>	<b>(4,899.71)</b>
<b>Net Increase in Cash and Cash equivalents (A+B+C)</b>	<b>(70.44)</b>	<b>(265.88)</b>
<b>Cash and Cash equivalents at the beginning of the period</b>	<b>698.44</b>	<b>964.32</b>
<b>Cash and Cash equivalents at the end of the period</b>	<b>628.00</b>	<b>698.44</b>

The accompanying notes are an integral part of the financial statements.

as per our report of even date attached

for Brahmayya & Co.

Chartered Accountants

Firms Registration No.: 000513S

**(K Shravan)**

Partner

Membership No. 215798

Place: Hyderabad

Date: 29.05.2023

For and on behalf of Board of Directors

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

Company Secretary

**(P.S. Subramanyam)**

President (Finance)

**(L. N. Agarwal)**

Chairman & Managing Director

DIN: 00008721

**(Paritosh K. Agarwal)**

Managing Director

DIN: 00008738

**(Navrang Lal Tibrewal)**

Director

DIN: 00030151

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31st March 2023

## A. Equity Share Capital

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2023	31st March 2023
At the beginning of the year	1,880.53	1,667.23
Changes in Equity Share capital due to prior period Errors	-	-
Restated Balance at the beginning of the current reporting period	1,880.53	1,667.23
Changes in equity share capital during the year	-	213.30
At the end of the year	<b>1,880.53</b>	<b>1,880.53</b>
Add: Forfeited Shares	<b>177.30</b>	<b>177.30</b>
<b>Total</b>	<b>2,057.83</b>	<b>2,057.83</b>

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

Particulars	Reserves and Surplus				Accumulated Other Comprehensive Income		Total
	Capital Reserve	Securities Premium	Other Reserves	Retained Earnings	Remeasurements of net defined benefit plans	Equity Instruments through OCI	
<b>Balance as at 01st April 2021</b>	<b>214.35</b>	<b>8,252.01</b>	<b>5,232.85</b>	<b>8,063.84</b>	<b>(237.05)</b>	<b>1.41</b>	<b>21,527.41</b>
Total Comprehensive Income for the year ended 31st March 2023	-	1,599.75	-	21.64	7.13	8.74	1,637.26
<b>Balance as at 31 st March 2022</b>	<b>214.35</b>	<b>9,851.76</b>	<b>5,232.85</b>	<b>8,085.48</b>	<b>(229.92)</b>	<b>10.15</b>	<b>23,164.67</b>
Total Comprehensive Income for the year ended 31st March 2023	-	-	63.99	1,040.11	(22.38)	(1.21)	1,080.51
<b>Balance as at 31st March 2023</b>	<b>214.35</b>	<b>9,851.76</b>	<b>5,296.84</b>	<b>9,125.59</b>	<b>(252.30)</b>	<b>8.94</b>	<b>24,245.18</b>

The accompanying notes are an integral part of the financial statements.

Nature and purpose of Reserves

- (a) **Capital Reserve** : This reserve is created on surplus arising on amalgamation of Suryakiran International Ltd.
- (b) **Securities premium**: This reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.
- (c) **Retained Earnings**: This Reserve represents the cumulative profits of the Company. This Reserve can be utilised in accordance with the provisions of the Companies Act, 2013.
- (d) **Remeasurements of the net defined benefits plan**: This reserve comprises the cumulative net gains/ losses on actuarial valuation of post-employment obligations.
- (e) **Equity Instruments through other comprehensive income** : The Company has elected to recognise changes in the fair value of certain investment in equity instrument in other comprehensive income. This amount will be reclassified to retained earnings on derecognition of equity instrument.

as per our report of even date attached  
for **Brahmayya & Co.**

Chartered Accountants  
Firm Registration No.: 000513S

**(K Shravan)**

Partner  
Membership No. 215798

Place: Hyderabad  
Date: 29.05.2023

For and on behalf of Board of Directors  
**(E.V.S.V. Sarma)**

Company Secretary

**(P.S. Subramanyam)**

President (Finance)

**(L. N. Agarwal)**

Chairman & Managing Director  
DIN: 00008721

**(Paritosh K. Agarwal)**

Managing Director  
DIN: 00008738

**(Navrang Lal Tibrewal)**

Director  
DIN: 00030151

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 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 .

## 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.

These financial statements were authorised for issuance by the Company's Board of Directors on 29 May 2023.

### 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, 2023

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.

- **Depreciation and amortization methods**

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

b) Depreciation on additions is being provided on pro rata basis from the date of such additions. Depreciation on assets sold, discarded or demolished during the year is being provided up to the date on which such assets are sold, discarded or demolished.

- **Impairment**

a) Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

b) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset are no longer existing or have decreased.

- **Derecognition**

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

## 1.4.2 Intangible Assets:

- **Computer Software**

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

- **Amortization Methods**

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

- **Impairment**

a) Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use.

b) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the asset are no longer existing or have decreased.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

- **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.

#### 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

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

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

### • 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

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

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.

- **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

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

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 asset 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 asset 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

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- 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

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

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.

## 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

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

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

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

- Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the financial statements.
- Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its financial statements.
- Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 2 Property, Plant and Equipment & Intangible Assets

(All amounts in Lakhs, unless otherwise stated)

Sl. No	Particulars	GROSS BLOCK			AMORTISATION			NET BLOCK		
		As at 31st March 2022	Additions	Deletions	As at 31st March 2023	Upto 31st March 2022	For the year	On 31st March 2023	As at 31st March 2023	As at 31st March 2022
<b>(A) Property, Plant and Equipment:</b>										
1	Land									
	Freehold#	229.32			229.32	-			229.32	229.32
	Leasehold (ROU) See note 35.16	571.87			571.87	5.07	7.80	12.87	559.00	566.80
2	Buildings:									
	Factory	8,589.54	15.86		8,605.40	3,659.39	270.67	3,930.06	4,675.34	4,930.15
	Non Factory Building	2,986.20	151.17		3,137.37	1,005.07	78.67	1,083.74	2,053.63	1,981.13
	Township	803.08	111.85		914.93	148.76	13.65	162.41	752.52	654.32
	Non Factory Building (ROU) See note 35.16	48.11			48.11	36.42	11.69	48.11	-	11.69
3	Plant & Machinery									
	Workshop equipment	8.14			8.14	7.69	0.02	7.71	0.43	0.45
	Plant and Machinery	42,494.41	775.67	121.84	43,148.24	29,319.73	1,055.89	30,304.69	12,843.55	13,174.68
	Testing Equipment	574.11	2.39		576.50	464.46	23.88	488.34	88.16	109.65
	Electrical Installations	5,140.01	1,106.94		6,246.95	3,097.66	196.13	3,293.79	2,953.16	2,042.35
	Weighing Machines	49.15	0.40		49.55	37.26	1.96	39.22	10.33	11.89
	Water Works	463.00			463.00	344.82	22.15	366.97	96.03	118.18
4	Furniture and Fixtures	436.40	34.86		471.26	386.33	13.68	400.01	71.25	50.07
5	Vehicles	278.20	143.16	95.40	325.96	216.60	30.18	160.28	165.68	61.60
6	Data Processing Equipment	140.55	5.34	2.27	143.62	138.75	0.96	139.71	3.91	1.80
7	Power lines*	553.41			553.41	525.65	27.76	553.41	-	27.76
	<b>TOTAL (A)</b>	<b>63,365.50</b>	<b>2,347.64</b>	<b>219.51</b>	<b>65,493.63</b>	<b>39,393.66</b>	<b>1,755.09</b>	<b>40,991.32</b>	<b>24,502.31</b>	<b>23,971.84</b>
<b>(B) Capital Work-in-progress</b>										
		203.22	2,269.13	2,347.64	124.71	-	-	-	124.71	203.22
	<b>Total (B)</b>	<b>203.22</b>	<b>2,269.13</b>	<b>2,347.64</b>	<b>124.71</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>124.71</b>	<b>203.22</b>
	<b>Less: Internal transfers</b>		(2,347.64)	(2,347.64)						
	<b>Total</b>	<b>63,568.72</b>	<b>2,269.13</b>	<b>219.51</b>	<b>65,618.34</b>	<b>39,393.66</b>	<b>1,755.09</b>	<b>40,991.32</b>	<b>24,627.02</b>	<b>24,175.06</b>

\* 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

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

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

Capital work in progress (CWIP) ageing schedule as at March 31, 2023

(All amounts in lakhs, Unless otherwise stated)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	122.89	1.82	-	-	124.71
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>122.89</b>	<b>1.82</b>	<b>-</b>	<b>-</b>	<b>124.71</b>

## 3 Other Intangible Assets

(All amounts in lakhs, Unless otherwise stated)

Sl. No	Particulars	GROSS BLOCK			AMORTISATION				NET BLOCK		
		As at 31st March 2022	Additions	Deletions	As at 31 March 2023	Upto 31st March 2022	For the year	On Deletions	Upto 31 March 2023	Upto 31 March 2023	As at 31 March 2022
	<b>Other Intangible Assets:</b>										
	Computer Software	162.96	-	-	162.96	144.54	1.09	-	145.63	17.33	18.42
	<b>Total</b>	<b>162.96</b>	<b>-</b>	<b>-</b>	<b>162.96</b>	<b>144.54</b>	<b>1.09</b>	<b>-</b>	<b>145.63</b>	<b>17.33</b>	<b>18.42</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 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 & 35.12 )	As at 31 Mar 2022	Upto 31 Mar 2021	For the year	On Deletions	transfer to Assets Held for Sales(see note 14 & 35.12 )	Upto 31 March 2022	As at 31 March 2022	As at 31 March 2021
<b>(A) Property, Plant and Equipment:</b>												
1 Land												
Freehold (#)	229.32	-	-	-	229.32	-	-	-	-	-	229.32	229.32
Leasehold (ROU) See note 35.16	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 35.16	39.47	8.64	-	-	48.11	9.71	26.71	-	-	36.42	11.69	29.76
3 Plant & Machinery												
Workshop equipment	8.14	-	-	-	8.14	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	5.34	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
4 Furniture and Fixtures	431.71	7.57	2.88	-	436.40	370.65	17.63	1.95	-	386.33	50.07	61.06
5 Vehicles	296.11	16.97	34.88	-	278.20	228.44	21.30	33.14	-	216.60	61.60	67.67
6 Data Processing Equipment	268.94	4.15	2.48	130.06	140.55	263.05	1.23	1.97	123.56	138.75	1.80	5.89
7 Power lines*	553.41	-	-	-	553.41	470.24	55.66	0.25	-	525.65	27.76	83.17
<b>TOTAL (A)</b>	<b>72,679.05</b>	<b>1,061.01</b>	<b>700.92</b>	<b>9,673.64</b>	<b>63,365.50</b>	<b>40,458.40</b>	<b>1,967.17</b>	<b>507.50</b>	<b>2,524.41</b>	<b>39,393.66</b>	<b>23,971.84</b>	<b>32,220.65</b>
<b>(B) Capital Work-in-progress**</b>	<b>181.73</b>	<b>1,073.86</b>	<b>1,052.37</b>	<b>-</b>	<b>203.22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>203.22</b>	<b>181.73</b>
<b>Total (B)</b>	<b>181.73</b>	<b>1,073.86</b>	<b>1,052.37</b>	<b>(1,052.37)</b>	<b>203.22</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>203.22</b>	<b>181.73</b>
<b>Less: Internal transfers</b>												
<b>Total</b>	<b>72,860.78</b>	<b>1,082.50</b>	<b>700.92</b>	<b>9,673.64</b>	<b>63,568.72</b>	<b>40,458.40</b>	<b>1,967.17</b>	<b>507.50</b>	<b>2,524.41</b>	<b>39,393.66</b>	<b>24,175.06</b>	<b>32,402.38</b>

\* 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

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

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

Capital work in progress (CWIP) ageing schedule as at March 31, 2022

(All amounts in Lakhs, unless otherwise stated)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	92.92	7.91	-	102.39	203.22
Projects temporarily suspended	-	-	-	-	-
<b>Total</b>	<b>92.92</b>	<b>7.91</b>	<b>-</b>	<b>102.39</b>	<b>203.22</b>

## 3 Other Intangible Assets

(All amounts in Lakhs, unless otherwise stated)

Sl. No	Particulars	GROSS BLOCK				AMORTISATION					NET BLOCK		
		As at 31st March 2021	Additions	Deletions	transfer to Assets Held for Sales	As at 31st March 2022	Upto 31st March 2021	For the year	On Deletions	transfer to Assets Held for Sales	Upto 31st March 2022	As at 31st March 2022	As at 31st March 2021
	<b>Other Intangible Assets:</b>												
	Computer Software	162.96	-	-	-	162.96	143.46	1.08	-	-	144.54	18.42	19.50
	<b>Total</b>	<b>162.96</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>162.96</b>	<b>143.46</b>	<b>1.08</b>	<b>-</b>	<b>-</b>	<b>144.54</b>	<b>18.42</b>	<b>19.50</b>

## 4 Other Financial Assets(Unsecured, considered good)

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at 31st March 2023	As at 31st March 2022
Deposits - Recoverable (Telephone, APSEB, Electricity ,Coal deposits and others)	548.20	597.59
Security Deposit (NSC pledged as security for Rs.10,000/- with Sales Tax Dept.)	0.10	0.10
<b>Total</b>	<b>548.30</b>	<b>597.69</b>

## 4 (A) Other Non Current Assets

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at 31st March 2023	As at 31st March 2022
Advance for Capital Items	533.32	327.28
<b>Total</b>	<b>533.32</b>	<b>327.28</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 5 Inventories

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2023	31st March 2022
<b>At Cost</b>		
<b>A</b> Raw materials		
- Cotton	2,498.78	3,448.08
- Yarn	737.32	1,115.16
- Polyester Staple Fibre	429.59	808.90
- Viscose Staple Fibre	155.58	250.23
<b>At lower of cost or Net Realisable Value</b>		
<b>B</b> Work-in-progress	3,613.74	3,556.05
<b>C</b> Finished goods	-	-
Stock - in - Transit	354.14	3,890.77
Stock - at - Factory	5,471.07	1,010.74
Stock - in - Trade	-	10.83
<b>At Cost</b>		
<b>D</b> Stores and spares	-	-
- Dyes & Chemicals	557.50	596.73
- Coal	76.72	74.45
- Other Stores & Spares	1,051.02	919.57
<b>At Realisable Value</b>		
<b>E</b> Others -Cotton & PV waste	48.79	48.93
<b>Total</b>	<b>14,994.25</b>	<b>15,730.44</b>

## 6 Investments

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2023	31st March 2022
Investment in Equity Instruments at Fair Value through Other Comprehensive Income.		
(i) Suryavanshi Spinning Mills Ltd (37,777 Equity Shares (Previous Year 37,777) of Rs.10/- each )	6.22	6.22
(ii) Aananda Lakshmi spinning Mills Ltd (26,546 Equity Shares (Previous Year 26,546) of Rs.10/- each )	2.32	2.32
(iii) Sheshadri Industries Ltd (37,777 Equity Shares (Previous Year 37,777) of Rs.10/- each )	6.72	7.93
<b>Total</b>	<b>15.26</b>	<b>16.47</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2023	31st March 2022
a. Aggregate amount of Quoted Investments - Book Value	105.19	105.19
b. Aggregate amount of Quoted Investments - Market Value	15.26	16.47
c. Aggregate amount of Unquoted investments		
d. Aggregate amount of impairment in value of investments	89.93	88.72

## 7 Trade Receivables

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2023	31st March 2022
Unsecured, considered good	14,135.24	15,026.78
Less: Allowance for Bad and Doubtful Debts	178.15	70.22
<b>Total</b>	<b>13,957.09</b>	<b>14,956.56</b>

## 7 Trade Receivables (Contd..)

(All amounts in Lakhs, unless otherwise stated)

Sl.	Particulars	2022-23					Total
		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	
1	Undisputed Trade receivables - considered good	13,355.79	363.70	46.33	19.35	0.14	13,785.31
2	Undisputed Trade receivables - considered doubtful						-
3	Disputed Trade receivables - considered good						-
4	Disputed Trade receivables - considered doubtful	-	-	-	-	349.93	349.93
	<b>TOTAL :</b>	<b>13,355.79</b>	<b>363.70</b>	<b>46.33</b>	<b>19.35</b>	<b>350.07</b>	<b>14,135.24</b>
	<b>Provision for doubtful debts / credit losses</b>	-	-	-	-	<b>178.15</b>	<b>178.15</b>
	<b>Net Trade receivables</b>					<b>171.92</b>	<b>13,957.09</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

(All amounts in Lakhs, unless otherwise stated)

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
	<b>TOTAL :</b>	<b>14,513.98</b>	<b>90.96</b>	<b>31.34</b>	<b>11.97</b>	<b>378.53</b>	<b>15,026.78</b>
	<b>Provision for doubtful debts / credit losses</b>					<b>70.22</b>	<b>70.22</b>
	<b>Net Trade receivables</b>					<b>308.31</b>	<b>14,956.56</b>

## 8 Cash and cash equivalents

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2023	31st March 2022
Balances with banks		
- In current accounts (*)	13.92	178.52
- Term deposits with original maturity of less than 3 months	600.00	500.00
Cash on hand	14.07	19.91
Post office Savings Bank	0.01	0.01
<b>Total</b>	<b>628.00</b>	<b>698.44</b>

(\*) 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	As at
	31st March 2023	31st March 2022
Balances with Banks		
- Margin money deposits (on LCs and Bank Guarantees) with balance maturity of less than 12 months	1,566.76	790.71
- Unpaid Dividend Accounts	3.66	5.54
<b>Total</b>	<b>1,570.42</b>	<b>796.25</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 10 Loans (Unsecured, considered good)

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2023	31st March 2022
Advances to staff(including advances to officers)	25.64	9.62
<b>Total</b>	<b>25.64</b>	<b>9.62</b>

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

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2023	31st March 2022
Other officers of the Company	19.57	8.22
<b>Total</b>	<b>19.57</b>	<b>8.22</b>

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

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2023	31st March 2022
Other advances	1,304.83	1,300.71
Interest Accrued	88.92	49.55
Interest subsidy receivable	1,242.75	1,174.17
Deposits recoverable	2.69	2.69
Claims/Other Receivable	1,025.48	1,070.46
<b>Total</b>	<b>3,664.67</b>	<b>3,597.58</b>

## 12 Current tax assets (net)

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2023	31st March 2022
Advance Income tax & TDS Receivable (Net of provision)	240.68	183.68
<b>Total</b>	<b>240.68</b>	<b>183.68</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

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

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2023	31st March 2022
Advance for purchase of raw material, stores and capital goods	1,566.65	2,747.16
Balance with Statutory Authorities	1,945.47	1,976.70
Prepaid Expenses	238.90	188.80
Export Benefit Entitlement Receivable	617.55	696.93
CVD Refund Receivable :	-	-
(i) At ICD Nagpur	134.34	134.34
(ii) At JNPT, Mumbai	5.49	5.49
<b>Total</b>	<b>4,508.40</b>	<b>5,749.42</b>

## 14 Assets Held for Sale

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2023	31st March 2022
<b>Property Plant &amp; Equipment</b>		
Plant and Equipment - Garment	74.84	90.70
Plant and Equipment - Power Plant	-	2,800.00
<b>Total</b>	<b>74.84</b>	<b>2,890.70</b>

## 15 Equity Share Capital

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2023	31st March 2022
<b>a. Authorised:</b>		
3,00,00,000 Equity Shares of Rs.10/- each	3,000.00	3,000.00
2,00,000 5% Non Cumulative Reddemable Preference Share of Rs.100/- each	200.00	200.00
6,72,000 10% Cumulative Reddemable Preference Share of Rs.100/- each	672.00	672.00
	<b>3,872.00</b>	<b>3,872.00</b>
<b>b. Issued:</b>		
2,32,01,556 Equity Shares of Rs.10/- each	2,320.16	2,320.16
2,00,000 5% Non Cumulative Reddemable Preference Share of Rs.100/- each	200.00	200.00
5,00,000 10% Cumulative Reddemable Preference Share of Rs.100/- each	500.00	500.00
	<b>3,020.16</b>	<b>3,020.16</b>
<b>c. Subscribed and fully paid:</b>		
1,88,05,290 (Previous year 1,88,05,290) Equity Shares of Rs.10 each	1,880.53	1,880.53
Add: Forfeited Shares	177.30	177.30
	<b>2,057.83</b>	<b>2,057.83</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 15 Equity Share Capital (Contd..)

### 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 2023		As at 31st March 2022	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	1,88,05,290	1,880.53	1,66,72,290	1,667.23
Add: Shares issued during the year	-	-	21,33,000	213.30
Shares outstanding at the end of the year	<b>1,88,05,290</b>	<b>1,880.53</b>	<b>1,88,05,290</b>	<b>1,880.53</b>

### b. Terms/ rights attached to equity shares

- The company has only one class of equity shares having a face value of Rs. 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 2021-22, the Company has issued 21,33,000 Convertible Equity Share warrants of Rs.85/- each on preferential basis to the promoters. Each Share warrant is converted to Equity share of Rs.10 each at a premium of Rs.75.

### c. Shareholding of promoters

Shares held by promoters at the year end	As on 31.03.2023			As on 31.03.2022		
	No. of Shares	% of total shares	% Change during the year	No. of Shares	% of total shares	% Change during the year
Late Smt Satyabhama Bai	30,23,032	16.08%	-	30,23,032	16.08%	-
Shri LN Agarwal	18,19,316	9.67%	0.00%	18,19,316	9.67%	33.33%
Paritosh Agarwal	19,71,272	10.48%	0.00%	19,71,272	10.48%	33.33%
Padmini Agarwal	12,95,715	6.89%	0.00%	12,95,715	6.89%	33.33%
Vedant Agarwal	23,22,664	12.35%	0.00%	23,22,664	12.35%	35.26%
LN Agarwal (HUF)	4,01,890	2.14%	-	4,01,890	2.14%	-
LN Agarwal (Family Trust)	4,93,000	2.62%	0.00%	4,93,000	2.62%	33.24%
Paritosh Agarwal (HUF)	1,33,000	0.71%	0.00%	1,33,000	0.71%	100.00%
<b>Total :</b>	<b>1,14,59,889</b>	<b>60.94%</b>	<b>0.00%</b>	<b>1,14,59,889</b>	<b>60.94%</b>	<b>22.87%</b>

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

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 16 Other Equity

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at	
	31st March 2023	31st March 2022
A. Capital Reserve	214.35	214.35
B. Securities Premium	9,851.76	8,252.01
Add: Premium per Share on 21,33,000/ @ 75/-		1,599.75
	<b>9,851.76</b>	<b>9,851.76</b>
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	131.02	67.03
Equity portion on unsecured loan from Directors	231.32	231.32
<b>Other Reserves</b>	<b>5,296.84</b>	<b>5,232.85</b>
D. Retained Earnings	9,125.59	8,085.48
E. Accumulated Other Comprehensive Income		
Remeasurements of net defined benefit plans	(252.30)	(229.92)
Equity Instruments through OCI	8.94	10.15
<b>Accumulated Other Comprehensive Income</b>	<b>(243.36)</b>	<b>(219.77)</b>
<b>Total</b>	<b>24,245.18</b>	<b>23,164.67</b>

## 17 Borrowings

(All amounts in Lakhs, unless otherwise stated)

Particulars	Non-current portion		Current Maturities	
	31st March 2023	31st March 2022	31st March 2023	31st March 2022
<b>Secured</b>				
<b>(i) Term loans:</b>				
(a) from banks (TUFS)				
(i) Union Bank of Inda (erstwhile Andhra Bank (40Crores)	235.65	937.81	219.73	164.00
Union Bank of Inda (erstwhile Andhra Bank (40Crores) - FITL		150.29		36.00
(ii) IDBI Bank Ltd (40 Crores)	197.92	840.62	173.79	165.00
IDBI Bank Ltd (40 Crores) - FITL		163.48		37.00
(iii) Exim Bank	-	239.90	110.93	42.00
Exim Bank - FITL		51.13		9.38
(b) from banks (Non TUFS)				
(i) DBS Bnak of India Ltd., ( erstwhile Lakshmi Vilas Bank Ltd)	92.52	292.33	103.13	52.00
DBS Bnak of India Ltd., ( erstwhile Lakshmi Vilas Bank Ltd) - FITL		30.68		12.00
(ii) Axis Bank Limited	226.98	1,434.92	408.00	320.00
Axis Bank Limited - FITL		120.38		28.00
(iii) South Indian Bank Limited	169.84	992.28	280.00	218.00
South Indian Bank Limited - FITL		89.94		46.00

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 17 Borrowings (Contd..)

(All amounts in Lakhs, unless otherwise stated)

Particulars	Non-current portion		Current Maturities	
	31st March 2023	31st March 2022	31st March 2023	31st March 2022
(c) from others				
(i) Vehicle loans	115.98	16.23	-	-
<b>Unsecured</b>				
(a) Preference Shares (Issued to Related parties, at amortised cost)				
- 2,00,000 5% Non-Cumulative Redeemable Preference shares of Rs.100/- each	148.92	200.00	-	-
- 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	3,051.89	-	-
- Inter-corporate Deposits	990.24	930.50	-	-
(c) Deferred Payment liabilities				
- Sales Tax Deferment	-	51.04	55.76	-
<b>Total (i)</b>	<b>5,729.94</b>	<b>10,093.42</b>	<b>1,351.34</b>	<b>1,129.38</b>
<b>(i) Lease Obligations</b>				
- Lease Liability (relating to ROU asset) See note 35.16	-	3.18	9.84	11.73

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.

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 has been ascertained and paid/provision made (Note No. 32)"*

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 17 Borrowings (Contd..)

### E Terms of Repayment:

(All amounts in Lakhs, unless otherwise stated)

Particulars	Rate of Interest	As at 31st March 2023		As at 31st March 2022	
		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))	10.95%	5	455.38	11	1,101.81
Union Bank of India (erstwhile Andhra Bank (40Crores)) - FITL		-	-	10	186.29
(ii) IDBI Bank Ltd (40 Crores)	12.11%	4	371.71	9	1,005.62
IDBI Bank Ltd (40 Crores) - FITL		-	-	9	200.48
(iii) Exim Bank	10.95%	2	110.93	8	281.90
Exim Bank - FITL		-	-	8	60.51
(b) from banks (Non TUFS)					
(i) D B S Bank India Ltd., (erstwhileLakshmi Vilas Bank Ltd.,)	9.85%	6	195.65	12	344.33
D B S Bank India Ltd., (erstwhileLakshmi Vilas Bank Ltd.,) - FITL		-	-	10	42.68
(ii) Axis Bank Limited	9.85%	10	634.98	17	1,754.92
Axis Bank Limited - FITL		-	-	17	148.38
(iii) South Indian Bank Limited	11.10%	9	449.84	14	1,210.28
South Indian Bank Limited - FITL		-	-	14	135.94

### F Redemption terms of the Preference Shares

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.

### G Redemption Terms of Loans from related parties

Particulars	Rate of Interest	Repayment Terms
- from Directors	7%	Repayable after three years
- Inter-corporate Deposits (upto September, 2022)	8%	Repayable after three years
- Inter-corporate Deposits (from October, 2022)	9%	Repayable after three years

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 17 Borrowings (Contd..)

### H Sales Tax Deferment - Repayment Schedule:

(All amounts in Lakhs, unless otherwise stated)

Due Date	
01.04.2023	55.71
<b>Total</b>	<b>55.71</b>

## 18 Provisions

(All amounts in Lakhs, unless otherwise stated)

Particulars	Non-current portion		Current Maturities	
	As at 31st March 2023	As at 31st March 2022	As at 31st March 2023	As at 31st March 2022
	<b>Provision for employee benefits</b>			
Gratuity (unfunded)	800.21	736.12	150.35	201.20
Compensated absences (unfunded)	82.36	74.95	29.10	30.69
Bonus	-	-	212.23	198.52
<b>Total</b>	<b>882.57</b>	<b>811.07</b>	<b>391.68</b>	<b>430.41</b>

## 19 Deferred Tax

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at 31st March 2023	Recognised in Statement of Profit & Loss (both continuing and discontinued operations)	Recognised in Other Comprehensive Income	As at 31 March 2022
<b>Deferred Tax Liabilities</b>				
Property, Plant & Equipment (including ROU assets) & Intangible assets and Assets Held for Sale	3,961.68	161.59	0.00	3,800.08
Fair Value adjustments of financial liabilities	20.56	(75.60)	(0.00)	96.16
	<b>3,982.24</b>	<b>86.00</b>	<b>0.00</b>	<b>3,896.24</b>
<b>Deferred Tax Assets</b>				
Other Financial Current Assets	31.48	-	-	31.48
Fair Value adjustments of financial liabilities	17.63	58.64	(0.00)	76.27
Unused Tax Losses	-	277.85	(0.00)	277.85

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 19 Deferred Tax (Contd..)

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at 31st March 2023	Recognised in Statement of Profit & Loss (both continuing and discontinued operations)	Recognised in Other Comprehensive Income	As at 31 March 2022
Expected Credit Loss	33.67	(33.67)	-	-
Employee Benefits & Statutory Liabilities allowed on Payment Basis	397.56	(5.40)	4.83	387.33
MAT Credit entitlement	827.69	(104.98)	0.00	722.71
	<b>1,308.03</b>	<b>192.44</b>	<b>4.83</b>	<b>1,495.64</b>
<b>Net Deferred Tax Liability/(Asset)</b>	<b>2,674.21</b>	<b>278.44</b>	<b>(4.83)</b>	<b>2,400.60</b>

## 20 Other non-current liabilities

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at 31st March 2023	As at 31st March 2022
Deferred Government Grant	-	6.56
<b>Total</b>	<b>-</b>	<b>6.56</b>

## 21 Short term Borrowings

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at 31st March 2023	As at 31st March 2022
<b>A. Secured (payable on demand)</b>		
<b>(i) from banks</b>		
(a) State Bank of India		
Cash Credit	6,013.48	9,247.34
Packing Credit	2,101.58	2,004.20
(b) Union Bank of India (erstwhile Andhra Bank)		
Cash Credit	911.51	958.99
(c) IDBI Bank Ltd		
Cash Credit	393.46	686.25
(d) D B S Bank India Ltd., (erstwhile Lakshmi Vilas Bank Ltd)		
Cash Credit	1,417.67	18.95
(e) D B S Bank India Ltd., (erstwhile Lakshmi Vilas Bank Ltd) - FITL		
Cash Credit	-	1,495.72
<b>(ii) Current Maturities of Long-term debt (Refer Note - 17)</b>	<b>1,351.34</b>	<b>1,129.38</b>
<b>(iii) from others</b>		
(a) Candi Solar in 1 Pvt Ltd.,	925.37	-
<b>Total (A)</b>	<b>13,114.41</b>	<b>15,567.83</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 21 Short term Borrowings (Contd..)

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2023	31st March 2022
<b>B. Unsecured</b>		
From others:		
(i) Bills Discounted	927.82	1,044.76
<b>Total (B)</b>	<b>927.82</b>	<b>1,044.76</b>
<b>Total (A+B)</b>	<b>14,042.23</b>	<b>16,612.59</b>

### 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.
- ii) Term loan from candi solar in 1 Pvt. Ltd., is secured by hypothecation of solar plant situated at Spinning Division, Amanagallu.

### b. Unsecured:

Inter corporate deposits are repayable on demand.

## 22 Trade payables

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2023	31st March 2022
dues of micro, small and medium enterprises	60.74	41.95
dues of creditors other than micro enterprises and small enterprises	13,074.11	12,046.31
<b>Total (a)</b>	<b>13,134.85</b>	<b>12,088.26</b>

(All amounts in Lakhs, unless otherwise stated)

Sl.	Particulars	2022-23				Total
		Outstanding for following periods from due date of payment				
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
1	MSME	60.74	-	-	-	60.74
2	Others	12,746.91	156.56	46.00	124.64	13,074.11
3	Disputed dues - MSME	-	-	-	-	-
4	Disputed dues - Others	-	-	-	-	-
	<b>TOTAL :</b>	<b>12,807.65</b>	<b>156.56</b>	<b>46.00</b>	<b>124.64</b>	<b>13,134.85</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 22 Trade payables (Contd..)

(All amounts in Lakhs, unless otherwise stated)

Sl.	Particulars	2021-22				Total
		Outstanding for following periods from due date of payment				
		Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
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	-	-	-	-	-
	<b>TOTAL :</b>	<b>11,527.67</b>	<b>171.53</b>	<b>185.54</b>	<b>203.52</b>	<b>12,088.26</b>

## 23 Other financial liabilities

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2023	31st March 2022
i. Interest accrued but not due	562.12	194.41
ii. Dues to others	902.82	1,039.08
iii. Creditors for capital goods	47.61	49.41
iv. Employee benefits payable	393.46	340.14
v. Unpaid Dividend	3.66	5.54
<b>Total</b>	<b>1,909.67</b>	<b>1,628.58</b>

## 24 Other current liabilities

(All amounts in Lakhs, unless otherwise stated)

Particulars	As at	As at
	31st March 2023	31st March 2022
i. Advances from customers	132.99	163.49
ii. Statutory remittances	136.89	56.98
iii. Contributions to PF & ESI	27.65	35.78
iv. Advances received against Sale of Plant & Machinery	29.69	182.46
<b>Total</b>	<b>327.22</b>	<b>438.71</b>

## 25 Revenue from operations

(All amounts in Lakhs, unless otherwise stated)

Particulars	For the Year ended	For the Year ended
	31 March, 2023	31 March, 2022
<b>(A) Sale of products (net of GST) *</b>		
a. Yarn	47,206.54	49,552.00
b. Fabric	46,207.77	35,181.95
<b>Less:</b>		
Inter Division sale - Yarn	10,242.19	8,788.12
Inter Division sale - Waste	24.49	59.77

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 25 Revenue from operations

(All amounts in Lakhs, unless otherwise stated)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
<b>(B) Sale of Services</b>		
a. Job work	2.13	17.96
<b>(C) Other Operating Revenue</b>		
a. Sale of Waste	1,060.61	975.37
b. Export Benefit entitlement	858.14	896.47
c. Packing & Forwarding collection charges	9.69	9.61
d. Scrap Sales	26.69	22.52
<b>Total</b>	<b>85,104.89</b>	<b>77,807.99</b>

\*Net of rejections and returns

## 26 Other Income

(All amounts in Lakhs, unless otherwise stated)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
<b>(A) Interest Income on</b>		
a. Bank Deposits	119.07	66.51
<b>(B) Other Non-operating Income (Net of Expenses)</b>		
a. Rent Received	8.93	0.94
b. Provisions written back:		
i. Credit Balances written back	38.15	125.72
ii. Excess Provision written back	2.28	(1.58)
c. Gain on Foreign currency transactions (Net)	427.49	341.34
d. Miscellaneous Receipts (Net)	6.13	2.43
e. Profit on sale Assets	15.66	-
f. Government Grant	6.56	6.56
<b>Total</b>	<b>624.27</b>	<b>541.92</b>

## 27 Cost of materials consumed

(All amounts in Lakhs, unless otherwise stated)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Opening Stock	5,622.37	3,631.93
Add: Purchases during the year	53,079.67	52,145.07
	<b>58,702.04</b>	<b>55,777.00</b>
Less: Value of Raw Materials sold	156.34	2,005.81
Less: Closing Stock	3,821.27	5,622.37
<b>TOTAL</b>	<b>54,724.43</b>	<b>48,148.82</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 27 Cost of materials consumed (Contd..)

### Details of raw materials consumed

(All amounts in Lakhs, unless otherwise stated)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Cotton	35,615.00	32,182.88
Yarn	3,619.38	2,163.81
Polyster Staple Fibre	10,899.08	10,543.65
Viscose Staple Fibre	4,590.97	3,258.48
	<b>54,724.43</b>	<b>48,148.82</b>

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

(All amounts in Lakhs, unless otherwise stated)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
<b>Opening Stock:</b>		
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
	<b>8,517.32</b>	<b>7,145.65</b>
<b>Less: Closing Stock:</b>		
Yarn	1,724.98	1,422.58
Fabric	4,100.23	3,489.76
Work-in-progress	3,613.74	3,556.05
Cotton Waste	48.79	48.93
	<b>9,487.74</b>	<b>8,517.32</b>
<b>(Increase)/ Decrease in stocks</b>	<b>(970.42)</b>	<b>(1,371.67)</b>

## 29 Employee Benefits Expense

(All amounts in Lakhs, unless otherwise stated)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Salaries and Wages	5,618.07	5,002.39
Contribution to provident funds	348.14	324.42
Gratuity, bonus and incentives	133.53	206.42
Staff welfare expenses	234.18	122.92
Contribution to ESI	102.63	89.10
<b>Total</b>	<b>6,436.55</b>	<b>5,745.26</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 30 Finance Costs

(All amounts in Lakhs, unless otherwise stated)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Interest on Borrowings	1,579.80	1,726.28
Interest on liability component of Preference Shares	50.92	-
Other Borrowing cost	812.23	692.13
Unwinding of Interest on Sales Tax deferment	6.40	7.87
<b>Total</b>	<b>2,449.35</b>	<b>2,426.28</b>

## 31 Other Expenses

(All amounts in Lakhs, unless otherwise stated)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Consumption of stores & spare parts		
(i) Consumable Stores	705.43	605.69
(ii) Dyes and Chemicals	4,896.45	4,107.17
(iii) Packing Material Consumed	726.63	798.24
Power and fuel		
(i) Electricity Charges	5,371.27	4,364.96
(ii) Fuel Consumed	1,318.19	847.00
Rent	20.38	10.06
Security Charges	40.67	25.72
Rates & taxes	165.16	154.15
Printing & Stationery	7.83	8.05
Postage, Telegrams & Telephones	71.42	53.48
Travelling & Conveyance	169.87	102.59
Directors' Sitting fees & Travelling expenses	7.38	7.30
Advertisements	6.09	3.71
Expenses on Sales	1,305.44	1,732.92
Commission on Sales	395.63	820.50
Insurance	230.26	177.57
Legal & Professional Charges	223.90	159.59
Payments to auditors :		
- As auditor	4.06	4.05
- for Tax Audit	0.65	0.65
- for Other Services	1.26	2.04
- Cost Auditor	0.80	0.80
Repairs to :		
- Buildings	29.16	33.50
- Machinery	876.62	727.59
- Other Assets	350.95	296.55
Vehicle Maintenance	49.01	44.33
Miscellaneous Expenses	1,178.66	1,211.41

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 31 Other Expenses (Contd..)

(All amounts in Lakhs, unless otherwise stated)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Expenses on Corporate Social Responsibility	19.40	10.11
Donations	24.09	3.89
Loss on Sale of Assets	27.73	-
Bad debts and Debit Balances written off	108.98	220.73
Other Manufacturing expenses	207.54	310.72
Claims Written Off	3.97	199.00
Managerial remuneration	171.98	150.73
Listing Fees	-	4.80
Advances Written off	-	100.89
<b>Total</b>	<b>18,716.86</b>	<b>17,300.49</b>

## 32 Exceptional Items

(All amounts in Lakhs, unless otherwise stated)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Exceptional Items (Refer note below)	(719.36)	520.31
<b>Total</b>	<b>(719.36)</b>	<b>520.31</b>

### Note:

- a) Rs.719.36 Lacs for the year ended March 31, 2023 includes (i) Interest paid on ROR to Banks of Rs.453.08 Lacs (ii) Arrears of wages of Rs.204.16 Lacs and (iii) Claims written off of Rs.62.12 Lacs.
- b) Rs.520.31 Lacs for the year ended March 31, 2022 includes (i) Interest relief on restructuring of Term Loan and Working capital Loans Rs.488.53 Lacs and (ii) Net Gain on sale of assets Rs.42.17 Lacs and prior period expenses of Rs.10.39 Lacs

## 33 Profit/(loss) from discontinued operations (See note 35.12)

(All amounts in Lakhs, unless otherwise stated)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Sale of Products	-	-
Other Income	4.57	18.16
<b>Revenue from discontinued operations (A)</b>	<b>4.57</b>	<b>18.16</b>
Cost of materials consumed	-	-
Changes in inventories of finished goods and work-in-progress	-	-
Employee benefits expense	13.91	0.73
Finance costs	176.22	190.32
Depreciation and amortization expense	-	355.78
Impairment Loss	-	4,349.23
Other expenses	87.41	86.28
<b>Expenses of discontinued operations (B)</b>	<b>277.54</b>	<b>4,982.34</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 33 Profit/(loss) from discontinued operations (See note 35.12) (Contd..)

(All amounts in Lakhs, unless otherwise stated)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
(i) Profit/(loss) of discontinued operations before tax (A-B)	(272.97)	(4,964.18)
<b>Total Profit/(loss) of discontinued operations before tax (i) + (ii) (C)</b>	<b>(272.97)</b>	<b>(4,964.18)</b>
<b>Tax expense</b>		
- on (i) above	(40.95)	(1,548.82)
<b>Tax expenses of discontinued operations (D)</b>	<b>(40.95)</b>	<b>(1,548.82)</b>
<b>Total (C-D)</b>	<b>(232.02)</b>	<b>(3,415.36)</b>

## 34 Other Comprehensive Income:

### (A) Items that will not be reclassified to profit or loss

(All amounts in Lakhs, unless otherwise stated)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Remeasurements of defined benefit plans	(27.21)	10.39
Equity Instruments through Other Comprehensive Income	(1.21)	8.74
Income Tax on items that will not be reclassified to the Profit or Loss	4.83	(3.26)
<b>Total</b>	<b>(23.59)</b>	<b>15.87</b>

## Explanatory Notes & Other Disclosures

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

(All amounts in Lakhs, unless otherwise stated)

Sl	Particulars	As at 31.03.2023	As at 31.03.2022
(i)	Against Foreign & Inland Letters of Credit	4,260.00	3,946.35
(ii)	Against Bank Guarantees	871.18	438.84
(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. During the current financial year 2022-23 the Assessing Authority has passed consequential order giving effect to Hon'ble STAT order.	-	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.	862.15	607.01

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

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

(All amounts in Lakhs, unless otherwise stated)

Sl	Particulars	As at 31.03.2023	As at 31.03.2022
(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 Rs. 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 Rs.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 Rs. 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	463.74	568.10
(viii)	Cases relating to disputes with workers pending at Labour and Courts, Gram panchayat, Nagpur	103.89	93.09
(ix)	In Previous year Dy Commissioner of Sales Tax, Nagpur, (VAT-E005) has passed Assessment order for Financial Year 2013-14 and disallowed VAT input tax credit on purchase of Coal as Raw material and raised tax demand with interest. The Company has filed appeal with Commissioner of Sales Tax (Appeals) and is of the opinion that the liability against above demand may not arise, as there are several such judgments, supporting the Company's contention. (Rs.1.25 Lakhs pre-deposited for filing appeal and shown as advance	23.69	23.69
(x)	Siri Consultants Ltd filed a suit for recovery against the Company, which was decreed by the City Civil Court, Secunderabad. The Company has challenged the decree in the High Court and the High Court of Telangana was pleased to stay the execution of Decree pending payment. The matter is pending in the High Court. Rs.5.78 Lakhs is pre-deposited pursuant to Hon'ble High Court Order.	13.97	13.97
(xi)	Dy Commissioner of Sales Tax, Nagpur, (VAT-E005) has passed Assessment order for Financial Year 2015-16 and disallowed VAT input tax credit on purchase of Coal as Raw material and raised tax demand with interest. The Company has filed appeal with Commissioner of Sales Tax (Appeals) and is of the opinion that the liability against above demand may not arise, as there are several such judgments, supporting Assessee's contention. (Rs.1.52 Lakhs is pre-deposited for filing appeal and shown as advance )	29.43	29.43

### Other Litigations:

An order has been received from the office of DGFT, Hyderabad for alleged violation of Target Plus Scheme to recover Rs. 3807 Lakhs including interest and penalties in FY2010-11. The High Court of Telangana allowed the Writ Petition filed by the company challenging aforesaid order and that of the appellate authority and directed the JDGFT to refund Rs. 500 lakhs deposited by the company. The office of JDGFT has filed a Writ Appeal before the High Court of Telangana against this order which is pending. A show cause notice on the same issue was issued by DRI and the Commissioner of Customs & Central Excise, Nagpur has confirmed the same which has been challenged by the company before CESTAT, Mumbai and the same is pending. The company has been advised that no liability is likely to arise under the notice in view of the High Court allowing the Writ Petition filed by the company and the allegations are unfounded and the company is taking adequate steps to defend itself.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

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

		(All amounts in Lakhs, unless otherwise stated)	
Sl	Particulars	As at 31.03.2023	As at 31.03.2022
(i)	Contracts to be executed on capital accounts	4,581.82	1,100.16

**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 Rs.2,609 lakhs from the Insurance Company including salvage during FY2007-08 & 2008-09. The part claim of Rs.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 Other Statutory Information

- i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- ii) The Company does not have any transactions with struck off companies.
- iii) Quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.
- iv) The Company does not have any transaction which is 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
- v) As at March 31, 2023, the register of charges of the Company as available in records of the Ministry of Corporate Affairs (MCA) includes charges that were created/modified since the inception of the Company. There are certain charges which are historic in nature and it involves practical challenges in obtaining no objection certificates (NOCs) from the charge holders of such charges, despite repayment of the underlying loans. The Company is in the continuous process of filing the charge satisfaction e-form with MCA, within the timelines, as and when it receives NOCs from the respective charge holders.
- vi) The Company has not revalued its property plant and equipment during the year.
- vii) The Company has not been declared as wilful defaulter by any bank or financial institution or other lender
- viii) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- ix) No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013, during the year.
- x) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 35.4 Other Statutory Information (Contd..)

- xi) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
- (a) 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
  - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- xii) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (a) 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
  - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

## 35.5 Analytical Ratio's:

Sl.no	Particulars	Numerator	Denominator	FY 2023	FY 2022	% Variance	Reason for variance
1	Current Ratio (in times)	Current Assets	Current Liabilities	1.33	1.43	-7%	NA
2	Debt-Equity Ratio (in times)	Debt	Equity	0.75	1.06	-29%	Note i
3	Debt Service Coverage Ratio (in times)	EBITDA	Interest + Principal	0.88	1.68	-47%	Note ii
4	Return on Equity Ratio (in times)	PAT - Pref. Dividend	Average equity	4%	0.09%	4210%	Note iii
5	Inventory turnover ratio (in times)	Cost of goods sold **	Average Inventory	5.02	4.75	6%	NA
6	Trade Receivables turnover ratio (in times)	Revenue from Operations	Average trade receivable	5.68	5.37	6%	NA
7	Trade payables turnover ratio (in times)	Net Purchases	Average trade payable	5.40	5.30	2%	NA
8	Net capital turnover ratio (in times)	Revenue from Operations	Working capital \$	8.63	5.73	51%	Note iv
9	Net profit ratio	Net Profit/(Loss) After Tax	Revenue from Operations	1.22%	0.03%	4293%	Note v
10	Return on Capital employed	EBIT	Average capital employed	8.30%	4.87%	70%	Note vi
11	Return on investment	Income from Investments	Time Weighted Average Investment	-7.88%	113.12%	-107%	Note vii

\*\* Cost of Goods Sold = Cost of Material Consumed + Purchases of Stock in Trade + Changes in inventories of FG + Manufacturing and operating Expenses

\$ - Working Capital = Current Assets - Current Liabilities

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 35.5 Analytical Ratio's: (Contd..)

### Notes:

- i) Debt Equity Ratio - Decrease in the ratio is on account of decrease in total debt on Prepayment.
- ii) Debt Service Coverage Ratio - Decrease in the ratio is due to Prepayment of debt.
- iii) Return on Equity Ratio - Profit after tax has increased during the current year FY 22-23 due to increase in revenue and improvement in profitability.
- iv) Net Capital Turnover Ratio - Increase in the ratio is on account of decrease in working capital due to realisation from sale proceeds of Power Plant.
- v) Net Profit Ratio - Profit after tax has increased during the current year FY 22-23 due to increase in revenue and improvement in profitability.
- vi) Return on Capita Employed - Increase in the ratio is on account of the improvement in profitability during the current year.
- vii) Return on Investment- Decrease in the ratio is due to decrease in market value of investments in the current year.

## 35.6 Corporate Social Responsibility:

Sl	Particulars	2022-23	2021-22
		Amount (Rs.)	Amount (Rs.)
(i)	Amount required to be spent by the Company during the year	nil	nil
(ii)	Amount of expenditure incurred	19.40	10.10
(iii)	shortfall at the end of the year	nil	nil
(iv)	total of previous years shortfall	nil	nil
(v)	reason of shortfall	nil	nil
(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

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 35.7 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

Particulars	As at 31.03.2023	As at 31.03.2022
(a) Debt	19,772.17	26,706.01
(b) Cash & Cash Equivalents	628.00	698.44
(c) Net Debt (a) - (b)	19,144.17	26,007.57
(d) Total Equity	26,303.01	25,222.50
Capital Gearing ratio (c)/(d)	0.73	1.03

## 35.8 Income Taxes

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

	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
<b>(i) Tax expense recognized in Statement of Profit and loss (from continuing and discontinued operations)</b>		
Current Tax	319.73	-nil-
Deferred Tax (including MAT Credit Entitlement)		
- Continuing operation	278.44	1,558.07
- Discontinuing operation	(40.95)	(1,548.82)
<b>Total</b>	<b>557.22</b>	<b>9.25</b>
<b>(ii) Effective tax Reconciliation</b>		
(a) Profit/(loss) before tax (from continuing and discontinued operations)	1,597.33	30.90
(b) Applicable tax rate	34.944%	31.20%
(c) Tax expense on Net profit (a*b)	558.17	9.64
(d) Increase/(decrease) in tax expenses on account of:		
- Expenses not allowed under income tax	nil	nil
- Due to decrease in rate of tax	nil	nil
- Others	(0.95)	(0.39)
<b>Total (d)</b>	<b>(0.95)</b>	<b>(0.39)</b>
(e) Tax Expense as per Statement of Profit and loss (c+d)	557.22	9.25

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 35.9 Post-Employment Benefits

### Contributions to Defined Contribution Plans

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
Contribution to Provident and other funds	348.14	324.42
Contribution to Employee State Insurance	102.63	89.10
<b>Total</b>	<b>450.77</b>	<b>413.52</b>

### Defined Benefit Plans:

#### (i) Gratuity (Unfunded)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
<b>A Changes in Present Value of Defined Benefit Obligation</b>		
Opening defined benefit obligation	937.31	914.42
Interest cost	63.56	58.89
Current services cost	69.97	66.34
Benefits paid	(147.50)	(126.93)
Actuarial(gains)/losses on obligation	27.21	24.59
<b>Closing defined benefit obligation</b>	<b>950.55</b>	<b>937.31</b>
<b>B Changes in Fair Value of Plan Assets</b>		
Opening Fair value of plan assets	-	-
Adjustments to opening balance		
Expected Return		
Contributions	147.50	126.93
Benefits paid	(147.50)	(126.93)
Actuarial Gain/(loss)	-	-
<b>Closing fair value of plan assets</b>	<b>-</b>	<b>-</b>
<b>C Expenses recognized in statement of profit and loss</b>		
Current Service Cost	69.97	66.34
Interest Cost on benefit obligation	63.56	58.89
Expected return on plan assets	-	-
<b>Total</b>	<b>133.53</b>	<b>125.23</b>
<b>D Expenses recognized in Other Comprehensive Income</b>		
Actuarial(gains)/losses on obligation	27.21	24.59
Return on plan assets (greater)/lesser than discount rate	-	-
<b>Total</b>	<b>27.21</b>	<b>24.59</b>
<b>E Actuarial Assumptions</b>		
Salary Escalation	0%	0%
Rate of Discounting	7.51%	7.36%
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	18.16	18.75
Actuarial Valuation Report Dated : 21.04.2023		

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 35.9 Post-Employment Benefits (Contd..)

### 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:

Particulars	31st March 2023	
	Increase	Decrease
Salary escalation	8.25%	(7.35%)
Withdrawal rate	4.63%	(5.09%)
Rate of Discounting	(6.40)	7.25%

### (ii) Leave Encashment (unfunded)

Particulars	As at 31st March 2023	As at 31st March 2023
<b>A Changes in Present Value of Defined Benefit Obligation</b>		
Opening defined benefit obligation	105.33	103.23
Interest cost	7.05	6.84
Current services cost	36.44	39.05
Benefits paid	(19.15)	(8.81)
Actuarial(gains)/losses on obligation	(18.21)	(34.98)
Closing defined benefit obligation	111.46	105.33
<b>B Expenses recognized in statement of profit and loss</b>		
Current Service Cost	36.44	39.05
Interest Cost on benefit obligation	7.05	6.84
<b>Total</b>	<b>43.49</b>	<b>45.89</b>
<b>C Expenses recognized in Other Comprehensive Income</b>		
Actuarial(gains)/losses on obligation	(18.21)	(34.98)
<b>Total</b>	<b>(18.21)</b>	<b>(34.98)</b>
<b>D Actuarial Assumptions</b>		
Salary Escalation	0%	0%
Rate of Discounting	7.51%	7.36%
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 : 20.04.2023		

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 35.9 Post-Employment Benefits (Contd..)

### 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:

Particulars	31st March 2023	
	Increase	Decrease
Salary escalation	4.40%	(4.10%)
Attrition rate	1.30%	(1.10%)
Rate of Discounting	(3.30%)	3.50%

## 35.10 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. Shri E V S V Sarma (Company Secretary)	
d. Shri P Siva Subramanyam (President Finance)	
e. Smt Sabita Jain	Relatives of Key Managerial Personnel
f. Shri. Vedant Agarwal	son of Shri Paritosh Agarwal
g. M/s Jayman Dealers Pvt Ltd	Enterprises over which key managerial personnel and their relatives have significant influence
h. M/s SVP Distributors Pvt. Ltd	

### (i) Transactions with Key Managerial Personnel

(All Amounts Rs. In lakhs, unless otherwise stated)

Nature of transactions	For the year ended 31 March 2023	For the year ended 31 March 2022	Receivable/ (Payable) as on 31.03.2023	Receivable/ (Payable) as on 31.03.2022
<b>Remuneration:</b>				
Shri L N Agarwal	86.09	78.87	(4.00)	(4.00)
Shri Paritosh K. Agarwal	85.90	71.86	(3.85)	(1.35)
Shri Vedant Agarwal	6.86	-	1.34	nil
Shri E V S V Sarma	21.18	19.70	(1.85)	(1.05)
Shri P S Subramanyam	20.25	20.03	(1.27)	(1.09)
<b>Interest Expense:</b>				
Shri L N Agarwal	47.65	-	(42.88)	-
Shri Paritosh K. Agarwal	78.74	-	(70.86)	-
Smt Padmini Agarwal	87.25	-	(78.52)	-
<b>Unsecured Loan:</b>				
Shri L N Agarwal	-	291.32	(680.68)	(680.68)
Shri Paritosh K. Agarwal	-	719.16	(1124.84)	(1124.84)
Smt Padmini Agarwal	-	620.63	(1246.37)	(1246.37)

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 35.10 Related Party Disclosures (Contd..)

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

(All Amounts Rs. In lakhs, unless otherwise stated)

Nature of transactions	For the year ended 31 March 2023	For the year ended 31 March 2022	Receivable/ (Payable) as on 31.03.2023	Receivable/ (Payable) as on 31.03.2022
Shri R Surender Reddy	0.43	0.35	nil	nil
Shri Navranglal Tibrewal	0.43	0.35	nil	nil
Shri R S Agarwal	0.35	0.35	nil	nil
Shri V V S Ravindra(Nominee Directors, IDBI Bank Ltd.,)*	0.33	0.23	nil	nil
Shri Dhruv Vijai Singh	0.30	0.23	nil	nil
Smt Aruna Prasad	0.20	0.20	nil	nil

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

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

(All Amounts Rs. In lakhs, unless otherwise stated)

Nature of transactions	For the year ended 31 March 2023	For the year ended 31 March 2022	Receivable/ (Payable) as on 31.03.2023	Receivable/ (Payable) as on 31.03.2022
<b>Rent:</b>				
Smt. Sabita Jain	10.20	10.20	(2.30)	(5.36)

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

(All Amounts Rs. In lakhs, unless otherwise stated)

Nature of transactions	For the year ended 31 March 2023	For the year ended 31 March 2022	Receivable/ (Payable) as on 31.03.2023	Receivable/ (Payable) as on 31.03.2022
<b>Interest:</b>				
M/s. Jayman Dealers Pvt Ltd.	33.99	32.00	(106.27)	(75.68)
M/s.SVP Distributors Pvt. Ltd	32.38	30.48	(102.97)	(73.82)
<b>Unsecured Loans:</b>				
<b>Inter corporate Deposits:</b>				
M/s Jayman Dealer Pvt Ltd.,	-	-	(400.00)	(400.00)
M/s SVP Distributors Pvt Ltd	-	-	(381.00)	(381.00)
<b>Purchase of Cotton:</b>				
M/s. Jayman Dealers Pvt Ltd	979.12	416.42	(21.32)	161.11
<b>Rent:</b>				
M/s. Jayman Dealers Pvt Ltd	2.40	2.40	(0.22)	(0.43)

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 35.11 Earnings per share (Basic and diluted)

Particulars	For the Year ended 31 March, 2023	For the Year ended 31 March, 2022
(a) Profit/(loss) after tax from continuing operations (Rs. in lakhs)	1,272.13	3,437.00
(b) Weighted average number of Equity shares during the year (face value of Rs. 10 each)	188.05	167.02
(c) Earnings per Equity Share from continuing operations - Basic & Diluted (in Rs.)	6.76	20.58
(d) Profit/(loss) after tax from discontinued operations (Rs. in lakhs)	(232.02)	(3,415.36)
(e) Weighted average number of Equity shares during the year (face value of Rs. 10 each)	188.05	167.02
(f) Earnings per Equity Share from discontinued operations - Basic & Diluted (in Rs.)	(1.23)	(20.45)
(g) Earnings per Equity share (for discontinued & continuing operations) - Basic & Diluted (In Rs.)	5.53	0.13

## 35.12 Non Current Assets Held for sale and discontinued operations

During the year, the company has sold Power Plant and from sale proceeds, it repaid its outstanding Term Loans. As required by the Ind AS 105, Non Current Assets held for Sale and Discontinued Operations, Some of the Assets of Garment division are lying in Asset held for sale and the same is expected to be sold during the coming financial year. 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)

## 35.13 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.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 35.13 Financial Instruments (Contd..)

### Financial Assets and Liabilities

Particulars	Carrying Amount			Fair Value Hierarchy			
	Amortised cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3
<b>As at 31st March 2023</b>							
<b>Financial Assets</b>							
Investments (Refer note below)			15.26	15.26	15.26		
Trade Receivables	13,957.09			13,957.09			
Cash and cash equivalents	628.00			628.00			
Bank balances other than (ii) above	1,570.42			1,570.42			
Loans	25.64			25.64			
Others (Current and Non Current)	4,212.97			4,212.97			
<b>Financial Liabilities</b>							
Borrowings	19,772.17			19,772.17			
Trade Payables	13,134.85			13,134.85			
Others	1,909.67			1,909.67			
<b>As at 31st March 2022</b>							
<b>Financial Assets</b>							
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	9.62			9.62			
Others	4,195.27			4,195.27			
<b>Financial Liabilities</b>							
Borrowings	26,706.01			26,706.01			
Trade Payables	12,088.26			12,088.26			
Others	1,628.58			1,628.58			

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

## 35.14 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.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 35.14 Financial Risk Management Objectives and Policies (Contd..)

### (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 Rs. Lakhs, unless otherwise stated)

Particulars	Change in Rate	For the year ended	For the year ended
		31st March 2023	31st March 2022
USD	+ 0.50%	(10.49)	(14.59)
	- 0.50%	10.49	14.59

#### c. Other price risk

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

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

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

(All Amounts Rs. In lakhs, unless otherwise stated)

Particulars	Impact on Profit & Loss		Impact on OCI	
	2022-23	2021-22	2022-23	2021-22
Listed Equity shares (1% change in price)	nil	nil	0.15	0.16
<b>Total</b>	<b>nil</b>	<b>nil</b>	<b>0.16</b>	<b>0.08</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 35.14 Financial Risk Management Objectives and Policies (Contd..)

### (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:

Particulars	(All Amounts in Rs. Lakhs, unless otherwise stated)				
	Total	On Demand	< 1 year	1 to 5 years	> 5 years
<b>As at 31 March 2022</b>					
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	1,628.58	1,628.58			-
<b>As at 31 March 2023</b>					
Borrowings - Non-Current	5,729.94			5,729.94	
Borrowings - Current	14,042.23	11,763.07	2,279.16		
Trade Payables	13,134.85	13,134.85			
Other financial liabilities	1,909.67	1,909.67			

## 35.15 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 two principal operating and reporting segments; viz. Spinning & Denim (Fabrics).

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

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 35.15 Operating Segments (Contd..)

- 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 Rs. Lakhs, unless otherwise stated)

Particulars	Current year	Previous year
<b>1. Segment Revenue</b>		
Spinning	47,619.80	48,869.51
Denim	48,267.97	38,265.66
Unallocated	108.08	62.63
<b>Total</b>	<b>95,995.85</b>	<b>87,197.80</b>
Less: Inter Segment Revenue	10,266.69	8,847.89
<b>Total Revenue</b>	<b>85,729.16</b>	<b>78,349.91</b>
<b>2. Segment Results</b>		
Spinning	2,340.07	5,485.41
Denim	1,930.53	1,863.66
Unallocated	(47.72)	(4701.57)
<b>Total</b>	<b>4,222.90</b>	<b>2,647.50</b>
Less: Interest	2,625.57	2,616.60
Profit before tax	1,597.33	30.90
<b>3. Segment Assets</b>		
Spinning	27,285.18	28,991.25
Denim	34,191.41	34,269.78
Garment	187.86	205.24
Unallocated	3,740.77	6,281.34
<b>Total</b>	<b>65,405.22</b>	<b>69,747.61</b>
<b>4. Segment liabilities</b>		
Spinning	10,263.21	11,658.22
Denim	28,152.53	21,696.84
Garment	-	156.83
Unallocated	686.47	11,013.22
<b>Total</b>	<b>39,102.21</b>	<b>44,525.11</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 35.15 Operating Segments (Contd..)

### (a) Information about Products and Services

(All Amounts in Rs. Lakhs, unless otherwise stated)

Products	Revenues
a. Yarn	36,964.35
b. Fabric	46,207.77
d. Sale of Waste	1,036.11
e. Job work income	2.13
f. Export Benefit entitlement	858.14
g. Packing & Forwarding collection charges	9.69
h. Scrap Sales	26.70
<b>Total Revenue from operations (from continuing &amp; discontinued operations)</b>	<b>85,104.89</b>

### (b) Information about geographical areas

(All Amounts in Rs. Lakhs, unless otherwise stated)

Geographical Location	Revenues	Non Current Assets other than financial instruments and deferred tax assets
(A) Within India	67,647.05	24,644.35
(B) Outside India		
- Bangladesh	10,065.91	
- Ethiopia	1,935.09	
- Guatemala	1,488.19	
- VENEZUELA	1,258.74	
- Mauritius	722.92	
- Korea	588.36	
- Madagascar	579.89	
- Mexico	309.01	
- Lebanon	170.06	
- South Korea	160.24	
- Indonesia	112.15	
- Kenya	67.28	
<b>TOTAL</b>	<b>85,104.89</b>	

### (c) Information about major customers

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

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 35.16 Leases

The company takes on lease premises (offices/godowns) for operations and storage purposes. Accordingly, the Company recognizes 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 Rs. Lakhs, unless otherwise stated)

Particulars	31st March 2023
Depreciation charge for right-of-use assets (pertaining to continuing and discontinued operations)	
(i) Land *	7.80
(ii) Non Factory Buildings	11.68
Interest expense on Lease liabilities (pertaining to continuing and discontinued operations)	0.62
Expense relating to Short term leases (pertaining to continuing and discontinued operations)	20.37
Additions to ROU assets	-
Carrying Amount of ROU assets at the end of the year	559.00

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

### Maturity analysis of lease liabilities as of 31st March 2023

Particulars	Amount (Rs. in lakhs)
Less than 1 year	9.84
1-5 years	-
> 5 years	-

### Maturity analysis of lease liabilities as of 31st March 2022

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

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2023

## 35.17 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 :

	31st March 2023	31st March 2022
(a) The principal amount remaining unpaid as at the end of the year.	60.74	41.95
(b) The amount of interest accrued and remaining unpaid at the end of the year	-	-
(c) Amount of interest paid by the Company in terms of Section 16, of (MSMED Act, 2006) along with the amounts of payments made beyond the appointed date during the year.	-	-
(d) Amount of interest due and payable for the period of delay in making payment without the interest specified under the (MSMED Act, 2006).	-	-
(e) The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the (MSMED Act, 2006).	-	-

**35.18** 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 **Brahmayya & Co.**

Chartered Accountants

Firm Registration No.: 000513S

**(K Shravan)**

Partner

Membership No. 215798

Place: Hyderabad

Date: 29.05.2023

### 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 60th Annual General Meeting (AGM) of the Members of Suryalakshmi Cotton Mills Limited will be held on Saturday, 30th September, 2023 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, 2023 and audited Balance Sheet as on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri. Paritosh Agarwal, Director (DIN: 00008738) who retires by rotation and who, being eligible, offers himself for reappointment.

## SPECIAL BUSINESS:

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

**(A) "RESOLVED THAT** the Company do hereby approve and ratify in terms of Section 180 and other applicable provisions if any, of the Companies Act, 2013, the mortgaging / charging by the Board of Directors of the Company (hereinafter referred to as Board) of all the immovable properties of the Company situated at Amanagallu, Ranga Reddy Dist., , Registered Office, Secunderabad all in the state of Telangana, Amravati Unit at Amravati Dist., and Denim Division at Ramtek both in the State of Maharashtra in favour of SBICap Trustee, acting for itself and on behalf of SBI, IDBI Bank Limited, Union Bank of India, DBS Bank, South Indian Bank, and Punjab National Bank to secure the Term Loans on FIRST CHARGE PARI PASSU BASIS and working capital facilities on SECOND Pari Passu charge basis, with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia on prepayment or on redemption, cost, charges, expenses and other monies, payable by the Company vide its loan agreement(s)

entered into by the Company to secure the Term Loan of Rs. 21 crores from SBI and Working Capital Limits of Rs. 20 crores from Punjab National Bank.

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

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

**"RESOLVED THAT** subject to the provisions of Section 149 & 152 and Schedule IV of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 read with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. Sri. Arvind Sadashiv Mokashi (DIN: 09305967) be and is hereby appointed as an Independent Director for a period of five consecutive years w.e.f. 10/08/23 to 09/08/2028."

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

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

**"RESOLVED THAT** the Company do hereby approve in terms of Section 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 2023-24."

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

Place :Secunderabad  
Date : 10th August, 2023.

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

**NOTES :**

1. The register of members and share transfer books will be closed from Saturday, 23rd September 2023 to Saturday, 30th September, 2023 (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](mailto: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 2022-23 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 2022-23 will also be available on the Company’s website [www.suryalakshmi.com](http://www.suryalakshmi.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of Kfintech at [www.kfintech.com](http://www.kfintech.com).
8. The Notice calling the AGM has been uploaded on the website of the Company in the Investor Relations Section under Financials in the Annual Reports tab. The complete Annual Report is also available in the same section. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Ltd and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting@kfintech.com](http://www.evoting@kfintech.com).
9. The attendance of the Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
10. The Company has engaged the services of M/s. KFin Technologies 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 Saturday, 30th September, 2023, shall also be made available on the website of the Company [www.suryalakshmi.com](http://www.suryalakshmi.com) in the Investor Relations Section, as soon as possible after the Meeting is over.
13. Relevant documents referred to in the accompanying Notice calling the AGM are available on the website of the Company for inspection by the Members.
14. The SEBI has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Members holding shares in physical form are required to submit their PAN details to the Registrar and Share Transfer Agents.
15. Members are requested to intimate changes, if any, pertaining to their name, postal address, email

address, telephone/mobile numbers, mandates, nominations, power of attorney, bank details such as, name of the Bank and branch details, bank account number, MICR code, IFSC code, etc., to their DP's in case the shares are held by them in electronic form and to the Company's Registrars and Transfer Agents, KFin Technologies Limited in case the shares are held by them in physical form.

16. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed Companies can be transferred only in dematerialized form with effect from April 1, 2019 except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holding to dematerialized form. Members can contact the Company or KFin Technologies 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 2014-15 has been deposited in the Investors Education and Protection Fund. Further, amount of Unclaimed Final Dividend for financial year 2015-16 is due for deposit to the Investors Education and Protection Fund on 2nd September, 2023.

Year on	Date of declaration	Due for transfer
2015-16	28/07/2016	02/09/2023
2016-17	28/08/2017	02/10/2024

19. The Company transferred 3807 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 2014-15 had been transferred into IEPF and who have not encashed their dividends for 7(Seven) subsequent financial years. Concerned Shareholders may still claim the shares or apply for refund to the IEPF Authority in Web Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in)

20. In case the Dividend has remained unclaimed in respect of financial years 2015-16 to 2016-17 the Shareholders may approach the Company with their dividend warrants for revalidation with the Letter of Undertaking for issue of duplicate dividend warrants. The Company regularly sends letters/ emails to this effect to the concerned Shareholders.
21. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
22. Pursuant to the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on Corporate Governance, the information about the Directors proposed to be appointed/ re-appointed at the Annual General Meeting is given in the Annexure to the Notice.

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

1. Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM at <https://ris.kfintech.com/vc/login2vc.aspx> by using their remote e-voting login credentials and selecting the 'Event' for Company's AGM. Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice. Further, Members can also use the OTP based login for logging into the e-voting system.
2. Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and Members who may like to express their views or ask questions during the AGM may register themselves at <https://ris.kfintech.com/agmvcspeakerregistration>. Facility of joining AGM will be closed on expiry of 15 minutes from the schedule time of the AGM. Those Members who register themselves as speaker will only be allowed to express views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers and time for each speaker depending upon the availability of time for the AGM.
3. Facility of joining the AGM through VC / OAVM shall be available for 1000 members

on first come first served basis. However, the participation of members holding 2% or more shares, promoters, and Institutional Investors, directors, key managerial personnel, chairpersons of Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Auditors are not restricted on first come first serve basis.

4. Members who need technical assistance before or during the AGM, can contact Kfintech at <https://ris.kfintech.com/agmqa/agmqa/login.aspx>.

#### B. Instructions for e-voting

1. In compliance with the provisions of Section 108 of the Act read with Rules made there under and Regulation 44 of the Listing Regulations, the Company is offering e-voting facility to all Members of the Company. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners (in case of electronic shareholding) maintained by the Depositories as on the cut-off date i.e. Friday, 22nd, September 2023 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, September 2023 to 5:00 P.M. (IST) on Friday 29th, September, 2023. 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](https://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 September, 2023. 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](http://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

The company proposes to carry out a modernization of its machinery in the Denim Division at Ramtek by installing 24 looms to replace some old machinery and also to cater to the present requirement of the market. State Bank of India (SBI) has sanctioned the term loan of Rs. 21 crores sought by the company. The term loan will be secured by 1st Pari-Passu mortgage over the immovable properties of the company in favor of all the term lenders. SBICap Trustee will be acting as trustee for all the lenders.

Punjab National Bank (PNB) has sanctioned working capital limit of Rs. 20 crores to be secured by a Paripassu first charge on all chargeable current assets present and future of the company along with other working capital lenders in consortium and second charge (on paripassu basis with other Working Capital lenders in consortium) on the fixed assets of the company.

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. 4: APPOINTMENT OF SRI ARVIND SADASHIV MOKASHI AS AN INDEPENDENT DIRECTOR.

"Sri Arvind Sadashiv Mokashi [DIN 09305967] aged 62 Years, is a well experienced, seasoned banker with expertise in Corporate Credit, SME Credit, Resolution of stressed Assets, business development etc.

Sri Arvind Sadashiv Mokashi was appointed as an Additional Director of the Company in the category of Independent Director by the Board of Directors at their meeting held on 10/08/2023 subject to the approval of the

members of the Company.

It is proposed to appoint Mr. Arvind Sadashiv Mokashi as an Independent Director for a period of five years from 10/08/2023 to 09/08/2028.

Sri Arvind Sadashiv Mokashi is independent of the management of the Company and in the opinion of the Board, fulfils the specified conditions for appointment as an Independent Director."

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

### 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 2023-24 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 August, 2023.

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











**SURYALAKSHMI COTTON MILLS LIMITED**

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

Secunderabad - 500 003

(CIN: L17120TG1962PLC000923)

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

