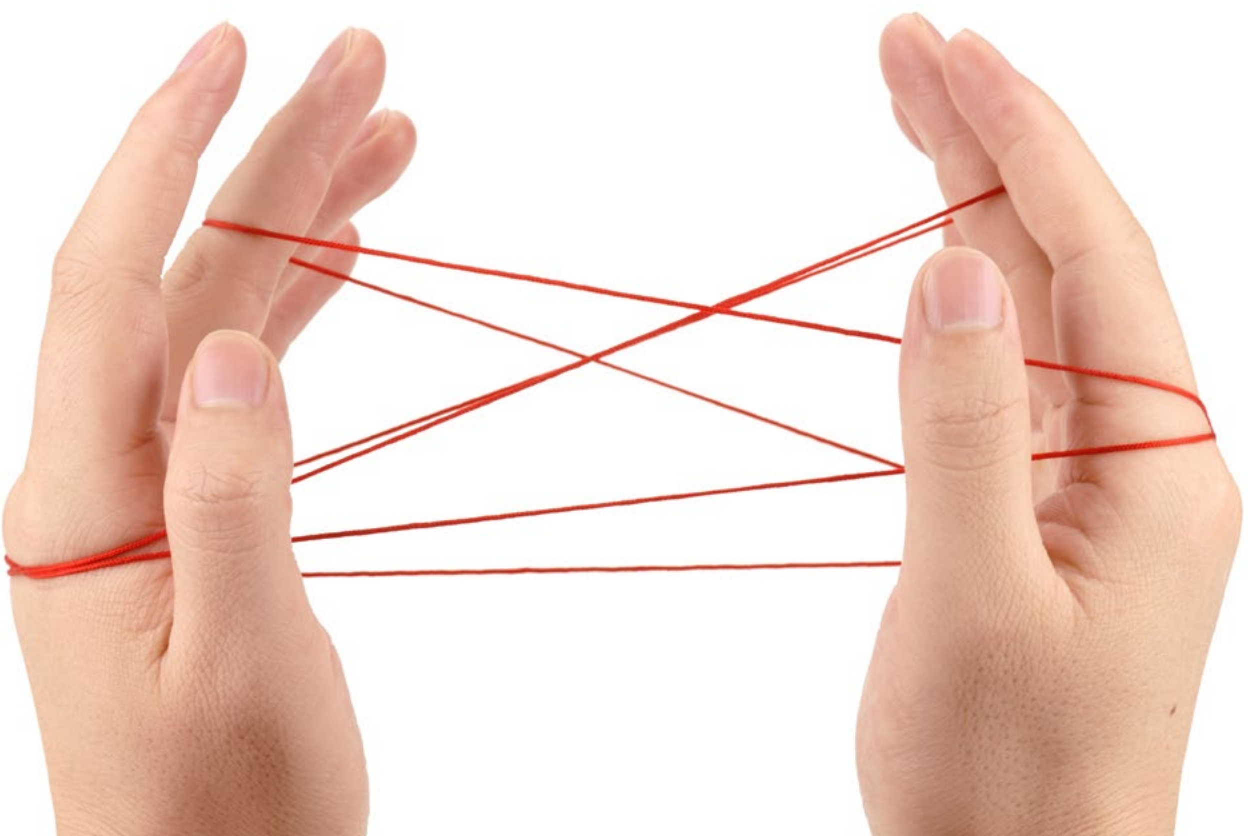
sutlej
textiles and industries limited

Adjusting to the New Normal

Sutlej Textiles and Industries Limited
Annual Report 2019-20



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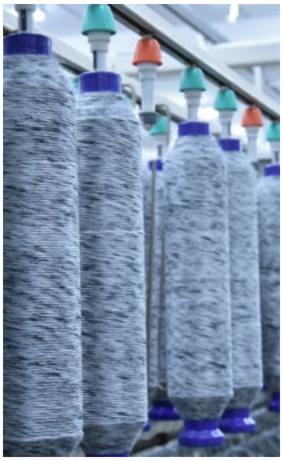


Disclaimer

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, 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 realized, 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 kindly 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.

Adjusting to the New Normal

This is a highly uncertain world.

There is a premium on the need to be relatively insulated from the broad sweep of economic, social and sectorial challenges.

Similarly, there is a need to stay alive to emerging opportunities, restructure the business and enhance competitiveness.

At Sutlej, we have strengthened our resilience and agility with the objective to emerge as one of the last persons standing among competitors during the downtrend and among the first to recover.

Adjusting to the new normal at one end;

Strengthening profitability and sustainability at the other.

Corporate snapshot

Sutlej Textiles and Industries Limited.

Resilient enough to have endured across 9 decades.

Agile enough to have responded with speed to emerging opportunities.

Vision

We have set our sights on emerging as a front-runner in the realm of global textiles by providing end to end solutions– from yarns to home textiles. We aim to create maximum value for our customers so as to emerge as their partner-of-choice.

Mission

We believe in challenging our limits and overcoming them. We also believe that as time changes, one must evolve one's thinking.

Our track record, helping strengthen our foundation

Sutlej's roots date back to pre-Independence India; the Company is one of the flagship companies of multi-business conglomerate promoted by the late Dr. K.K. Birla. Over the years, the Company has emerged as one of India's largest integrated textile manufacturing companies, manufacturing synthetic, natural, mélange and blended yarns, all types of spun yarns and home textile furnishing.

Our capacities have enhanced our preparedness

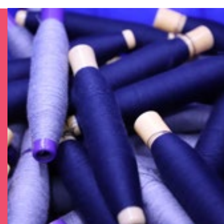
The Company has units located in Rajasthan, Jammu & Kashmir, Himachal Pradesh and Gujarat. Over the years, the Company has exponentially scaled up its capacities. The Company's total spinning capacity was around 4.20 lakh spindles at the close of 2019-20; daily production was 286 tonnes of dyed synthetic and blended yarns, cotton mélange and cotton blended mélange and dyed yarns, as well as yarn from specialty fibres (modal, tencel, bamboo, coolmax, fancy yarns like siro spun, siro compact, lycra twisted, core spun, double core yarn, etc.) in single ply, double ply and multi-fold.

The Company's total spinning capacity was around 4.20 lakh spindles at the close of 2019-20

Business verticals

Value added yarns

Dyed Yarns



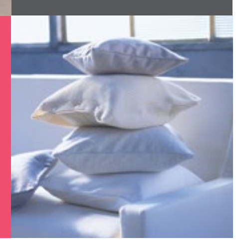
Mélange yarns

Home Textiles

Curtains

Upholstery

Made Ups



Manufacturing capacities

Units	Location	Products		Capacity (TPA)
Rajasthan Textile Mills (RTM)	Bhawanimandi, Rajasthan	Cotton yarns and man-made fibre yarns including mélange yarns		35,280 spindles of cotton blended mélange yarns 90,384 spindles of manmade fibre yarns
Chenab Textile Mills (CTM)	Kathua, Jammu & Kashmir	Cotton yarns and man-made fibre yarns including mélange yarns		109,154 spindles of cotton blended mélange yarns 101,446 spindles of manmade fibre yarns
Birla Textile Mills (BTM)	Baddi, Himachal Pradesh	Cotton yarns and man-made fibre yarns including mélange yarns		20,976 spindles of cotton blended mélange yarns 62,400 spindles of manmade fibre yarns
Damanganga Home Textiles	Daheli, Gujarat	Home textiles furnishings		9.6 million metres per annum 126 dobby and jacquard shuttle-less looms

Our product portfolio evoked sustainable margins

The Company is a one-stop shop for all kinds of spun dyed yarns manufactured from natural or man-made fibres across any blend and any shade in the count range of 6s-60s.

Our marquee clients have validated our quality

The Company's prominent marquee clients comprise Jockey, Westside, Marks & Spencer, Brandix, Arvind, Raymond, Donear, Siyaram's, Arrow, Grasim Bhiwani (GBTL), Digjam, JC Penney, Monte Carlo and Welspun Ind., among others.

Our financial robustness has helped strengthen our credit rating

Sutlej's short-term rating was maintained at A1+ and long-term rating at A+, by CARE Ratings, validating business health.

Our quality standards are driven by credible accreditations

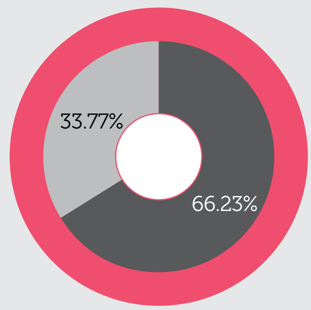
The list of certifications that the Company has is given below :

ISO 14001 : 2015, ISO 45001 : 2018, ISO 50001 : 2018, ISO 9001 : 2015, ISO 13485 : 2016, Global Recycle Standard (GRS), Global Organic Textile Standard (GOTS), Oeko-Tex Standard 100, Supima Certificate, Fair Trade Certification, Organic Content Standard (OCS) Certificate, SA8000:2014 - Social Accountability

Our widening network has enhanced product accessibility

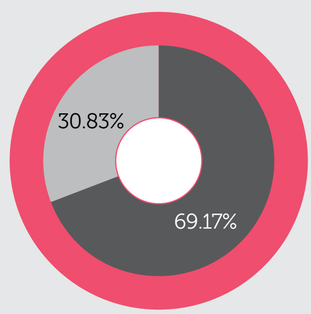
The Company enjoys enduring relationships with an extensive network of agents and dealers across India and the international markets. The Company exports products across major developed and emerging economies around 60 countries; it has developed a strong reputation among textile fabric manufacturers in key markets like USA, EU, UK, Turkey, Bangladesh, Latin America, Africa, etc.

Revenue by geography, 2018-19



Domestic
International

Revenue by geography, 2019-20



Domestic
International

Over commitment translated into awards and recognition

The Synthetic & Rayon Textiles Export Promotion Council (SRTEPC)

- **Gold Trophy for highest export of Synthetic Spun Dyed Yarn in FY 2018-19.**

The Cotton Textiles Export Promotion Council (TEXPROCIL)

- **Gold Trophy - Highest Exports of Cotton Processed Yarn in FY 2018-19.**
- **Gold Trophy - Special Initiative & exports of sustainable cotton yarns.**

The Rajasthan Renewable Energy Corporation Limited (RRECL)

- **Rajasthan Energy Conservation Award – 2019, First Prize.**

Sutlej. The big numbers

Our manufacturing capacities

Yarn capacities

Bhawanimandi, Rajasthan

35,280
Spindles (cotton mélange)

90,384
Spindles (man-made fibre)

2.7
MW roof-top solar plant

Kathua, J&K

109,154
Spindles (cotton mélange)

101,446
Spindles (man-made fibre)

Baddi, Himachal Pradesh

20,976
Spindles (cotton mélange)

62,400
Spindles (man-made fibre)

120
MT per day manufacturing of raw white and black recycled polyester staple fibre (under implementation)

Daheli, Gujarat

9.6
million metres per annum

126
shuttle-less looms

Speciality dyed yarn – National leader

419,640
Dyed yarn spindles

~34%
Dedicated to cotton blended dyed and mélange yarn

~61%
Dedicated to various manmade dyed blends

~5%
Various grey and/or other blends

Key milestones

2006-07

Entered the business of Home Textiles

Expansion of Kathua and Bhawanimandi units by 35,400 spindles and 2,112 spindles respectively to manufacture PV Dyed Yarn

2007-09

Completed Bhawanimandi expansion

Expanded PV dyed yarn by 7,488 spindles

Added 12,672 spindles for manufacturing cotton yarn

2009-10

Commenced commercial production of 31,104 spindles at Kathua to manufacture cotton mélange and cotton blended dyed yarn

Installed 12 MW thermal power plant (Bhawanimandi)

2014

Added 31,104 spindles at Kathua for value-added cotton mélange and cotton blended dyed yarn

2015-17

Acquired Birla Textile Mills

Commenced commercial production of 35,280 spindles for cotton blended dyed and mélange yarn at Rajasthan.

Increased production of Home Textiles at Gujarat with installed capacity from 2.5 million metres per annum to 9.6 million metres per annum

2017-19

Acquired Design, Sales, and Distribution (DS&D) business along with the brand of American Silk Mills, LLC (ASM)

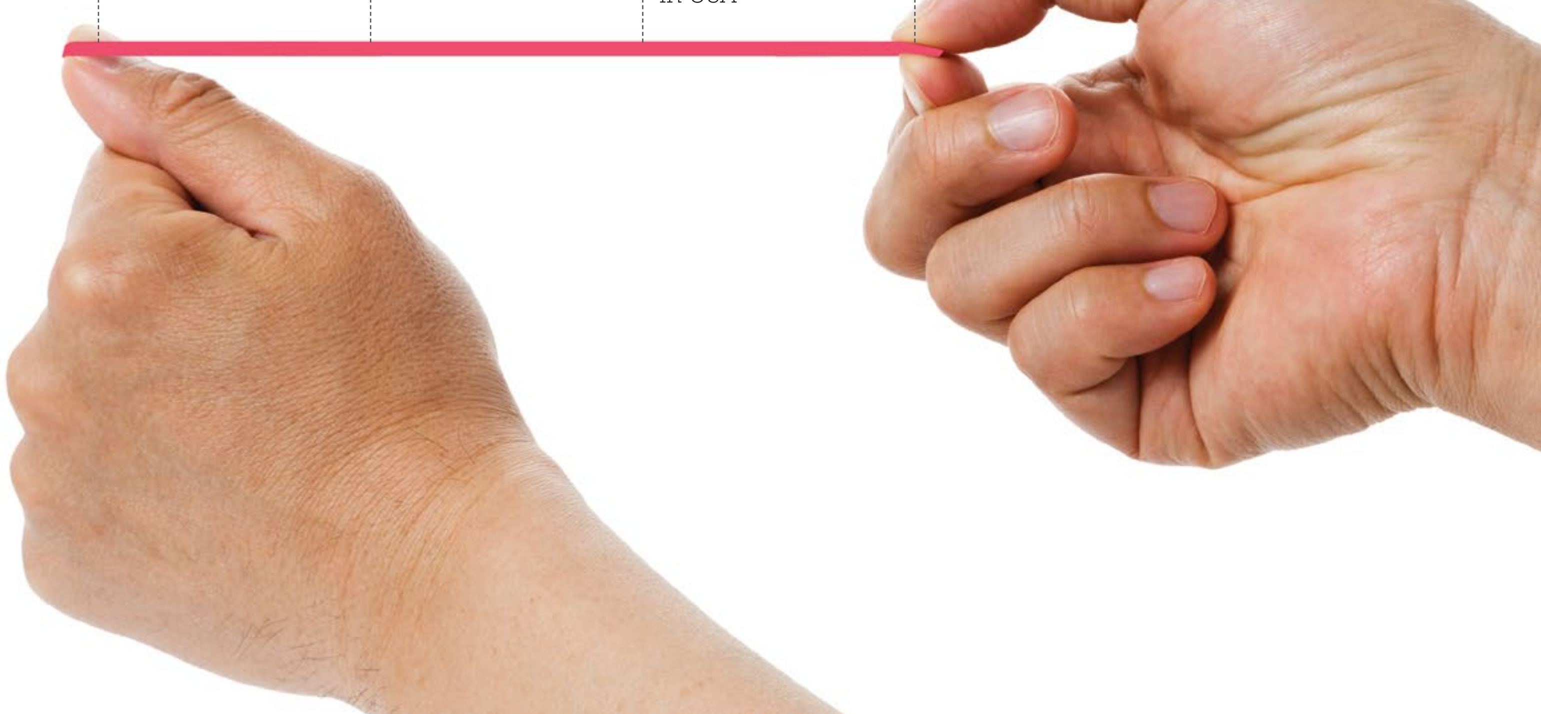
Invested US$ 4.5 million in a wholly-owned subsidiary in USA

2019-20

Modernized the Home Textiles facility

2020-21

Integration into green fibre manufacture



Resilience and Agility at Sutlej are not just words...

They represent the spirit of a transforming Company

“At Sutlej, the usual is boring.”

“Give us a project that is challenging”

“If it is a new idea then it is welcome!”

“We will create products that are innovative”

“Our focus is quality and environment responsibility; and not just quantity”

“There is only one benchmark that we follow: The best in the world”

“Just tell someone at Sutlej that it cannot be done... and see what reaction it evokes”

How we strengthened our business in 2019-20

Manufacturing

Innovated new spun dyed yarn products.

Increased proportion of spun dyed yarns of different sustainable raw materials.

Strengthened Home Textile export margins.

Operational

Invested around Rs. 89 crore in technology up-gradation, modernization and debottlenecking to improve efficiency and plant utilization.

Moderated raw cotton inventory.

Invested in a 'green' fibre project in Baddi to manufacture Polyester Staple Fibre (PSF) by recycling PET bottles (to be commissioned in 2020-21).

Financial

Strengthened terms of trade; reduced working capital utilization to Rs. 285 crore.

Moderated working capital utilization by nearly Rs. 100 crore.

Reduced utilization of working capital sanctions from 63% to 48%.

The Chairman's overview

As customers consolidate their vendor bases, Sutlej could be attractively placed to retain relationships and enhance wallet share.

Overview

The current period is one of the most uncertain that the world has seen in decades. The global slowdown of 2019 was complemented by the outbreak of the Covid-19 pandemic, the effects becoming visible from January 2019 and only deepening as the subsequent months passed.

The Indian economy slowed from 6.1% in 2018-19 to 4.2% in 2019-20 and 3.1% in the last quarter of the year under review. Manufacturing growth was seen at 2%, a 15-year low as against 6.9% growth in FY 2018-19. This sharp slowdown in economic growth was coupled with a surge in inflation that weighed on the country's currency rate; the Indian rupee emerged as one of the worst performers among Asian peers, marked by a depreciation of nearly 2% since January 2019. Retail inflation climbed to a six-year high of 7.35% in December 2019. Despite these economic challenges, India emerged as the fifth-largest world economy in 2019 with a gross domestic product (GDP) of US$2.94 trillion. India jumped 14 places to 63 in the 2020 World Bank's Ease of Doing Business ranking.

During the last week of the financial year under review, a national lockdown was imposed to fight the spread of Covid-19. This cast a shadow on the anticipated recovery of the Indian economy in 2020-21, affecting demand, supply chain, discretionary spend and capital expenditure.

The growth of the global economy also declined from 3.6% to 2.9%. A combination of these realities made it a challenging year for the textile sector. The global outlook was affected by the outbreak of the pandemic in China in December 2019, which spread to a number of countries in the subsequent two months before emerging as a full blown pandemic in March 2020.

Impact of Covid-19 pandemic

As the effect of the pandemic spread, a number of countries enforced a lockdown, suspended cross-border people and cargo movements and brought global trade and commerce to a virtual standstill for a couple of months starting late March 2020.

The pandemic was one of the reasons behind a decline in the Company's profitability for FY 2019-20. On account of the lockdown that translated into revenue loss on the one hand while the incidence of wages and salaries needed to be incurred, the Company's financials were affected.

Besides, the weakening of the Indian rupee generated a marked-to-market loss on forward contracts and a one-time provision for doubtful debts and devaluation of old inventory, the cumulative impact of which was in excess of Rs. 21 crore.

The pandemic is not just affecting the way people conduct business but also how humankind will live. This is affecting every part of our lives, including the preference for apparel, influencing the manufacture of yarns. The market outlook is largely dependent on the discovery of the vaccine and the success of humankind in addressing the pandemic. At the moment of writing, this outlook is uncertain and there is a premium on the ability of companies like ours to manage their way through the downturn without significant impact.

Being a discretionary spend, the demand for textile products contracted sharply. As various countries, including India, started unlocking their economies in the latter part of the first quarter of the current financial year, new challenges of reduced demand, under-utilized capacities, work force dislocation and cash crunch affected the industry. The implementation of social distancing and lockdowns across countries affected the export of yarns from India and their corresponding consumption across countries.

The principal message that I wish to communicate is that the management of your Company is seized of this priority. Even though members of the management have been working from their residences in the last few months, they have been extensively networked, responding to the needs of customers, employees and resource providers. In doing so, the management has outlined a number of initiatives to protect the viability of the enterprise. Revenues and profits of your Company could well decline during the current financial year if market conditions do not revive. However, there are concerted initiatives to minimize this decline and protect our business health with the objective to remain one of the last players standing through the pandemic and emerge as one of the fastest off the blocks as soon as consumer sentiment revives.

> A combination of the strategic and tactical is expected to protect our viability, liquidity and sustainability through this challenging crisis.

This optimism is derived from the fact that we have always grown our Company around a sense of discipline. As a result, our responsiveness to the prevailing environment is not knee-jerk; it is the result of what we have consistently been in the past. For instance, we responded to the prevailing environment by questioning every cost and convention. We focused on enhancing our liquidity through our sell-and-make approach that provided adequate buffers to weather the slowdown. We engaged with our workers and arranged transport to get them back to our plants, as a result of which we increased capacity utilization to around 65% by the close of the

Your Company was consistently aware of the need to grow on the one hand without compromising its leanness. The Company remained lean enough to remain relevant during downturns

first quarter of 2020-21 even as a number of spinners operated at around 40%. We broad-based our global presence, sustaining our revenue momentum. We engaged constructively with our stakeholders such as suppliers, customers, bankers and employees to optimize efficiencies.

The operative words in this environment are resilience and agility. The conventional approach to growth and market aggression has been replaced by the priority to protect competitiveness, remain relevant through the course of the downturn and adapt with speed to the evolving environment. A combination of the strategic and tactical is expected to protect our viability, liquidity and sustainability through this challenging crisis.

Our business model

This is the right time to draw attention to how we have evolved across the last decade in building a competitive business model.

The Company broad-based its business across its product portfolio, markets, geographies and customers. This broad-basing represents the core of its de-risking initiative, making it possible to moderate the impact of an unexpected weakness in any one segment.

Over the years, the Company retained its position as India's largest ring spun-dyed yarn manufacturer (including cotton, cotton-blended dyed and mélange yarns). The broad-based scale of operations – 4,19,640 spindles - translated into superior manufacturing, procurement and marketing economies.

The Company broad-based the output of niche yarns across a range of counts, blends and shades that make it possible to effectively resist sectorial declines in realizations. The fibre-dyed spun dyed products make it easier and quicker for customers to address market realities. The Company strengthened its recall as a one-stop supermarket. This focus had two fallouts: this product segment was more insulated than the price swings experienced in the commodity grey yarn segment; this segment was marked by higher customer retention; the competition in this segment was lower. Besides, the Company gradually extended from being just a dependable supplier of products to becoming an advisor and consultant possessing capabilities in trend forecasting for the benefit of customers. As a result, most customers did not see Sutlej as just another vendor; it saw the Company as a partner helping them expand their market share.

The Company's used to be largely a make-and-sell business; over the years, it evolved this to a sell-and-make approach that virtually took the inventory and receivables risk out of its business. As an extension of this realty, it transitioned from a transaction-driven approach to a relationship-focused engagement model, where it worked with customers through the years, emerging as a responsible extension of their personalities. As a result, Sutlej is not just engaged with customers through the narrow prism of marketing a larger quantum of products; it collaboratively engaged in taking their businesses ahead through the development of the right yarn or home furnishing variety that enhanced their market share and respect.

Over the years, the Company made another significant change in its business approach. Instead of responding faithfully to what customers needed, it went one step beyond: it began to develop products and finishes that it felt they would need. The result is that your Company began to evolve from efficient product replication to effective product innovation. It reinforced a conventional approach in enhancing market share to market creation as well.

Your Company responded to the growing need for environmental sustainability when it not only invested in renewable energy, reduction in material consumption, restoration of green cover and recyclability. It embarked on the manufacture of green fibre derived from recycled raw material, which will moderate costs, increase its environment commitment and strengthen the reputation of the environment responsibility of customers' products.

Your Company was consistently aware of the need to grow on the one hand without compromising its leanness. The Company remained lean enough to remain relevant during downturns; it extended from individual-driven engagement to processes and systems; it invested in modernizing manufacturing assets that enhanced efficiencies and reduced costs; it built on a culture of manufacturing efficiency with a growing investment in its overall eco-system of vendors, customers, employees and communities, enhancing organizational stability.

Opportunity

The pandemic represents an opportunity.

The Company's consistent focus on not becoming excessively dependent on a few customers, products, geographies and manufacturing units could insulate it from the full extent of the slowdown.

The Company's investment in backward integration project to manufacture green-fibre (recycled polyester staple fibre) is likely to be commissioned in 2020-21. A large part of the production is likely to be consumed within, which could reduce manufacturing costs, enhance product quality and strengthen profitability.

During the current financial year, the Company extended into the manufacture of masks, creating a new revenue stream with attractive revenue possibilities. The introduction of spun dyed yarns of different grades using different raw materials was embraced by customers, strengthening prospects for the current and future years.

As cash-strapped textile companies are compelled to moderate their manufacturing operations, there could be a gap in the marketplace that companies like Sutlej would be attractively placed to plug. As customers consolidate their vendor bases, Sutlej could be attractively placed to retain relationships and enhance wallet share.

Overview

The tenure of the prevailing downtrend cannot be estimated. However, what I would like to communicate to stakeholders is that Sutlej possesses a competitive business model that should protect competitiveness going ahead.

I must end by expressing my heartfelt thanks to all our stakeholders for their support.

C. S. Nopany
Executive Chairman

The impact of Covid-19 on the global economy and Sutlej

The outbreak of the pandemic

The spread of the COVID-19 pandemic disrupted the global economy and consumer sentiment. The virus was declared a global pandemic by the World Health Organization in March 2020. The Indian government implemented a national lockdown in late March 2020, which covered the comprehensive closure of offices, factories and public places.

Sutlej's responsiveness

Sutlej temporarily shut its offices and manufacturing facilities in India. The Company's management team continued to leverage modern digital communication technologies, initiated infrastructure disinfection, implemented government directives and 'work from home' for employees, protecting its business continuity.

How Sutlej responded protected the interest of...

Customers

- Focused on the manufacture of value-added products
- Resumed operations on 22nd April, 2020 following a partial lockdown relaxation
- Achieved an attractive volume and value mix
- Commenced the manufacture of masks, a new revenue stream
- Maximized precautions during product delivery
- Shut manufacturing operations from the 4th week of March to the 3rd week of April 2020
- Observed Government norms and precautions
- Resumed all four plants; operated at around 65% utilization around the end of Q1
- Witnessed limited labour impact; most plants comprized labour colonies
- Increased the share of exports including repeat orders from our customers
- Engaged with vendors to normalize the supply chain

Employees

- Initiatives to protect mental, physical and financial well-being
- High workplace safety / sanitation standards
- Smooth transition to working from home
- Facilitated secured virtual meetings
- Zero downtime for critical systems
- First priority was to ensure safety from getting infected by Covid-19
- Regular temperature and other checks of employees and workers
- Used facial recognition / digital card for attendance instead of a finger scanner

...stakeholders during the Covid-19 pandemic

Investors

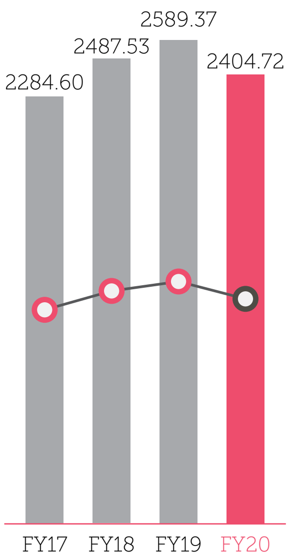
- Focused on manufacturing automation and process alignment
- Focused on global markets and cost rationalization
- Recovered receivables faster; strengthened cash flows
- Strengthened collections; moderated working capital utilization
- Utilized lower working capital sanctions
- Did not seek loan repayment moratorium or deferment

Community

- Distributed food packets / ration among stranded people around our units
- Contributed to the J&K administration to support the fight against Covid-19 pandemic
- Engaged with local administrations for travel arrangements of workers to return to their native places

The performance of Sutlej across the years

Revenues
Rs, crore

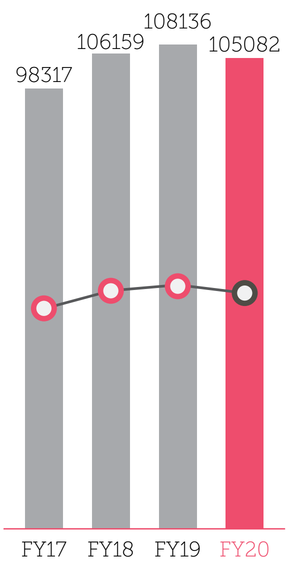


Definition
Sales growth without deducting indirect taxes.

Why we measure
This measure reflects the result of our ability to understand market trends and service customers with corresponding products, superior technologies and competent supply chain management.

Performance
Our aggregate sales decreased by 7% to Rs. 2404.72 crore in FY 2019-20, due to sectorial sluggishness and the COVID-19 pandemic-induced lockdown.

Tonnage sales
Yarn sales (MT)

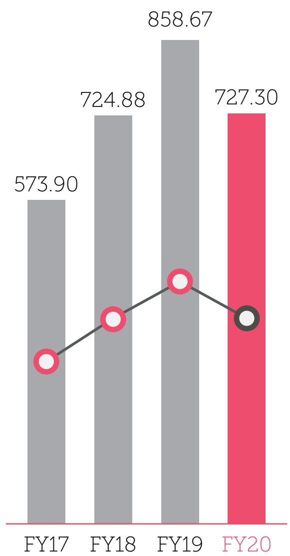


Definition
Sales growth by volume (tonnes).

Why we measure
This measure indicates whether the Company was able to increase sales excluding realizations and exchange rate impacts (fleeting).

Performance
Sales declined only 2.82% to 105082 tonnes in FY 2019-20, indicating the Company's capacity to resist economic sluggishness and the Covid-19 pandemic.

Export revenues
Rs, crore

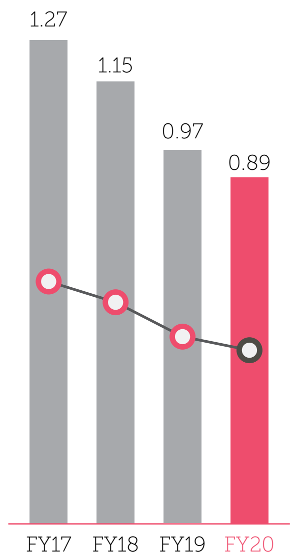


Definition
Exports growth by value.

Why we measure
This measure indicates the Company's global competitiveness.

Performance
Our exports decreased 15.30% to Rs. 727.30 crore in FY 2019-20 (second highest in four years), which came at a time when the domestic market slowed. Exports as a proportion of revenues decreased by 2.93 bps to 30.83%.

Gearing
Debt-equity ratio

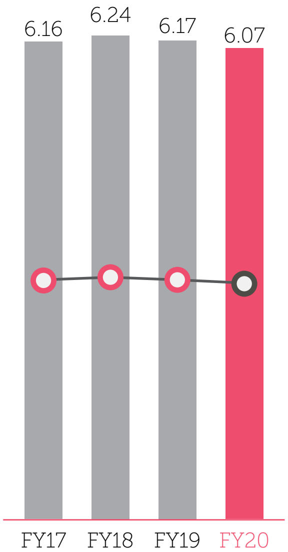


Definition
This is derived through the ratio of debt to net worth (less revaluation reserves).

Why we measure
This is one of the defining measures of a Company's financial health, indicating the ability of the Company to remunerate shareholders over debt providers (the lower the gearing the better). In turn, it indicates the ability of the Company to sustain growth in profits, margins and shareholder value.

Performance
Gearing strengthened as the Company repaid debt and strengthened net worth.

Average debt cost
%



Definition
This is derived through the calculation of the average cost of the consolidated debt on the Company's books.

Why we measure
This indicates our ability in convincing bankers and other debt providers of the robustness of our business model, translating into a progressively lower debt cost (potentially leading to higher margins).

Performance
The Company's debt cost declined from a peak of 7.27% in 2015-16 to 6.07% in FY 2019-20.

> Resilience

Broad-based presence
~60 countries

Customers
Multi-year relationships

Realizations
Value-added

Finance
Average debt cost 6.07%

Strong credit rating
CARE A+ for Long Term Bank Facilities & CARE A1+ for Short Term Bank Facilities and Commercial Paper

Product mix
New value-added and hygiene brands

Raw material
Backward integration into 'green' fibre

Environment
Solar power / water recycling / zero liquid discharge

Eco-system
Stable market-oriented eco-system

> Agility

Manufacturing
Worker rationalization

Marketing
Launch of digital library

Business development:
Manufacture of masks

Finance
Moderated working capital

Positioning
Environment friendliness

Recall
Launch of proprietary Nesterra brand

Product mix
New value-added and hygiene yarns

Respect
No repayment moratorium sought

Approach
Revisit every process and practice

> Desired outcomes

- Enhanced sustainability
- Leverage market-oriented eco-system
- Focus on talent management
- Stronger individual entrepreneurship
- Deeper systems-orientation
- Quicker market responsiveness
- Enhanced capacity to absorb market shocks
- Increased risk-taking capacity
- Entry into new product segments

How we right-sized our Balance Sheet in a capital-intensive business

Overview

The textile sector is capital-intensive, marked by the need to make sizable upfront investment complemented by periodic investments in ongoing maintenance and modernization. This reality makes prudent financial management critical to business success and sustainability, reinforcing the perspective that financial investment represents as much a raw material in the business as cotton, or polyester fibre. This section explains how the Company possesses a sound financial structure that protect the business during the slowdown/lockdown and empower it to grow when sentiment revives.

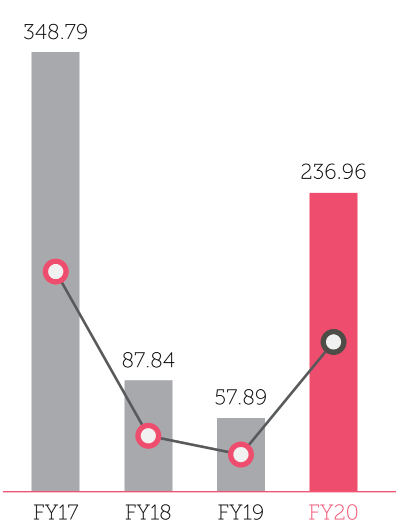
Right-sizing our Balance Sheet

- Progressively invested in manufacturing assets
- Superior average realizations
- Lower working capital intensity
- Lower utilization of working capital sanctions
- Lower debt
- Lower interest outflow
- Debt productivity

Progressively invested in manufacturing assets

The Company consistently invested in modern manufacturing assets, strengthening operating efficiencies. The result is that the Company's assets are modern, translating into a competitive conversion cost across market cycles

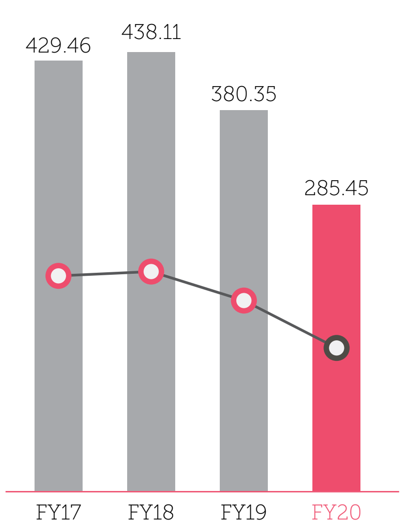
Investment (Rs. crore)



Lower working capital intensity

The steady cash inflows helped the Company moderate its working capital utilization

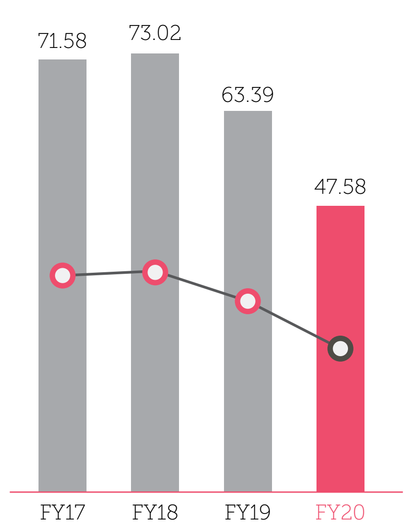
Working capital (Rs. crore)



Lower utilization of working capital sanctions

The reduction in working capital utilization had a corresponding impact on a decline in working capital sanctioned by the banks

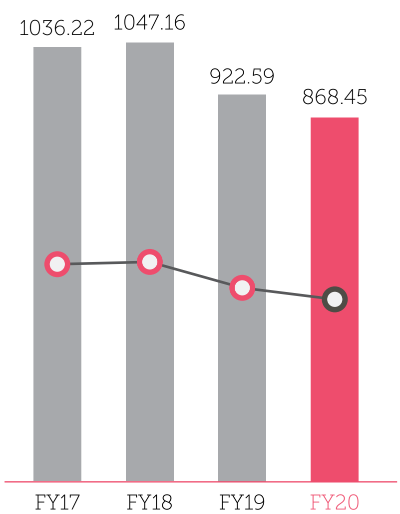
Working capital sanction (%)



Lower debt

The Company graduated to a lower debt (long-term and short-term) that made it possible to grow the business with relatively less debt

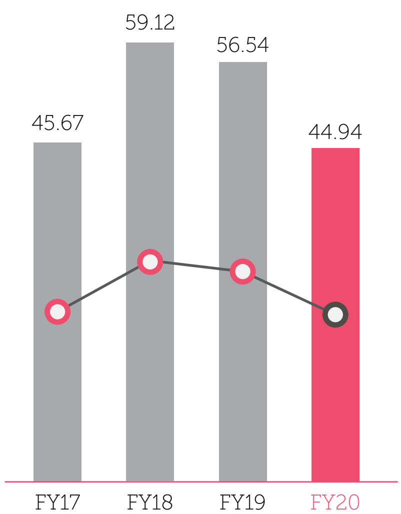
Consolidated debt (Rs. crore)



Lower interest outflow

The decline in the Company's debt moderated interest outflow

Interest outflow (Rs. crore)



The Sutlej digital library for Home Furnishing

There was a time when Sutlej marketing executives would carry a range of product swatches that were presented to prospective buyers.

During the year under review, Sutlej made a decisive change in its marketing approach: the marketing executives would not travel as much as in the past; in the event that they did travel to interface with prospective customers, they would carry less baggage.

This transformation was achieved through a forward-looking investment by the Company in a digital library. This library comprises an extensive range of the Company's products showcased virtually; the library will empower prospective customers to simulate products around different colours and finishes.

This digital library – launched during the lockdown that commenced in April 2020 – has transformed the way the Company's Home Furnishings will be marketed to customers across the future. It will shrink the turnaround time to onboard customers, make it possible for customers to find exactly what they want and make it possible to market a larger number of products to the same customer.

Sutlej's hygiene yarns and environment-friendly fabric

At Sutlej, we have always prided on being a responsive manufacturer.

Following the outbreak of the pandemic, the Company shifted its portfolio mix towards the manufacture of 'hygiene yarns.'

These hygiene yarns comprized anti-microbial yarns and performance finishes.

These yarns are not just hygiene-centric; they are value-added. Besides, they address the growing need of consumers to move towards holistic safety.

Besides, the Company provided a range of fabric finishes (tropica, anti-bacterial and anti-viral), considered ideal for hospital, hospitality and other health-sensitive environments.

The complement of these two products categories will deepen the Company's recall as a sensitive manufacturer responding to the evolving needs of the world.

5 strategies to enhance shareholder value

01 Value-addition	Deeper focus on value-added ring spun dyed yarns Increasing value added products in our overall product offerings Cost reduction and optimization of efficiencies Increasing market penetration across geographies Increasing share of yarns for non-apparel end use Introduction of new range in home furnishing products Strengthened design, development and marketing of home furnishing products
02 Funds management	Focus on shorter receivables and superior liquidity Strengthen debt-equity ratio; reduce interest outflow Protect credit rating and low debt cost
03 Backward integration	Commission the green fibre project in 2020-21 Largely directed at captive consumption
04 Stronger cost management	Increasing automation; moderating manpower Renewable energy investment to moderate high electricity costs Exploring improvements in thermal efficiency
05 Modernization benefits	Modernization of spindles and process house Superior product quality and operating efficiency Effective cost reduction

How our business model is directed to enhance stakeholder value

How we protected our overall competitiveness in an integrated, inclusive and sustainable way in 2019-20

Overview

The Integrated Value-Creation Report represents the cornerstone of corporate success. This new measure overcomes the limitations of the conventional approach with a more comprehensive framework that captures a wider set of initiatives and addresses a larger family of stakeholders.

The Integrated Reporting approach explains the sectorial context, analyses corporate strategy and competitiveness leading to different reporting strands (financial, management commentary, governance and remuneration, and sustainability reporting) integrated to express an organization's holistic ability to enhance value.

Integrated Reporting explains to providers of financial capital how an organization enhances value. Its impact extends beyond financial stakeholders; it enhances understanding across all stakeholders - including employees, customers, suppliers, business partners, local communities, legislators, regulators and policy-makers - focused on an organization's ability to improve value across time. This shift from the 'hard' to 'soft' (non-financial data) helps screen a Company more comprehensively, addressing the growing needs of external stakeholders.

The context of our sector

Income growth: India is among the most under-consumed global geographies from a per capita perspective, creating a compelling multi-year growth proposition for product manufacturing companies that offer a superior price-value proposition.

Social media: The social media is highlighting personal vanity, which is driving textile consumption.

Wider choice and consumption: Clothes are purchased for different occasions, applications, locations and utilities.

Technology: Investment in digital manufacturing technologies are not only upgradable but also scalable, helping reduce manufacturing costs and follow-on expenditure.

Greater customization: A number of textile companies have extended from the manufacture of basic fabrics and apparel to customized products (around the local geography, age, gender and climates).

Informalization: There is a greater casualness in society, marked by the growing use of a range of products like T-shirts, sweatshirts, shorts and track suits, generating demand for specific yarns and fabrics.

Demographics: The world is getting younger – not only in age in a number of countries but also in mindset, opening age groups to a wider range of textile products, colours, finishes and sizes.

Easier to buy: It is easier to buy textile products today than ever – with the click of a button after having screened hundreds of product options coupled with product returns assurance.

Fashion labels and advisory support: There has been a significant growth in the number of brand labels the world over coupled with advisory blogs on what labels are worth buying.

Organized: India's textile sector has evolved following GST introduction (reducing the cost differential between the organized and unorganized sector, benefiting the former).

The tangibles of our capability

Products: The Company manufactures spun dyed yarn and home textiles, capitalising on personal and home pride.

Niche: The Company manufactures niche yarns (cotton blended dyed and cotton mélange) and home textiles (upholstery / curtains); all yarn investments after 2004 have been in specialized equipment.

Market creation: The Company is focused on the creation of new markets (yarn and home textiles) through the manufacture of innovative products.

Sales approach: The Company has selected to focus on the sell-and-make approach, protecting it from unsold finished products inventory and a long working capital cycle.

Locations: The Company's manufacturing facilities are located in 4 locations, proximate to raw material delivery centres and logistical networks.

Technologies: The Company invested in cutting-edge technologies.

Integration: The Company is integrating its business backward with the objective to moderate costs and enhance resource security (green fibre and renewable power).

Footprint: The Company's manufacturing facilities are located in North and West India and sales footprint across India and the world (around 60 countries).

Environment friendliness: The Company invested in a recycled fibre manufacturing facility to enhance environment-friendliness, brand respect, resource traceability, offtake and value-addition.

Acquisitions: The Company acquired a manufacturing facility viz. Birla Textile Mills and the intangible assets of American Silk Mills, fast-tracking the Company's presence in the yarn and home textile segments.

Surplus allocation: The Company intends to allocate its surplus for backward integration projects on the one hand (reducing costs) and increasing spindles dedicated to the manufacture of value-added yarns / home textiles.

Forex management: The Company selects to completely hedge its foreign exchange earnings, minisiming the possibility of reporting gains / losses, enhancing the credibility of the stated operating numbers.

The intangibles of our competence

Recall: The Company widened its product portfolio that strengthened its positioning as a single-stop solution provider accounting for a large customer wallet share. Sutlej's business is brand-driven. Over the decades, the Company's brand has generated distinctive recalls: pioneering (new product introduction), quality (high performance on customer machines), dependable (client welfare) and accessible (grievance redressal).

Governance: At Sutlej, we believe that committed governance represents the foundation of organizational credibility. The Company comprises Directors with proven standing; it broad-based the Board with adequate Independent Directors supported by focused committees across specific functions.

Discipline: The Company has structured its business around strategic business units (yarn domestic, yarn exports, home textiles, finance, human resources etc.) to enhance accountability and performance.

Customer mix: The Company addresses the growing needs of organized (large and branded) and unorganized (small and less formalized) customers within India and abroad, covering the widest spectrum of downstream weavers.

Knowledge: Sutlej's competitiveness is derived from the knowledge of its people – 16,254 employees. Nearly 75% of the Company's employees were with the Company for more than five years as on 31st March 2020.

Our overall value enhancement strategy

At Sutlej, we believe that the interplay of value for our various stakeholders has translated into our business profitability and sustainability.

Enhancing stakeholder value

Our employees represent the aggregate knowledge of how to grow the business across a range of functions (procurement, manufacturing, marketing technology, finance, etc.).

Our shareholders provided capital when we went into business.

Our vendors provide credible and a continuously supply of resources (fibre and services).

Our customers keep us in business through a consistent purchase of products, generating the financial resources to sustain our operations.

Our communities provide the social capital (education, culture, etc.)

Our governments in the areas of our presence provide us with a stable structural framework that ensures law, order, policies, etc.

The resources of value-creation

Financial capital: The financial resources that we seek are based on funds we mobilise from investors, promoters, banks and financial institutions in the form of debt, net worth or accruals.

Manufactured capital: Our assets, technologies and equipment for service delivery constitute our manufactured capital.

Human capital: Our management, employees form a part of our workforce, the experience and competence enhancing value.

Intellectual capital: Our focus on cost optimization and operational excellence, as well as our repository of proprietary knowledge account for our intellectual resources.

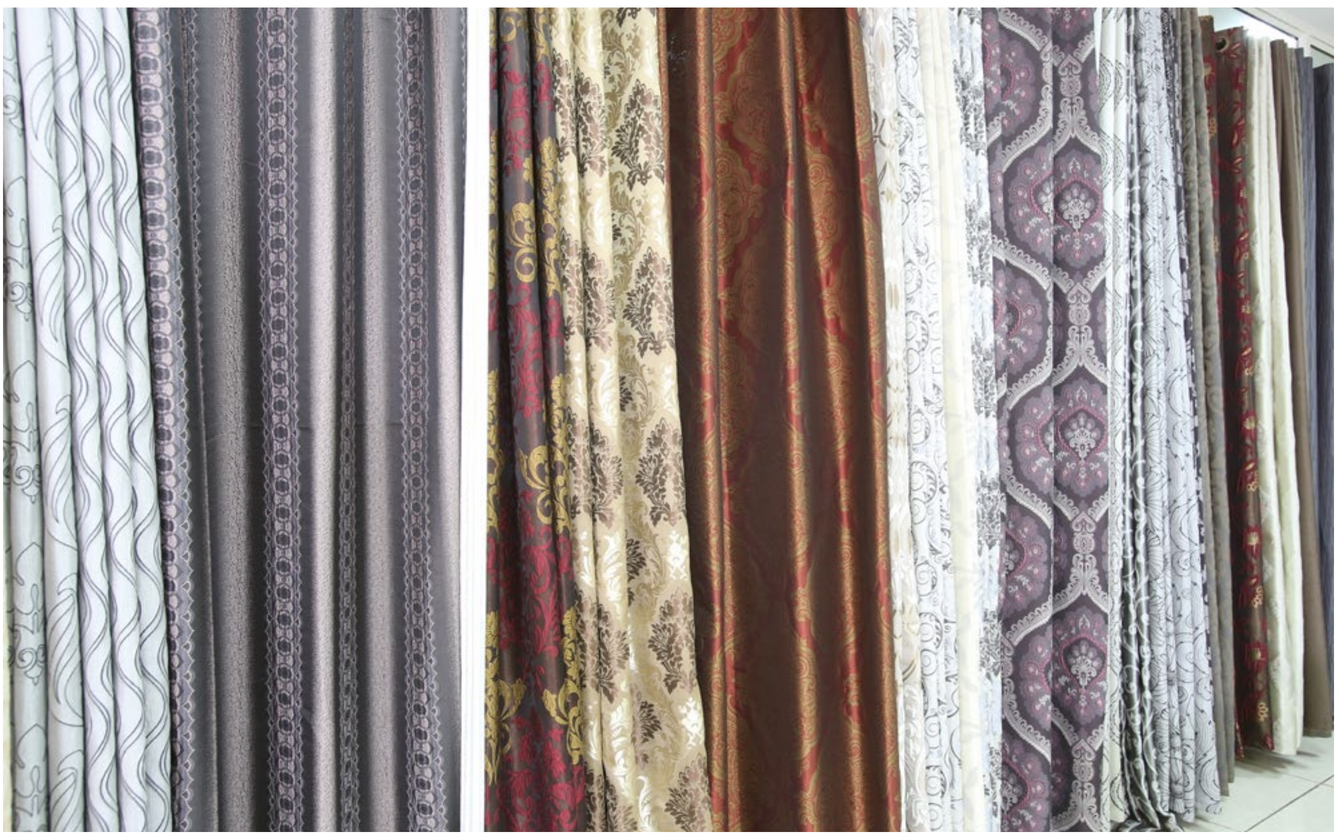
Natural capital: We depend on nature and have a moderate impact on the natural environment.

Social and relationship capital: Our relationships with communities and partners (vendors, suppliers and customers) influence our role as a responsible corporate citizen.

At Sutlej, we believe that the prudent interplay of the value generated by each ensures business sustainability and the ability to enhance organizational value.

Our value-enhancement matrix

Strategic focus	Key enablers	Material issues / addressed	Capitals impacted
Vendor focus	Sutlej provides a robust platform for long-term vendors	Superior use of cutting-edge technologies leading to solution differentiation	Manufactured, Financial, Intellectual
Shareholder focus	Sutlej emphasizes governance, operational excellence, cost leadership and information transparency	Creating the basis of long-term viability through a superior price-value proposition	Financial, Intellectual, Natural, Social and Relationship
Customer focus	The Company's products are marked by high product integrity and delivery timeliness The Company services customers across around 60 countries	Enhancing revenue visibility through multi-year customer agreements	Intellectual, Social and Relationship
Employee focus	Sutlej is an employer of more than 16,254 people across locations	Creating a professional culture seeking overarching excellence in everything the Company does	Intellectual, Human
Community focus	Sutlej is a responsible corporate citizen Sutlej invested in renewable energy, sewage treatment, recycling and zero liquid discharge as part of its commitment to a cleaner world	Empowers the community to provide a robust growth fabric	Social and Relationship, Natural
Government focus	Sutlej pays taxes in the geographies of its presence, generates local employment, complies with laws and statutes and enriches the communities where it is present The Company generated Rs. 713.43 crore in foreign exchange earnings in 2019-20	Empowers the government in its humble way to invest in nation-building	Intellectual, Manufactured, Social and Relationship



Business segment#1

Specialized yarns

2265.55
(Rs. crore) Revenue in 2019-20

214.90
(Rs. crore) EBIDTA in 2019-20

92.81
(Rs. crore) Profit before tax & exceptional item in 2019-20

93.31
(%) Capacity utilization 2019-20

- Yarn segment – 95% of the Company's revenues
- India's largest spun-dyed and cotton mélange yarn manufacturer
- 419,640 yarn spindles (as on 31st March, 2020)
- ~ 34% dedicated to mélange yarn and ~ 66% dedicated to various blends
- Marquee clients; B2B business model
- Capacity utilization ~93.31%
- Average yarn count of 26.39

Overview

Sutlej graduated from the manufacture of commoditized grey commodity yarn affected by declining margins and realizations. The Company evolved its focus on specialized yarn (cotton blended yarn and mélange yarn), offering natural and manmade yarns in various blends (grey, dyed and mixture) across count ranges (6-60). The Company has since emerged as one of the most respected spun-dyed and mélange yarn manufacturers in India.

By the virtue of being one of the largest producers of value-added cotton blended spun yarns in India, Sutlej has reconciled volume with value.

What makes the Company a differentiated player is that it enjoys multi-year engagements with demanding fabric manufacturers, is a Company of preferred recall when downstream customers need to introduce new varieties and a committed developer of diverse blends and shades.

The Company is present across the yarn value chain (cotton to polyester to viscose to acrylic to modal to lycra to teflon to linen). This versatility has made it possible to blend diverse raw materials and generate innovative products, treatments and finishes. The Company possesses the distinctive ability to manufacture multi-fiber (synthetic and natural) yarns across diverse applications (grey, dyed and mixed) and counts (6-60), empowering customers to launch distinctive products and strengthen their competitiveness.

Capacity

The Company manufactures specialized yarns in Rajasthan Textile Mills in Bhawanimandi (Rajasthan), Birla Textile Mills in Baddi (Himachal Pradesh) and Chenab Textile Mills in Kathua (Jammu and Kashmir). These units have been invested with contemporary assets, rich knowledge cum experience and supply chains resulting in enhanced customer assuredness and dependability. The Company enhanced spindleage from 1,55,456 in 2005 to 4,19,640 in 2020.

Portfolio

The Company manufactures a range of specialized yarns. The Company has emerged among select specialized manufacturers of specialty yarns (lycra, coolmax, modal and tencel yarns, among others) and the largest modal yarn manufacturer (licensed from Lenzing, Austria). The result is that the Company has reinforced its position as a single-point solution provider for a range of customers.

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

Premium varieties: Micro-polyester (soft touch) *Micro-acrylic (for chenille) *Micro-modal (super-soft silky) *Hamel covered yarns (stretch) *Low piling yarns *Carpet backing and pile yarns *Ready-to-dye package yarns *Cationic dyeable yarns *Tencel *Soy milk fibre yarns *100%-bamboo

Market realities

Over the years, the textile sector has been challenged by increased changes in consumer preferences, growing fashion orientation, shortening fashion cycles and an increased need for innovative specialized yarns.

During the year under review, domestic challenges comprized erratic offtake and realizations quarter on quarter. The Company responded with a complete production of spun dyed yarn, which helped counter market shifts and protect realizations.

During the year under review, the Company focused on new product development. It developed a fancy shorting count yarn, manufactured a yarn variety that addressed the exporter segment and developed the Kolkata market. To strengthen viability, the Company increased the proportion of recycled fibre within its resource mix.

To protect itself from the challenges of nursing a large inventory, the Company continued to focus on make-to-order. To address the incidence of marketplace volatility, the Company strengthened its service (quality, timely delivery, superior price-value, wider yarn mix, superior compatibility with downstream customer machines), strengthening its recall as a preferred supplier.

As a long-term initiative to enhance customer confidence, the Company's manufacturing units were invested with contemporary manufacturing technologies experienced professionals.
The list of certifications that the Company has is given below:
ISO 14001 : 2015, ISO 45001 : 2018, ISO 50001 : 2018, ISO 9001 : 2015, ISO 13485 : 2016, Global Recycle Standard (GRS), Global Organic Textile Standard (GOTS), Oeko-Tex Standard 100, Supima Certificate, Fair Trade Certification, Organic Content Standard (OCS) Certificate, SA8000 : 2014 - Social Accountability. The Company is cautiously optimistic of prospects on account of a weakening of the rupee that is expected to protect the Company from Chinese imports into India.

The Company serviced the needs of marquee clients like Page Industries, Westside, Marks & Spencer, Brandix, Arvind, JC Penney, Monte Carlo and Welspun Ind. among others. The Company's B2B business model generated over 60% revenues from the organized sector. The sustainability of the business was derived from low customer and geographic concentration.

During this period, the Company substantially increased its manufacturing capacity of specialty Lycra twisted polyester-viscose yarn and strengthened development centres to produce value-added and fancy yarns.

In 2020-21, the Company's domestic business will be focused on selling all that it makes, service customers and enhance liquidity. To offset the decline in demand of suiting-based yarns where the Company is largely present, there will be a greater focus on non-apparel and medical textiles applications. There will be a deeper commitment to sell-and-make, address the increase in rural and non-metro offtake and stay operationally lean.

On the exports front, competition increased from China in niche product segments. Besides, India's currency weakened against the US dollar in the later part of the financial year under review. The Company promoted synthetic and synthetic blended yarn manufactured from recycled fibre in the international markets. The Company customized products around the downstream needs of the health care, industrial, automotive and non-woven segments. A consistency of product applications strengthened customer relationships. The investment in recycled fibre manufacture (to be commissioned) as well as environment friendly initiatives (zero liquid discharge and renewable energy) reinforced the Company's respect as a holistically responsible manufacturer. The result was that the Company deepened its relationships in some of the most demanding European geographies like Germany, where the Company serviced the needs of a prominent retain chain. The Company addressed customers in around 60 countries, making it one of the largest Indian exporters of polyester-viscose blended yarns from India. The Company finished the year with yarn exports of Rs. 707 crore. The Company is a Three Star Export House Status holder.

Going ahead, the Company will continue to generate new environment friendly and hygiene-centric products using sustainable and eco-friendly fibres. The objective will be to broadbase the Company's presence across a larger number of countries, engage deeper with customers and carve away a larger wallet share. The Company intends to address a growing traction among global buyers for seeking non-Chinese suppliers in an attempt to broadbase their purchase.

Business strengths

The Company enjoys a 'supermarket' recall to customers on account of it possessing the capacity and capability to provide a complete range of spun dyed yarns, one of the few companies in the world with this competence.

The Company has positioned itself as one-stop solution provider by the virtue of an SKU range running into hundreds of yarn varieties. The Company possesses the ability to provide any product, any quantity and any quality needs of fancy and specialized dyed yarn buyers that comprise prestigious apparel exporters.

The Company enjoys a complete focus on dyed yarns, which generate realizations higher than the prevailing grey yarn average.

The Company is the largest Indian player in its space, marked by multi-year relationships with large international traders servicing customers across 60 geographies.

The Company enjoys the advantage of a presence in different markets – 31% of revenues were from exports in 2019-20.

The Company has been a consistent introducer of fancy and specialized dyed yarn varieties (counts ranging from 6s to 60s) supported by dedicated sampling plants.

The Company's operations are specialized enough for manufacturing operations to be respected as centres of excellence.

1,65,410
Number of cotton mélange spindles

2,54,230
Number of man-made fibre spindles

**Figures relevant as of 31st March, 2020*

Business segment#2

Home Textiles

- 5% revenue share
- Exports 18% of revenues
- Focus on curtains and upholstery
- Capacity 9.6 million m/annum
- Leading home décor producer and exporter
- Latest design and manufacturing technology
- State-of-the-art weaving and processing facility
- 126 looms

Overview

Sutlej Textiles made a synergic diversification in its business when it extended from the manufacture of specialized yarns to home textiles in 2006.

The new business was synergic for good reasons: it leveraged the same distribution network in India and abroad; it often addressed a larger share of the customer's wallet; it leveraged a holistic knowledge pool from within the Company; it extended the Company's value from yarn to a value-added end product; it strengthened the Company's brand and visibility as it moved the Company a step closer to actual users; it broadbased the Company's risk profile from an excessive dependence on yarns towards home textile fabrics.; it widened the Company's personality as a more holistic textiles Company.

Besides, the Company extended into this business inspired by growing interiors pride and consumer awareness. The Home Textiles business extended from the functional to the pride-enhancing fashion segment. Few players addressed the country's formal sector; the market is beginning to evolve from large volume commodity manufacture to small batches of personalized design. The business has capitalized on the rich experience of American Silk Mills; the latter will be the Company's branded product in the marketplace. The business provides large volumes to prominent textile brands.

The Company brought to this business a corresponding technology investment. The Company invested in cutting-edge equipment, state-of-the-art software, back-end testing laboratory, wide range (upholstery and curtains), fast-moving designs and collaborations with reputed European studios.

Based on attractive traction, the Company trebled its manufacturing capacity in FY 2016-17. However, the business is yet to scale as the Company addressed challenges in manufacturing, marketing and people bandwidth in the last couple of years.

Challenges, 2019-20

The challenges encountered by the Company during the year under review comprized the following: economy sluggishness affected consumer sentiment; the absence of a large products portfolio could evoke choice and interest; the relatively low scale of operations made it difficult to cover overheads, interest and depreciation; the home textiles business comprized a manufacturing cum sales cycle that was longer than that of yarn.

The Company strengthened the product portfolio, leveraging ASM's design expertise and US presence. There was a focus on higher-end markets in developed countries, building world-class design capabilities, improving the product mix and broadening the product portfolio.

Financial highlights, 2019-20

- The home textiles business accounted for 5% of the Company's revenues.
- Average realizations were Rs. 164 / metre compared with Rs. 158 / metre in 2018-19.
- The business marketed products in around 16 countries and scaled relationships with large Indian wholesalers.
- The business was affected by a slowdown in furniture offtake.

Outlook, 2020-21

The Home Textiles manufacturing plant at Damanganga became operational following the lockdown, the focus being on production and shipments without cancellations and timely payments realization. Key equipment was installed; trial runs for processing, yarn dyeing and fancy yarn manufacture will help broaden the portfolio.

The Home Textiles business launched a digital product library comprising sophisticated virtual meeting platforms for the exchange

Damanganga Home Textiles

Location: Daheli (Gujarat)

Product: Home textile furnishings

Capacity: 9.6 million metres per annum (126 shuttle-less looms)

Our Home Textile products

- Readymade curtains
- Duvet covers
- Cushion covers
- Bed runners
- Table runners

Taking the Home Textiles business ahead

- Focus on design-intensive curtains and upholstery
- Sale through catalogues and wholesale distribution networks
- Focus on exports that offer superior realizations
- Introduction of digital library

of new products and ideas in the current financial year. The project involves co-creation through the exchange of high resolution images and look books.

The Company intends to deepen its engagement with customers on social media platforms to track market trends. The Company introduced products like masks, protective gear and adjacencies in the health and hygiene segments during the current year. The Company will explore the drapery segment and the introduction of silk for therapeutic benefits with American Silk Mills. It will introduce products with new finishes (antiviral etc.). It will explore existing channels to offer protective gear once exports are permitted along with relevant certification.

American Silk Mills intends to explore the growing upholstery needs of furniture manufacturers and reupholsters. The business launched its online presence with sites like Wayfair & Perigold; it launched a second e-commerce presence with FashionPillows.com and will launch a virtual showroom in the absence of Spring 2020 Showtime. The business obtained 56 new SKU placements with leading furniture manufacturers. It launched and presold the Residential Drapery Program.

The strengths that we bring to this business

Specialized: The manufacture of fabrics using fancy yarns

Competitive: The manufacture of the right product at the right cost in the right location

Competence: A strong design team customizing products as per respective market choices

Leverage: The Company (produced 4,60,000 metres / month in FY 2019-20) possesses an installed capacity of 8,00,000 metres / month

Corporate social responsibility

Overview

At Sutlej, we play the role of a responsible corporate citizen. We paid forward to society from the time we went into business and well before CSR became mandatory for organizations.

Our role is defined by a number of priorities.

One, we believe in sharing our success with communities.

Two, our corporate social responsibility projects are aligned with national and regional priorities.

Three, we have extended beyond mere cheque-writing to a deeper engagement with the objective to make a lasting difference.

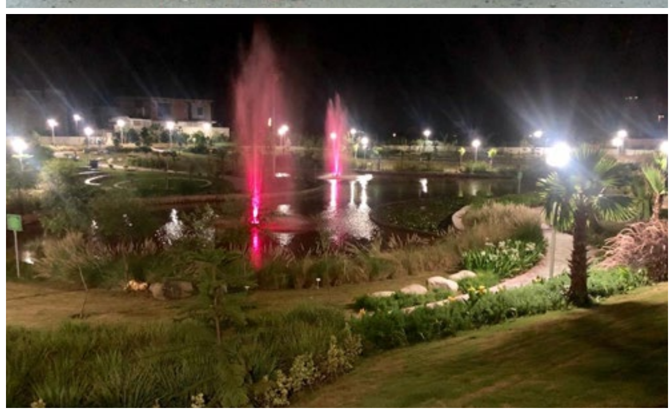
Four, we partner specialized agencies who possess deeper on-ground experience and understanding.

Five, we believe in making initial investments where a moderate engagement from our side can translate into disproportionately larger societal impact.

Six, we focus on responsible engagement where we empower beneficiaries to assume control of their lives.

Commitment, 2019-20

The Company invested Rs. 279.33 lakh in CSR initiatives during the year under review. The Company focused on initiatives in the areas of education, health and sanitation, environmental sustainability, rural development, sports development and animal welfare.



Healthcare and sanitation

- Provided life-saving medical equipment to the Rotary Hospital
- Donated an ambulance to government hospital, Kathua
- Donated a waste pick-up mini truck with hooper and wheel-type dustbins

Education

- Constructed classrooms, toilets, water tanks and other infrastructures at local government schools
- Distributed free books and uniforms to underprivileged children

Environment sustainability

- Constructed and developed a public utility park in Kathua
- Undertook various tree plantation programmes in and around the areas of its manufacturing facilities
- Distributed free cotton shopping bags to promote environmental sustainability

Rural and social welfare

- Renovated a senior citizen's home in Kathua
- Installed multiple CCTV cameras to increase security in rural areas
- Distributed free food packets to the people affected by floods
- Renovated multiple crematoriums

Animal welfare

- Improved infrastructure of gaushalas for old and sick cows

Corporate Information

Board of Directors

Mr. C. S. Nopany - Executive Chairman

Mr. U. K. Khaitan

Mr. Rajan Dalal

Mr. Amit Dalal

Mr. Rajiv K. Podar

Mrs. Sonu Bhasin

Mr. Rohit Dhoot

Mr. Ashok Mittal

Mr. Bipeen Valame - Wholetime Director and CFO

Executives

Corporate office

Mr. S. K. Khandelia - President & CEO

Mr. Updeep Singh Chatrath - Dy. Chief Executive Officer

Mr. Bipeen Valame - Wholetime Director and CFO

Mr. Manoj Contractor - Company Secretary & Compliance Officer

Unit Heads

Kathua Unit
Mr. Umesh Gupta - Executive President

Bhawanimandi Unit
Mr. H. M. Vashisth - Executive President

Baddi Unit
Mr. Rajiv Gupta - Executive President

Daheli Unit
Mr. Pradip Sharrma - Sr. Vice President (Works)

Auditors

M/s. BSR & Co., LLP
Chartered Accountants
Building No. 10, 8th floor, Tower - B
DLF Cyber City, Phase - II
Gurgaon - 122 002

Registrar & Transfer Agent

M/s. Link Intime India Pvt. Ltd.
C-101, 247 Park
L.B.S. Marg, Vikhroli (West)
Mumbai 400083
Tel. (022) 49186270; Fax (022) 49186060
Email id: rnt.helpdesk@linkintime.co.in

Bankers

Punjab National Bank
The Jammu & Kashmir Bank Limited
HDFC Bank Limited
State Bank of India
Bank of Maharashtra
United Bank of India
IDBI Bank Limited
Bank of Nova Scotia
DCB Bank Limited
DBS Bank Limited
ICICI Bank Limited
Standard Chartered Bank

Registered Office

Pachpahar Road
Bhawanimandi 326 502, Rajasthan

Manufacturing Units

Rajasthan Textile Mills
Bhawanimandi-326 502
Rajasthan

Chenab Textile Mills
Kathua 184 102
Jammu & Kashmir

Birla Textile Mills
Baddi 173 205
Himachal Pradesh

Damanganga Units
1) Home Textiles
2) Processing
Village - Daheli
Near Bhilad 396 105, Gujarat

Financial Highlights (Standalone)

(Rs. in crore)

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
Revenue from Operations	2,379.43	2,561.64	2,453.94	2,249.62	2,074.03
Total Income	2,404.72	2,589.37	2,487.53	2,284.60	2,107.76
Earnings Before Depreciation Impairment, Finance Cost and Taxes (EBDIT)	203.49	246.97	280.75	317.01	302.11
Depreciation, Impairment and Amortisation	99.53	100.58	106.58	85.02	79.84
Profit before Tax and Exceptional Items	59.02	89.85	115.05	186.12	176.70
Exceptional Items	4.36	-	41.83	2.34	-3.88
Profit before Tax	54.66	89.85	156.88	188.46	172.82
Profit after Tax	36.12	65.70	113.13	157.94	143.46
Equity Dividend (%)	30	65	130	130	130
Dividend Payout	4.91	12.83	25.63	25.63	25.63
Equity Share capital	16.38	16.38	16.38	16.38	16.38
Reserves and Surplus	954.62	930.45	890.20	799.59	666.95
Networth	971.00	946.83	906.58	815.97	683.33
Gross Fixed Assets	2,312.53	2,085.65	2,061.88	1,990.31	1,655.84
Net Fixed Assets	1,210.79	1,074.03	1,118.88	1,139.41	877.23
Total Assets	2,117.52	2,130.56	2,181.75	2,045.17	1,675.48
Market Capitalisation	321.10	647.12	1,164.82	1,347.65	750.34
Capital Employed	1,838.48	1,869.42	1,953.73	1,852.19	1,490.93

Key Indicators

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
Earning Per Share (Rs.) $	2.20	4.01	6.91	9.64	87.57
Book Value per Share (Rs.)	59.27	57.80	55.34	498.06	417.10
Debt Equity Ratio	0.89:1	0.97:1	1.15:1	1.27:1	1.18:1
EBDIT / Gross Turnover (%)	8.55	9.64	11.44	14.19	14.57
Net Profit Margin (%)	1.52	2.56	4.61	7.02	6.92
Return on Networth (%)	3.72	6.94	12.48	19.36	20.99
Return (PBDIT) to Capital Employed (%)	11.07	13.21	14.37	17.23	20.26

$ EPS adjusted for sub division of Equity Shares in 2017-18 from Rs. 10/- to Re. 1/- each.

Directors' Report

To the members,

SUTLEJ TEXTILES AND INDUSTRIES LIMITED

Your Directors are pleased to present the Fifteenth Annual Report, together with the audited financial statements of your Company for the year ended 31st March, 2020.

1. FINANCIAL RESULTS

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with The Companies (Accounts) Rules, 2014. The financial statements for the financial year ended 31st March, 2020 as well as comparative figures for the year ended 31st March, 2019 are Ind AS compliant.

The financial highlights of your Company for the year ended 31st March, 2020 are summarized as follows:

(Rs. in crore)

Particulars	Standalone		Consolidated	
	Year ended 31st March, 2020	Year ended 31st March, 2019	Year ended 31st March, 2020	Year ended 31st March, 2019
Total Income	**2,404.72**	**2,589.37**	**2,442.02**	**2,641.64**
EBITDA	203.49	246.97	197.50	239.85
Less: Depreciation	99.53	100.58	101.10	100.79
EBIT	103.96	146.39	96.40	139.06
Less: Finance Cost	44.94	56.54	45.70	56.54
Profit before exceptional items and tax	59.02	89.85	50.70	82.52
Less: Exceptional items	4.36	-	4.36	-
Profit Before Tax	54.66	89.85	46.34	82.52
Less: Tax	18.54	24.15	18.64	24.26
Profit after Tax	**36.12**	**65.70**	**27.70**	**58.26**

2. DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 0.30 per share for the year ended 31st March, 2020, subject to shareholders' approval at the forthcoming 15th Annual General Meeting (AGM) of the Company. The total outgo on account of dividend to the shareholders will be Rs. 4.91 crore (subject to deduction of TDS as per Section 194 of the Income Tax Act, 1961).

3. COVID - 19

The outbreak of COVID-19 and resultant lockdown by Government from the month of March 2020 has significantly affected normal working of the Company due to temporary shutdown of all our manufacturing facilities and classification of our products as non-essential.

The management is monitoring the situation closely and has started operating its manufacturing facilities in a phased manner from 3rd week of April, 2020 with limited capacity utilization which was gradually ramped up and is presently operating at around 50% capacity. The Company is trying to further ramp up the capacity utilization as early as possible. In the short term, it is therefore expected that manufacturing activity will be below normal. The Company anticipates normal operations going forward as the situation all across is gradually expected to improve with lifting of lockdown by the Government.

All the manufacturing facilities have been sanitized so that our people are safe and secure. All safety protocols like temperature sensing, wearing of safety gears (masks, goggles, face shields), social distancing, sanitizing and washing of hands are being adhered to very stringently.

The ripple effect of this shutdown will have an impact on all economies of the world including India, as most business sectors have been affected resulting in low revenue and profitability due to an eventual halt / slow down on the purchase of products by consumers.

4. FINANCE

4.1 Your Company continues to focus on judicious management of its working capital. Receivables, inventories and other working capital parameters were kept under strict check through a process of continuous monitoring.

4.2 Rating

As at the end of the financial year, your Company has been assigned a rating of:

i. CARE A+ Outlook : Stable (Single A Plus) for Long Term Bank Facilities signifying adequate degree of safety regarding timely servicing of financial obligations. Such facilities carry low credit risk.

ii. CARE A1+ (A One Plus) for Short Term Bank Facilities (including Non-Fund based) and Commercial Paper signifying very strong degree of safety regarding timely payment of financial obligations. Such facilities carry lowest credit risk.

4.3 Deposits

Your Company has discontinued its Fixed Deposit Scheme with effect from 31st March, 2014 and has not accepted any public deposits during the year under review. As on 31st March, 2020, there were no unclaimed / outstanding deposits or accrued interest with respect to deposits.

4.4 Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees and Investments made by your Company and covered under the provisions of Section 186 of the Act are appended as notes to the financial statements.

5. EXPANSION, MODERNIZATION AND OTHER CAPITAL PROJECTS

The financial year under review witnessed substantial expansion activities carried out by your Company through organic means.

5.1 Expansion Projects

The details of the expansion projects undertaken are given below:

5.1.1 Greenfield project – Setting up of a Green Fibre project to manufacture Recycled Polyester Staple Fibre by recycling of pet bottles

Green Fibre project to manufacture Raw White & Black Recycled polyester staple fibre with capacity of 120 mt/day is under implementation at Baddi, HP. The outbreak of Covid-19 pandemic has impacted businesses world over including India. As a consequence, the project startup and commissioning of the Recycled PSF project has been impacted due to travel ban by China in late March 2020 and subsequently by India, which has resulted in cost and time overrun. The Company is actively pursuing with the Government of India for early grant of visa and travel permission to the foreign engineers in order to start up the project at the earliest.

5.1.2 Modernization, up-gradation and de-bottlenecking projects

Your Company has invested an amount of Rs. 63 crore on technology up-gradation and de-bottlenecking. This will result in further improvement in efficiency and sustaining plant utilization.

Your Company has invested an amount of Rs. 26 crore on modernization project under implementation at its Home Textiles manufacturing facility at Damanganga. This will result in value addition and improvement in quality.

6. SUBSIDIARIES

The Company has a wholly owned subsidiary in the USA viz. Sutlej Holdings, Inc., which in turn has a wholly owned subsidiary viz. American Silk Mills, LLC. The acquired business of American Silk Mills is housed in American Silk Mills, LLC. Further, pursuant to the provisions of Indian Accounting Standard 110 (Ind AS - 110) prescribed under the Companies (Accounting Standards) Rules, 2006, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations, 2015) and as prescribed by the Securities and Exchange Board of India, consolidated financial statements presented by the Company include financial information of subsidiary companies, which forms part of the Annual Report. The highlights of financial performance of the Company's subsidiaries for the financial year 2019 - 20 are disclosed in form AOC – 1. Your Company has also formulated a policy for determining material subsidiaries, which is available on the website of the Company at the web link: http://sutlejtextiles.com/pdf/Policies%20&%20Codes/Material%20Subsidiary%20Policy.pdf

7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The detailed review of the operations, performance and outlook of the Company is given separately in the Management Discussion and Analysis Report as required under Regulation 34 of the Listing Regulations, 2015 by way of "Annexure I" to this report.

8. DIRECTORS AND KEY MANAGERIAL PERSONNEL

8.1 Change in Directors and Key Managerial Personnel

Mr. Ashok Mittal (DIN: 00016275) was appointed as a Non - Executive Director of the Company by the members at the AGM of the Company held on 22nd August, 2019 w.e.f. the date of said AGM.

8.2 Re-appointment of Directors

a) Mr. Rohit Dhoot (DIN: 00016856), a Director of the Company retires by rotation and being eligible offers himself for re-appointment.

b) Mr. Bipeen Valame (DIN: 07702511) Wholetime Director and CFO of the Company, has been re-appointed as the Wholetime Director of the

Company with effect from 09th February, 2020 for a period of three years.

Necessary resolutions seeking approval of the members for directors proposed to be appointed / re-appointed, along with their respective brief profiles, have been incorporated in the Notice of the ensuing AGM.

8.3 Independent Directors

All the Independent Directors of the Company have been appointed for a fixed term of 5 (five) consecutive years from the date of their respective appointment / regularization in the AGM and they are not liable to retire by rotation. All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Listing Regulations, 2015.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise in the fields of strategy, planning and execution, management and leadership, functional and managerial experience, legal and risk management, corporate governance systems and practices, finance, banking and accounts and they hold highest standards of integrity.

8.4 Board Effectiveness

8.4.1 Familiarization Policy

Pursuant to Regulation 25(7) of Listing Regulations, 2015, the Board has framed a policy to familiarize the Independent Directors about the Company. The policy is available on the website of the Company at the weblink: http://sutlejtextiles.com/pdf/Policies%20&%20Codes/Familiarisation%20Programe.pdf.

The familiarization policy of the Company seeks to familiarize the Independent Directors with the working of the Company, their roles, rights and responsibilities, vis a vis the Company, the industry in which the Company operates, business model, etc.

8.4.2 Board Evaluation

Pursuant to the provisions of the Act and Listing Regulations, 2015, the Board has carried out an evaluation of its own performance and that of the directors individually, as well as the evaluation of the working of the Board Committees. The manner of evaluation has been explained in the Corporate Governance Report.

8.5 Criteria for selection of Directors, KMPs and Senior leadership positions and their remuneration

The Board on the recommendation of the Nomination and Remuneration Committee has framed a policy for selection and appointment of Directors, Senior Management Personnel and their remuneration. The policy is available on the Company's website at the weblink: http://sutlejtextiles.com/pdf/Policies%20&%20Codes/Remuneration%20Policy.pdf.

The policy contains, inter-alia, principles governing directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of directors, etc.

8.6 Key Managerial Personnel

Pursuant to the provisions of Sections 2(51) and 203 of the Act read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following are the Key Managerial Personnel of the Company:

- Mr. S. K. Khandelia, President & CEO;
- Mr. Bipeen Valame, Wholetime Director & CFO; and
- Mr. Manoj Contractor, Company Secretary & Compliance Officer.

9. MEETINGS OF THE BOARD

A calendar of prospective meetings is prepared and circulated in advance to the Directors. The details of Board and Committee meetings held during the year under review, are given in the Corporate Governance Report forming part of this Annual Report. The gap between these meetings was within the prescribed period under the Act and Listing Regulations, 2015.

10. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. Your Company did not enter into any material related party transactions with Promoters, Directors, Key Managerial Personnel or other designated persons.

All Related Party Transactions are placed before the Audit Committee and also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on an annual basis for transactions which are of a foreseeable and repetitive nature. A detailed statement of such Related Party Transactions entered into pursuant to the omnibus approval so granted are placed before the Audit Committee for their review on a quarterly basis. Suitable disclosures as required by the Indian Accounting Standards (Ind AS 24) have been made in the notes to Financial Statements.

The Company has formulated a Related Party Transactions Policy for the purpose of identification and monitoring of such transactions. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website and is available at the weblink: http://sutlejtextiles.com/pdf/Policies%20&%20Codes/Policy%20on%20Related%20Party%20Transactions.pdf.

11. INTERNAL FINANCIAL CONTROL SYSTEMS

Your Company's Internal Financial Control Systems are robust, comprehensive and commensurate with the nature of its business, size, scale and complexity of its operations. The system covers all major processes including operations, to ensure reliability of financial reporting, compliance with policies, procedures, laws and regulations, safeguarding of assets and economical and efficient use of resources.

The Internal Auditors continuously monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the organisation's risk management with regard to internal control framework.

The policies and procedures adopted by the Company ensures orderly and efficient conduct of its business and adherence to the Company's policies, prevention and detection of frauds and errors, accuracy and completeness of the records and the timely preparation of reliable financial information.

The Audit Committee actively reviews adequacy and effectiveness of internal control systems and suggests improvements, for strengthening them in accordance with the business dynamics, if necessary. The Audit Committee also meets the Company's Statutory Auditors to ascertain their views on the financial statements, including the financial reporting system and compliance to accounting policies and procedures followed by the Company.

12. AUDITORS

12.1 Statutory Auditor

The Company's Auditors, M/s. B S R & Co., LLP, Chartered Accountants, (ICAI Firm Registration Number: 101248W/ W-100022), were appointed as the Statutory Auditors of the Company for a period of five years commencing from the financial year 2017-18 to hold office from the conclusion of the 12th AGM of the Company till the conclusion of the 17th AGM to be held in the year 2022. As required under Regulation 33 of the Listing Regulations, 2015 the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Report given by the Auditors on the financial statements of the Company is part of this Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

12.2 Internal Auditors

The Board of Directors upon the recommendation of the Audit Committee of the Board has appointed M/s. Singhi & Co., Chartered Accountants (Firm Registration Number: 302049E) as Internal Auditors of the Company. M/s. Singhi & Co. have confirmed their eligibility and have granted their consent to act as Internal Auditors of the Company for the financial year 2020-21.

12.3 Cost Auditors

In conformity with the provisions of Section 148 of the Act read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the Board on the recommendation of the Audit Committee, has appointed M/s. K. G. Goyal & Associates, Jaipur, Cost Accountants (Firm Registration Number: 000024) to audit the cost records relating to the Company's units for the financial year ending on 31st March, 2021, at a remuneration as specified in the Notice convening the 15th AGM.

As required under the Act, the remuneration payable to the Cost Auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, a resolution seeking member's ratification for the remuneration payable to M/s. K. G. Goyal & Associates, Cost Accountants is included in the Notice convening the 15th AGM.

12.4 Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s. R. Chouhan & Associates, Company Secretary in Practice, to undertake the Secretarial Audit of the Company for the year under review. The Report of the Secretarial Auditor annexed to this Report is self-explanatory and does not call for any further clarification. In addition to the above and pursuant to SEBI circular dated 8th February, 2019, a report on Secretarial Compliance for F.Y. 2019 - 20 has been submitted to stock exchanges. There are no observations, reservations or qualifications in the said report.

13. BUSINESS RISK MANAGEMENT

Pursuant to Regulation 17(9) of the Listing Regulations, 2015 the Company has laid down a robust risk management framework to inform the Board about the risk assessment and minimization procedures undertaken by the Company. Your Company has formed a Risk Management Committee, for timely identification and mitigation of risks as a better corporate governance practice.

The risk management framework is designed to identify, evaluate and assess business risks and their impact on Company's business. The risk assessment and minimization procedures are reviewed by the Board periodically to ensure that executive management controls risk through the mechanism of a properly defined framework. The framework is aimed at creating and protecting stakeholder value by minimizing threats and losses and identifying and maximizing opportunities.

14. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The requisite information with regard to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required to be disclosed pursuant to Section 134(3)(m) of the Act read with Rule 8 of The Companies (Accounts) Rules, 2014 is given to the extent applicable in "Annexure II", to this report.

15. CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of ethics and governance, resulting in enhanced transparency for the benefit of all stakeholders. Your Company has implemented all the stipulations enshrined in the Listing Regulations, 2015, and the requirements set out by the Securities and Exchange Board of India. The Report on Corporate Governance as stipulated under Regulation 27 of the Listing Regulations, 2015 forms part of this report as "Annexure III". The requisite Certificate from M/s. R. Chouhan & Associates, Company Secretary in Practice, confirming compliance with the conditions of Corporate Governance stipulated under Regulation 27 of the Listing Regulations, 2015 is annexed to the Report on Corporate Governance, which forms part of this report.

16. CORPORATE SOCIAL RESPONSIBILITY

In conformity with Section 135 of the Act and Rules made thereunder, your Company has formed a Corporate Social Responsibility (CSR) Committee to oversee the CSR activities initiated by the Company during the financial year under review. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report. Your Company has adopted a CSR Policy for the Company which provides a broad framework with regard to implementation of CSR activities carried out by the Company in accordance with Schedule VII of the Act. The CSR Policy is available on the Company's website at the weblink: http://sutlejtextiles.com/pdf/Policies%20&%20Codes/CSR%20Policy.pdf. During the financial year 2019-20, your Company has spent Rs. 2.79 crore towards CSR activities. Your Company's key objective is to make a difference to the lives of the underprivileged and local communities and is committed to CSR engagement. The activities undertaken by your Company have been duly acknowledged and appreciated by the concerned State Governments and communities. A report on CSR activities as prescribed under the Act and Rules made thereunder is annexed herewith as "Annexure IV".

17. VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has in place a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of your Company's Code of Conduct.

Under the vigil mechanism of the Company, which also incorporates a whistle blower policy in terms of Regulation 22 of the Listing Regulations, 2015, protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Chairman of the Audit Committee. Adequate safeguards are provided against victimization to those who avail of the vigil mechanism.

The policy on vigil mechanism and whistle blower policy is available on the Company's website at the weblink : http://sutlejtextiles.com/pdf/Policies%20&%20Codes/Whistle%20Blower%20Policy.pdf

18. BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report as required by Regulation 34(2) of the Listing Regulations, 2015 is annexed as "Annexure V" and forms an integral part of this Report.

19. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

As required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has implemented a policy on prevention, prohibition and redressal of sexual harassment at workplace. This has been widely communicated internally. Your Company has constituted Internal Complaints Committees as per the requirement of the Act to redress complaints relating to sexual harassment at its workplaces.

20. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS

There are no significant or material orders passed by any Regulators / Courts which would impact the going concern status of the Company and its future operations.

21. EXTRACT OF ANNUAL RETURN

In terms of the provisions of Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return in Form MGT - 9 for the financial year ended 31st March, 2020 is provided herewith as "Annexure VI" and forms part of this Report.

22. PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other required information pursuant to Section 197(12) of the Act read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the Company, is provided herewith as "Annexure VII" and forms part of this Report.

23. COMPLIANCE OF ACCOUNTING STANDARDS

As per requirements of the Listing Regulations, 2015 and applicable Accounting Standards, your Company has made proper disclosures in the financial statements. The applicable Accounting Standards have been duly adopted pursuant to the provisions of Sections 129 and 133 of the Act.

24. COMPLIANCE OF SECRETARIAL STANDARDS

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India and forming part of the Act, on meetings of the Board of Directors and General Meetings.

25. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained, your Directors make the following statements in terms of Section 134(3)(c) of the Act:

a. that in the preparation of the annual financial statements for the year ended 31st March, 2020, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;

b. that such accounting policies have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit of the Company for the year ended on that date;

c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. that the annual financial statements have been prepared on a going concern basis;

e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and

f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

26. ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from various stakeholders including financial institutions and banks, Government authorities and other business associates who have extended their valuable support and encouragement during the year under review.

Your Directors take this opportunity to place on record their appreciation for the committed services rendered by the employees of the Company at all levels, who have contributed significantly towards the Company's performance and for enhancing its inherent strength. Your Directors also acknowledge with gratitude the encouragement and support extended by our valued shareholders.

For and on behalf of the Board

(C. S. Nopany)
Executive Chairman
DIN: 00014587

Place: Kolkata
Dated: 12th June, 2020

Annexure-I to the Directors' Report

Management Discussion and Analysis

GLOBAL ECONOMIC OVERVIEW

The global economy grew 2.9% in 2019 compared to 3.6% in 2018. This sharp decline was precipitated by an increase in global trade disputes that affected the cross-border movement of products and services, a slowdown in the global manufacturing sector, weak growth coming out of some of the largest global economies and the impact of Brexit. The result was that global trade grew a mere 0.9% in 2019, pulling down the overall economic growth average.

United States: The country's Gross Domestic Product grew by 2.3% in 2019 compared to 2.9% in 2018-19 as a result of decline in business investments and the ongoing trade war with China.

China: The country's Gross Domestic Product grew by 6.1% in 2019 compared to 6.7% in 2018 as a result of the trade war with the United States, overcapacity in some industries, corporate sector indebtedness and a shrinking room for monetary and fiscal policies.

United Kingdom: The country's Gross Domestic Product grew by 1.4% in 2019 compared to 1.3% in 2018.

Japan: The country's Gross Domestic Product grew by 2.0% in 2019 compared to 2.4% in 2018.

The Great Lockdown, as a result of the pandemic Covid-19, is projected to shrink the global growth significantly starting from the calendar year 2020.

(Source: World Economic Outlook, April 2020, CNN, Economic Times, trading economics, Statista, CNBC)

Global growth over the years

Year	World output	Advanced economies	Developing and emerging
2015	3.5	2.3	4.3
2016	3.4	1.7	4.6
2017	3.9	2.5	4.8
2018	3.6	2.2	4.5
2019	2.9	1.7	3.7

(Source: IMF)

INDIAN ECONOMIC REVIEW

India emerged as the fifth-largest world economy in 2019 with a gross domestic product (GDP) of $2.94 trillion. India jumped 14 places to 63 in the 2020 World Bank's Ease of Doing Business ranking.

There was a decline in consumer spending that affected India's GDP growth during the year under review. India's growth for FY2019-20 was estimated at 4.2% compared with 6.1% in the previous year. Manufacturing growth was seen at 2%, a 15-year low as against 6.9% growth in FY19.

Y-o-Y growth of the Indian economy

	FY17	FY18	FY19	FY20
Real GDP growth (%)	8.3	7.0	6.1	4.2

Growth of the Indian economy, 2019-20

	Q1, FY20	Q2, FY20	Q3 FY20	Q4 FY20
Real GDP growth (%)	5.2	4.4	4.1	3.1

(Source: Economic Times, CSO, Economic Survey, IMF, EIU)

A sharp slowdown in economic growth and a surge in inflation weighed on the country's currency rate; the Indian rupee emerged as one of the worst performers among Asian peers, marked by a depreciation of nearly 2% since January 2019. Retail inflation climbed to a six-year high of 7.35% in December 2019. During the last week of the financial year under review, the national lockdown affected freight traffic, consumer offtake and a range of economic activities.

Key government initiatives, 2019-20

National infrastructure pipeline: To achieve a GDP of USD 5 trillion by 2025, the government announced a National Infrastructure Policy entailing an investment of Rs. 102 trillion in five years.

Corporate tax relief: The government moderated the corporate tax rate to 22% from 25%; it announced a new tax rate of 15% for new domestic manufacturing companies, strengthening the Make-in-India initiative. The new effective CIT would be 25.17%, inclusive of a new lower surcharge of 10% and cess of 4%. India's CIT is now closer to the global average statutory CIT of 23.03%.

Outlook

Various forecasts have estimated a sharp de-growth in the Indian economy for the current financial year, the first such instance of a de-growth in decades.

GLOBAL TEXTILE AND APPAREL INDUSTRY

The global textile market size was valued at US$961.5 billion in 2019 on account of increased disposable incomes, aspirations and urbanization. Owing to the increasing volume of apparel sales through e-commerce portals in China, Bangladesh, India and Thailand, the Asia-Pacific led the global industry.

China retained its position as a textile manufacturing leader (valued at a fourth of the global textile industry) with an export value of more than US$100 billion. The European Union textile industry (Germany, Spain, France, Italy and Portugal primarily) was valued at more than a fifth of the global textile industry at more than US$160 billion. India remained the third largest textile manufacturing industry (accounting for more than 6% of the total textile production globally), valued at approximately US$150 billion with an export value of more than US$30 billion. The United States was one of the largest consumers of textiles, accounting for almost 75% of total textile imports.

(Source: Technavio, Modor Intelligence)

Global apparel market size (US$ billion)

Country/Region	Value 2018	Share 2018 (%)	CAGR (2018-2025) (%)	Value 2025 (P)
EU-28	427	23	1	458
United States	348	18	2	400
China	231	12	10	450
Japan	100	5	1	107
India	74	4	12	164
Brazil	66	3	5	93
Russia	39	2	5	54
Canada	32	2	2	36
RoW	580	31	6	872
World	1,896		5	2,634

(Source: Wazir Advisors)

Global textile industry trends

Technology: Automated production and increasing use of e-commerce are re-defining fashion trends.

Non-woven fabrics: Non-woven fabric comprises non-yarn materials pressed together, involving lower labour, faster production and lower costs (largely used in the medical industry).

Domestic sales: Countries like China and the United States are marketing deeper within their geographies, stimulating consumption.

Environmental sustainability: A number of countries have started to focus on the manufacture of 'green' textiles using coffee grounds, algae and even spoiled milk.

Asian growth: The combined size of the apparel market in China and India could become bigger than the American and European markets combined.

GLOBAL COTTON INDUSTRY OVERVIEW

Global cotton production in FY20 was estimated at 121.3 million bales, a 2.3% rise over 2018. The production increase is expected to be largely due to an increase in harvested area, which was estimated at 34.6 million hectares. The global yield was projected at 765 kg per hectare. World cotton consumption and export in FY20 was estimated at 119.0 million bales and 43.5 million bales respectively.

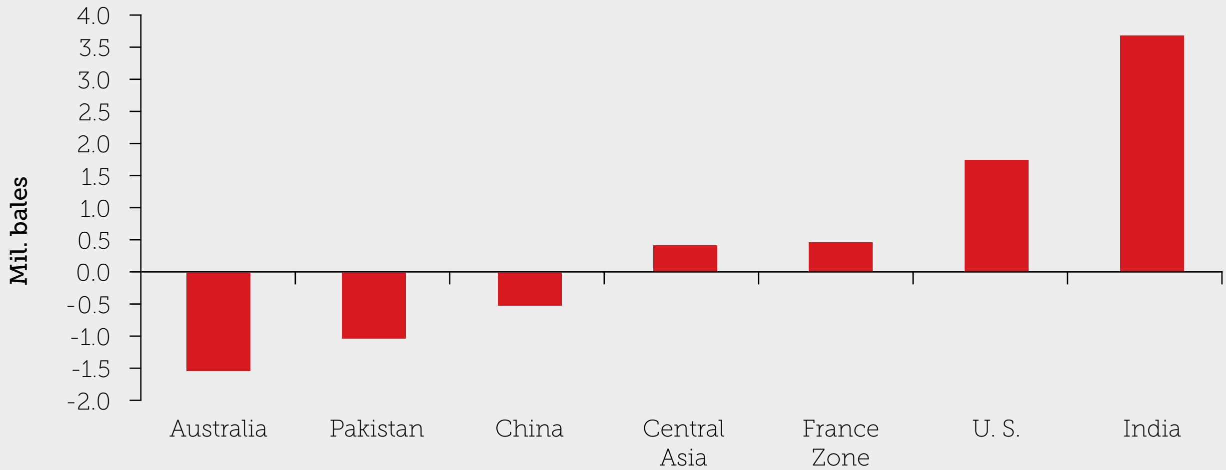
United States registered a 9.4 percent increase in production owing to higher production in the Delta and Southeast regions. India remained the world's largest cotton producer with 29.5 million bales; the growth was driven by increased harvested area. This was followed by China with 27.3 million bales of cotton. Australia's production declined in FY20 due to drought.

(Source: Fibre2fashion, USDA)

COTTON CULTIVATION IN INDIA

The total cotton production in India was estimated at 354.50 lakh bales of 170 kgs for the 2019-20 season. According to the Cotton Association of India, the opening stock of the season was estimated at 32.00 lakh bales and the carryover stock estimated at the end of the season was 38.50 lakh bales. The domestic consumption was expected to be around 331 lakh bales, whereas imports and exports were estimated at 25 lakh bales and 42 lakh bales respectively in FY20. (Source: Economic Times)

Estimated changes in world cotton production, FY20 compared with FY19



(Source: USDA)

GLOBAL YARN INDUSTRY OVERVIEW

The global market for cotton yarn was estimated at US$151.70 billion in 2019. Manufacturers in South East Asia experienced disruption due to the coronavirus outbreak which impacted China's supply chain.

Asia-Pacific accounts for the largest yarn market owing to increased disposable incomes, population growth, changes in consumer behaviour and a shift towards branded apparel. The availability of cheap labour in the fabrication industries in China, India, and South Korea are expected to catalyse growth of yarn offtake. Yarn products such as cotton and polyester are among the widely used products in Asia-Pacific. North America is expected to register considerable growth in the yarn market on account of technological advancement in the field of precision tools and sophisticated production process. Europe is one of the most attractive markets for apparel and clothing. Among the leading European countries, the German and French apparel industries hold the highest value. Women and kids apparel account for the largest share of the yarn market. (Source: Market Watch, Global market estimates)

Fancy yarn segment

The global fancy yarn market was valued at US$4107.3 million in 2019. Increasing production and sales of fancy yarn, owing to the rising demand for end products like curtains, scarves, knitwear, party wear and clothes, are expected to drive fancy yarn offtake. Based on product type, the fancy yarn market is classified into chenille yarn, gimp yarn, loop yarn and knop yarn, among others. (Source: R&R Market Research)

INDIAN YARN INDUSTRY

India's total yarn production was estimated at 7,050 million kg in FY19, growing at a CAGR of 1% over 5 years. The production of spun yarn has grown at a CAGR of 2% whereas the production of filament yarn has reduced at a CAGR of 2%. India's yarn exports declined over the last five years. However the export of nylon filament yarn increased at a CAGR of 17% in five years. The exports of spun yarn declined at a CAGR of 3% while the export of filament yarn remained unchanged across the period.

(Source: Wazir Advisors)

Growth of mélange yarn in India

Melange yarn is a high value cotton yarn which is made by combining two or more fibres and is largely used in casual wear, sportswear, business suits, shirts, bed linen, decorative fabrics and other high end home furnishings. The demand for mélange yarn has gone up significantly due to the increase in incomes and changing lifestyles of the populace.

India's yarn production (in million kg)

Yarn	Production 2013-14	Product,ion 2018-19	Share (2018-19) (%)	CAGR (2013-2018) (%)
Cotton spun yarn	3,928	4,208	60	1
Blended & 100% non-cotton spun yarn	1,381	1,682	24	4
Total spun yarn	**5,309**	**5,890**		**2**
Man-made filament yarn	1,209	1,160	16	(2)
Total yarn	**6,599**	**7,050**	**12**	**1**

(Source: Wazir Advisors)

India's yarn exports (in US$ million)

Yarn	Exports 2013-14	Exports 2018-19	Share (2018-19) (%)	CAGR (2013-2018) (%)
Cotton spun yarn	4570	3,910	63	(3)
Man-made spun yarn	826	792	13	(1)
Other spun yarn (Silk, Jute)	119	153	2	5
Total spun yarn	**5,515**	**4,855**		**(3)**
Viscose filament yarn	55	49	1	(2)
Polyester filament yarn	1,218	1,191	19	0
Nylon filament yarn	12	27	0.4	17
Other MMFY	49	40	1.6	(4)
MMFY	1,,334	1,307		0
Total yarn	**6,849**	**6,162**		**(2)**

INDIAN TEXTILES AND APPAREL INDUSTRY

India is the world's second largest producer of textiles and garments. The textile industry plays a significant role in the economy, contributing to over 13% of industrial output and over 2% of GDP. The industry employed more than 4.5 crore citizens and contributed ~15 per cent to the export earnings of India in FY20. The domestic textile and apparel market is estimated at US$ 100 billion in FY19, growing at a CAGR of 10 % since 2005-06. Rising per capita income, favourable demographics and a shift in preference to branded products is expected to catalyse demand. India's textile and apparel exports stood at US$38.70 billion in FY19 with US$11.92 billion in FY20 (up to July 2019). Increase in domestic demand would boost cloth production. Cloth production in FY19 stood at 70 billion square meters and at 29.04 billion square meters by August 2019. Apparel manufacturers are diversifying exports into countries such as Japan, Israel, South Africa, and Hong Kong. India is highly integrated into GVCs of countries such as Bangladesh, South Africa, Sri Lanka, UAE, Belgium, US, Indonesia, Malaysia, UK and Hong Kong, India's textile industry is at the confluence of favourable quantity and price of raw materials. In addition to cost competitiveness over China and Brazil, India also has diverse supply of raw materials. (Source: IBEF)

GOVERNMENT INITIATIVES

- The Government of India assigned 207 Harmonized System Nomenclature (HSN) to promote India's technical textile industry and increase its market size to Rs. 2 lakh crore (US$ 27.72 billion) by FY21.
- 100 % FDI (automatic route) is allowed in the Indian textile sector.

BUDGETARY PROVISIONS, FY20

- Allocated Rs. 2017.57 crore to the textile industry, a 118% increase over the previous year.
- Allocated Rs. 4831.48 crore for the textile industry.
- Allocated Rs. 700 crore for Amended Technology Upgradation Fund Scheme (ATUFS).
- Reduced corporate tax rate to 25% for companies with an annual turnover of up to Rs. 400 crore (to cover 99.3% companies).
- Allocation for ROSL stood at Rs. 1,000 crore, expected to benefit exporters of made-ups and apparels, clearing the backlog and releasing working capital.
- Allocated of Rs. 350 core for FY20 towards 2 per cent

interest subvention scheme to benefit around 20 per cent of MSMEs registered under GST.

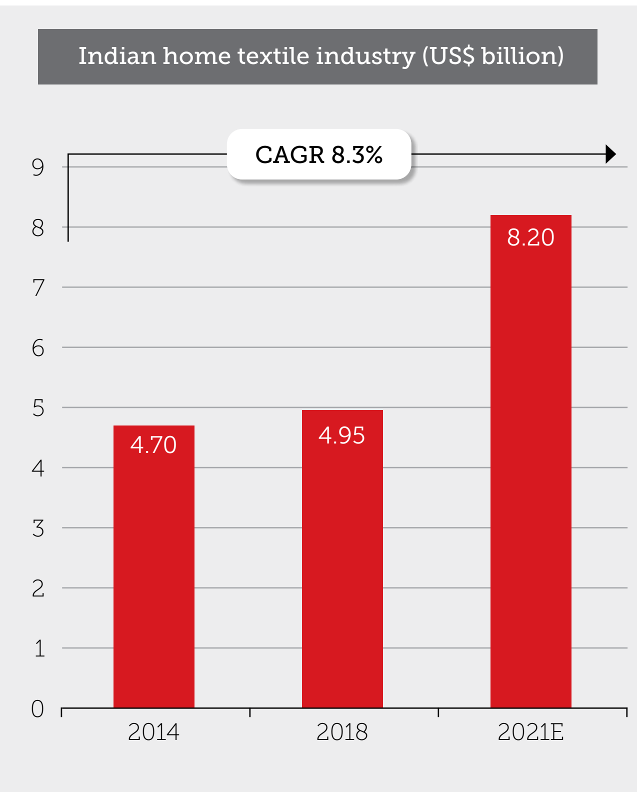
- Allocated Rs. 350 crore for 2 % interest subvention for all GST-registered MSMEs on fresh or incremental loans (benefiting 80 % of the domestic apparel industry).

(Source: Economic Times, Fibre2fashion, Textile Excellence)

INDIAN HOME TEXTILES INDUSTRY OVERVIEW

India's home textile industry (accounting for 7 per cent of global home textiles trade) was estimated at US$4.95 billion in FY19. India emerged as a leader in the US and the UK, contributing two-thirds to their exports on account of superior quality product. Rising demand for household products and consumer awareness have catalysed the domestic demand.

(Source: Modor Intelligence, Statista, IBEF)



DEMAND DRIVERS OF INDIA'S TEXTILE INDUSTRY

Working women: Women constitute 48% of India's population; 23.6% Indian women engage in paid work, strengthening the demand for apparel.

Single brand retail: The government eased the mandatory local sourcing norms for FDI in single brand retail trading by reducing the limit to 10 %, provided they export 20 % of their products.

E-commerce and e-tailing: India's online retail is growing faster and estimated at US$18 billion in 2019.

Abundant natural fibre: The Indian textile industry principally depends on cotton, its building block. The production of raw cotton in India is estimated to have reached 32.3 million bales in FY20, which plays an important foundation for the textile industry. The availability of large varieties of cotton fibre along with the fast-growing synthetic fibre industry could address growing demand.

Increasing population: India's population has grown from 555.2 million in 1970 to 1.36 billion in 2019, a 146 per cent increase. The country is expected to add 273 million people by 2050. (Source: India Today)

Millennial demand: India is a young country with a median age of 28 years. Millennials account for 34% of the country's total population and ~47% of the working population, spending a significant amount on lifestyle products. (Source: Outlook India)

Affluent middle- class: Aspiring and affluent households that earn between Rs. 5 lakh and Rs. 20 lakh per annum helped spur domestic consumption in India over the past decade. Affluent households have more than doubled since 2008, from 10 million to 24 million. Aspirers increased from 31 million households to 57 million. Elite households, those who earn upwards of Rs. 20 lakh, grew from 3 million to 9 million. With rising affluence in India, households are climbing up the income ladder to drive nearly 3.5 times growth in consumption. This growth is driven by two main factors—average spends per household and the total number of households. (Source: Live Mint)

Increasing disposable incomes: The nominal per capita net national income during FY20 was estimated at Rs. 135,050, a rise of 6.8 % compared to Rs. 126,406 during FY19. (Source: Business Today)

Growing retail: India's retail industry is expected to grow from US$ 792 billion in 2018 on account of favourable demographics, higher income levels, and increased internet penetration, among others.

(Source: World Bank, Business Today, Economic Times, Care ratings)

TEXTILE AND APPAREL INDUSTRY IN INDIA (US$ BILLION)

Year	Industry size
FY16	80
FY18	90
FY19E	100

INDIAN TEXTILES AND APPAREL EXPORTS

India is the second largest textile exporter and fifth-largest apparel exporter with apparel being the largest exported category (accounting for 46% of the total textiles and apparel exports). Apparel and textile exports declined ~6% during FY20 over the previous year. The textile and clothing exports market was pegged at US$ 35.9 billion in 2018-19 and is estimated to have reduced to US$ 33.8 billion in 2019-20. (Source: Wazir Advisors)

SWOT ANALYSIS

Strengths

Active sectoral support by the government
Availability of manufacturing infrastructure
Strong raw material base
Economies of scale through robust backward integration
Increased digitalization driving e-commerce growth
Increased number of organised retail

Weakness

Competitive imports
Technological obsolescence
Inadequate product supply chain and distribution
Rising competition from e-commerce

Opportunities

Growing economy and domestic market
Increasing demand for hygiene textiles post COVID-19
'Make in India' initiatives by the Government of India
Stringent import policies and hikes in import duties
Strengthening the value chain by using superior technology and value-added products
Continuous innovation and technology upgradation

Threats

Outbreak of pandemic like COVID-19, affecting manufacturing and sales
Low consumer sentiment due to pandemic crisis
Inventory pile ups due to COVID-19
Lack of skilled workers
Declining fashion preference cycle
Increased resource costs
Emergence of international brands
Increase in cheaper imports
Closure of malls, retail outlets due to COVID-19
Formation of trading blocks like NAFTA, SAPTA, etc, resulting in a change in the world trade scenario

COMPANY OVERVIEW

Established before India's independence, Sutlej Textiles and Industries Ltd. (Sutlej) is one of the flagship companies of a multi-business conglomerate promoted by the late visionary industrialist Dr. K. K. Birla. Sutlej is one of India's largest integrated textiles manufacturing company with a presence across the value chain – from yarn to home textiles. The Company manufactures synthetic, natural and blended yarns, all types of spun yarns and home textile furnishings; the Company also processes fabrics. The Company is one of the largest manufacturers of spun-dyed yarn and value-added mélange yarn in India. The Company's units are located in Rajasthan, Jammu & Kashmir, Himachal Pradesh and Gujarat with an aggregate spinning capacity of around 4.20 lakh spindles at the close of FY20.

KEY RATIOS

Particulars	FY19	FY20
Debt-equity ratio	0.97	0.89
Debtors' Turnover (days)	43	40
Inventory Turnover (days)	79	61
Debtors' Turnover	8.52	9.03
Inventory Turnover	4.62	5.94
Interest Coverage Ratio (x)	4.37	4.53
Current Ratio (x)	1.42	1.39
EBIDTA margin (%)	9.64	8.55
Net Profit margin (%)	2.56	1.52

OUTLOOK

The last fortnight of the financial year under review was marked by COVID-19, resulting in lockdown, shutting down of the Company's office and factories coupled with declining offtake.

However, the Company's initiatives in strengthening domain competence, enhanced focus on cost management and technology led manufacturing along with a strong employee base will protect long-term competitiveness.

RISK MANAGEMENT

At Sutlej, the effectiveness of our risk management practice is derived from the knowledge and hands-on engagement of our management team. The Company recognises that risk is an integral and unavoidable component of business and is committed to manage the risk in a proactive and effective manner.

Pandemic risk: The pandemic risk from COVID-19 could impact the business.

Mitigation: In view of COVID-19, the Company's business continuity plans and risk mitigation frameworks are being relooked at and strengthened.

Trend risk: Inability to address consumer preference.

Mitigation: The Company invested in product development and innovation. The Company utilised 39 % of spindles capacity for production of Value Added Yarn in FY 19-20, as against 33 % in FY 14-15.

Customer attrition risk: Losing customers could impact revenues and profits.

Mitigation: The Company's large diverse portfolio addresses specialised yarns (cotton blended dyed yarn and cotton mélange) and specialty yarns (cotton mélange and blended yarns) - a one-stop shop solution that builds loyalty. In FY20, the Company sold 1,05,082 tonnes of yarns.

Raw material risk: Volatile raw material costs could impact business

Mitigation: The Company worked with a variety of fibres (natural and man-made) to moderate raw material costs, enhance application flexibility and increase product functionality. The Company's raw material cost as a percentage of revenues declined from 58.66 % in FY19 to 56.27 % in FY20.

Downstream demand risk: Weakening of some downstream industry such as apparel

Mitigation: The Company addresses a wide range of customers (knitting, weaving, and home applications, industrial and miscellaneous).

Quality risk: Lower product quality and manufacturing efficiency

Mitigation: The Company invested in cutting-edge scalable technologies, enabling to run its plants at the highest operating efficiencies.

Competition risk: Higher competition could impact profitability

Mitigation: The Company increased its presence across 60 countries in FY20. The Company also possesses extensive scale, innovative products, strong brand recall and operational efficiency, enabling the Company to become a strong competitor.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The internal control and risk management system is structured and applied in accordance with the principles and criteria established in the corporate governance code of the organisation. It is an integral part of the general organisational structure of the Company and Group and involves a range of personnel who act in a coordinated manner while executing their respective responsibilities. The Board of Directors offer its guidance and strategic supervision to the Executive Directors and management, monitoring and supporting committees.

HUMAN RESOURCES

The Company's prudent HR practices have helped reinforced its leadership. The Company's workforce stood at 16,254 as at 31st March 2020. The Company invested extensively in formal and informal training as well as on the job learning programmes. Sutlej reinforced engagements with employees across all levels by providing an enriched workplace, invigorating job profile and an on-going dialogue.

CAUTIONARY STATEMENT

This statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Forward–looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised by the Company. Actual result could differ materially from those expressed in the statement or implied due to the influence of external factors which are beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent development, information or events.

Annexure-II to the Directors' Report

Conservation of Energy

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 134 (3) (m) of The Companies Act, 2013, read with Rule 8 (3) of the Companies (Accounts) Rules, 2014.

1) ENERGY CONSERVATION MEASURES TAKEN:

Conservation of energy is an essential step towards overcoming energy crisis, environmental degradation and global competitiveness.

The Company is giving due importance to conservation of energy and makes continuous efforts to conserve energy by effecting process and machinery modifications, implementation of technological advancements, development of newer methods, energy audit, proper and timely maintenance, waste heat recovery, etc., amongst others. These measures lead to savings in terms of energy, money and time.

Besides continuing the measures taken in earlier years, following additional steps were taken during the year 2019 - 20 with a view to reduce cost of energy and consequently, the cost of production:

A. Spinning

a. **Installed :**
Cyclic Timer on Suction Fan of Speed Frame; Pneumatic Dampers for optimizing speed of Air Fan on WCS of Comber, Carding & Blow Room; Inverters on 58 Ring Frames; additional cables to reduce the voltage drop; energy efficient pump on H Plant; heat exchanger for reduction of radiation loss in steam line in Dye House & Boiler; and 45 VFD at a capital cost of Rs. 95.52 lakhs resulting in savings of 3,015 Kwh electricity/day, 1 ton coal/day and Rs. 83.11 lakhs per annum.

b. **Optimised / converted :**
Speed optimization of supplying air fans and inverter of Humidification Plants; interlocking with timer to Tuft blender, GBC Blender, Silver Cutters, Comber WCS, Condenser fan and Blow Room; suction optimization through replacement of fan pulley on WCS of Blow Room, Comber and Carding; CKT modification with BR Control on Vetal scanner fan; reduced RPM of feeding fan of Blow Room; reduced blade angle of S.A. fan in Humidification Plant, optimization of Humidification Plant; converted 2 cards with A.C. Motor; arrested Compressed Air leakage in spinning and dying machines; and modified waste collection at a capital cost of Rs. 27.06 lakhs resulting in savings of 7,241 Kwh electricity/day and Rs. 133.93 lakhs per annum.

c. **Replaced :**
Oversized suction fan on 432 Spindle Ring frame for suction optimizing; normal impellers with energy efficient impellers in OHTC; old pumps with modified pump in Old Dye House; flat belt with timing belt on Ring frames; thermal insulation of steam pipe lines; old motors with energy efficient motors; and 8 VFD's and timing belt on main motor of 576 spindles LR6/S ring frame in PV Section at a capital cost of Rs. 48.05 lakhs resulting in savings of 892 Kwh electricity/day, 49.33 ton coal/month and Rs. 82.21 lakhs per annum.

B. Home Textiles

Nil

FORM – A

(A) Power and Fuel Consumption:

Particulars	2019-2020	2018-2019
1. Electricity:		
(a) Purchased:		
Units (in lakhs)	4,099.88	3,644.42
Total Cost (Rs. in lakhs)	20,251.70	16,888.87
Rate/Unit (Rs.)	4.94	4.63
(b) Own Generation:		
(i) Through Diesel Generators		
Units (in lakhs)	17.66	14.82
Units per liter of Diesel Oil (kWh/Ltr.)	3.52	3.53
Cost/Unit (Rs.)	19.02	18.41
(ii) Through Furnace Oil Generators		
Units (in lakhs)	1.61	3.13
Units per litre of Furnace Oil	3.77	3.94
Cost/Unit (Rs.)	7.96	6.89
(iii) Through Thermal Power Plant		
Units (in lakhs)	93.09	747.97
Units per MT of Coal (including lignite)	945.47	1,100.02
Cost/Unit (Rs.)	7.78	6.73
(iv) Through Solar Power Plant		
Units (in lakhs)	37.90	34.35
Total Cost (Rs. in lakhs)	-	-
Cost/Unit (Rs.)	-	-
2 Coal - (a) Steam Coal		
Quantity (Tonnes)	24,387.34	23,596.15
Total Cost (Rs. in lakhs)	1,671.15	1,670.27
Average Rate (Rs.)/Ton	6,852.52	7,078.55
(b) Bio Mass Husk		
Quantity (Tonnes)	97.39	83.97
Total Cost (Rs. in lakhs)	3.66	3.48
Average Rate (Rs.)/Ton	3,762.12	4,141.05
(c) Pet Coke		
Quantity (Tonnes)	12,337.43	12,559.50
Total Cost (Rs. in lakhs)	1,272.77	1,477.98
Average Rate (Rs.)/Ton	10,316.34	11,767.79
3. Furnace Oil		
Quantity (Kilo Litres)	42.72	79.47
Total Cost (Rs. in lakhs)	12.81	21.57
Average Rate (Rs./Kilo Litre)	29,982.35	27,141.39
4. HSD Oil		
Quantity (Kilo Litres)	501.28	419.68
Total Cost (Rs. in lakhs)	336.01	272.91
Average Rate (Rs./Kilo Litre)	67,030.40	65,028.12

(B) Consumption per unit of production:

Particulars	2019-2020	2018-2019
Production :		
Electricity per Ton of Yarn Production (Units) @	4,059	4,218
Electricity per Ton of Knitting Fabric Production (Units) €	300	438
Coal per Ton of Yarn Production (Tonnes) #	0.372	0.333
Pet Coke per Ton of Yarn Production (Tonnes) #	0.175	0.181
Electricity per thousand meters of Processed Fabrics (units) €	311	302
Electricity per thousand meters of Home Furnishings (units) $	1,733	1,346
Coal per thousand meters of Processed Fabrics (Tonnes)	0.69	0.66

@ depends on count, ply, dyed or grey, etc.
# depends on quantum of dying.
€ depends on weight/meter of fabrics.
$ depends on picks/meter.

2) ENERGY CONSERVATION PLAN FOR 2020-21

A. Spinning

Following measures are contemplated to save energy consumption during the year 2020-2021:

a. Install :

RF dryer condensate pipe line to supply condensate water from RF dryer to Boiler; pipe lines for use of STP water in flushing of toilets of plants, staff colony and worker hostel; 18 inverters on Ring Frames; and VFD in closed loop on Carding WRS main centrifugal fans and control dampers on 16 nos. carding machines at a capital cost of around Rs. 35 lakhs resulting in savings of 441 Kwh electricity/day, 75 KL water/day and 50 kg. coal/day and around Rs. 18.28 lakhs per annum.

b. Replace :

Low efficient pumps and motors with higher efficiency pumps and motors at a capital cost of around Rs. 26 lakhs which is expected to result in saving of 700 Kwh electricity/day and around Rs. 14.49 lakhs per annum.

c. Automate :

Heat recovery system in Dye house; undertake Energy Audit from Forbes marshal; arrest compressed air leakages in spinning and dyeing machines and various other energy conservation activities at a capital cost of around Rs. 92.50 lakhs resulting in savings of 4,700 Kwh electricity/day, 500 kg. coal/day and around Rs. 96.90 lakhs per annum.

B. Home Textiles

Nil

3. IMPACT OF MEASURES AT (A) & (B) FOR REDUCTION OF ENERGY CONSUMPTION AND CONSEQUENT IMPACT AS THE COST OF PRODUCTION OF GOODS:

The estimated savings are mentioned against each item (A) & (B).

FORM – B

Disclosure of particulars with respect to technology absorption (to the extent possible)

1. TECHNOLOGY ABSORPTION

1) Research and Development (R&D)

A. Spinning

a) Specific area in which R&D has been carried out by the Company

The Company has well equipped, most modern and state of the art Quality Testing & Development equipment, managed by committed team of highly qualified and experienced professionals. We have latest technology equipment like Uster - 5 Evenness Tester, HVI Spectrum, Tenso Jet-4, Advance Fibre Information System, i.e. AFISPRO - LMNT, Classimat - 5 Yarn Fault Classifying System, Online monitoring system, Lab expert system all from Uster, Auto Dispenser, Beaker Dyeing machines, etc. All required tests on Fibre, Yarn and Process material are being carried out. New varieties of yarn are being developed on regular basis having different blends, shades, twists, etc. The Company is also having new version of quality standard ISO 9001-2015, Usterised, Oeko-Tex and GOTS/EKO and Organic Exchange Certificates.

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

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

The Company has installed machines for developing small samples of yarn to expedite fabric development and to capture market share.

c) Future plan for action

The Company intends to install one cots buffing machine, one flat grinding and mounting machine, flat Knitting machine, 832 old EYC are proposed to be replaced by Uster Quantom - 3 in Autoconer, one 24 kg. knitting machine, one automatic flat knitting machine for sweater segment and shade variation channel in Autoconer for quality improvement and better customer satisfaction.

To replace China make Simplex for improving quality of product, Auto dispensing machine to eliminate human error, UTR/UTZ, Uster for checking single yarn strength. We will also develop new range of sustainable products for coming future. We have introduced goods designers in Bhilwara and Mumbai market. Now focus will be to get nomination business from known buying houses.

B. Home Textiles

a) **Specific area in which R&D has been carried out by the Company**

The Company has a well-equipped and state of the art design and development center with required hardware and designing software facilities for development of new designs for home textile product and furnishing fabrics.

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

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

c) **Future plan for action**

The Company will continue to upgrade existing facilities by addition of new hardware and software wherever required.

2) Expenditure incurred towards R&D

(Rs. in lakhs)

Sr. No.	Particulars	2019-20	2018-19
a)	Capital	72.78	183.01
b)	Recurring	445.74	447.27
c)	Total	518.52	630.28
d)	Total R&D Expenditure as a percentage of Total Turnover	0.219%	0.247%

2. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

A. Spinning

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

a) Incurred Rs. 1,799.01 lakhs on replacement of old technology, plant, machinery & equipment.

b) Incurred Rs. 1,406.23 lakhs on addition and modifications of existing plant and machinery.

c) Incurred Rs. 197.29 lakhs on purchase of machines and equipment for de-bottlenecking.

B. Home Textiles

The Company is having latest state of the art plant and machinery and plans for continuous modernization and up-gradation of machines. For technology absorption, adoption and innovation the following capital expenditure have been incurred:

a) Incurred Rs. 146 lakhs on replacement of old technology, machinery and equipment.

b) Incurred Rs. 1,629 lakhs on addition of latest technology machines and equipment's under expansion programme.

c) Incurred Rs. 1,224 lakhs on purchase of machines and equipment for de-bottlenecking.

3. FOREIGN EXCHANGE EARNINGS & OUTGO

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

   The Company has taken effective steps for exports. During the year, the Company achieved satisfactory export performances. The Company is conscious of the challenges in export market and will continue to take steps towards developing exports and will concentrate on products having higher per unit realization.

2. Total foreign exchange earned and used:

(Rs. in crore)

Sr. No.	Particulars	2019-20	2018-19
i)	Foreign Exchange Earned	713.43	845.28
ii)	Foreign Exchange Used	120.12	35.07

Annexure-III to the Directors' Report

Report on Corporate Governance

A. CORPORATE GOVERNANCE PHILOSOPHY

Corporate governance is a systematic process, driven by ethical conduct of the business and affairs of an organization aimed at promoting sustainable business and enhancing shareholder value in the long term. Corporate governance therefore, in essence, is a referral paradigm, comprising a mechanism to benchmark company's business and affairs to a combination of laws, regulations, procedures, implicit rules and good corporate practices, which ensure that a company meets its obligations with the objective to optimize shareholder value and fulfill its responsibilities to the stakeholder community, comprising of customers, employees, shareholders, government and other societal segments.

Sutlej's Governance philosophy is based on trusteeship and for promoting and maintaining integrity, transparency and accountability, across all business practices. As a corporate citizen, our business fosters a culture of ethical behavior and disclosures aimed at building trust of all stakeholders, such as shareholders, customers, suppliers, financiers, government and the community. This philosophy is built upon a rich legacy of fair, transparent and effective governance, and led by strong emphasis on human values, individual dignity and adherence to honest, ethical and professional conduct.

The Company believes that a sound governance discipline also enables the Board to direct and control the affairs of the Company in an effective manner and maximize stakeholder value, including the society at large. We at Sutlej believe that this is an ongoing journey for sustainable value creation for all stakeholders and we continuously endeavor to improve upon our practices in line with the changing demands of the business. Sutlej adopts innovative approaches for leveraging all its resources; and encourages a spirit of conversion of opportunities into achievements. The Sutlej Code of Business Conduct & Ethics and the Company's Code of Conduct for Prevention of Insider Trading are an extension of our values and reflect our commitment to ethical business practices, integrity and regulatory compliances. The Company's governance structures and systems are a product of self-desire, reflecting the culture of trusteeship that is deeply ingrained in our value system and strategic thought process and are the foundation which nurtures ramping up of healthy and sustainable growth through empowerment and motivation.

Keeping in view the Company's size, reach, complexity of operations and corporate tradition, the Corporate Governance framework is based on the following main principles:

- Appropriate composition and size of the Board, with each member bringing in expertise in their respective domain;
- Timely and adequate flow of information to the members of the Board and its Committees for meaningful and focused discussion at the meetings to enable them discharge their fiduciary duties;
- Strategic supervision, monitoring and guidance by the Board of Directors which is made up of appropriate size, experience and commitment to discharge their responsibilities;
- Independent verification of Company's financial reporting from time to time and on quarterly basis;
- Timely and balanced disclosure of all material information; and disclosure of all deviations, if any, to all stakeholders and equitable and fair treatment to all the stakeholders (including employees, customers, vendors and investors);
- Sound systems and processes for internal control and risk management framework to mitigate perceived risk;
- Compliance with applicable laws, rules, regulations and guidelines with transparency and defined accountability; and
- Proper business conduct by the Board members, senior management and employees.

In line with this philosophy, the Company and its Board of Directors continuously strive for excellence through adoption of best governance and disclosure practices. The Board of Directors continuously strive to play an active role in fulfilling its fiduciary obligation to shareholders by efficiently overseeing management functions to ensure their effectiveness in delivering shareholder value and societal expectations, with ethical and responsible business conduct. The governance framework ensures its effectiveness through an efficient system of timely disclosures and transparent business practices.

Your Company confirms compliance to the Corporate Governance requirements as enshrined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as Listing Regulations, 2015), the details of which for the financial year ended 31st March, 2020 is as set out hereunder:

B. BOARD OF DIRECTORS

The Board of Directors which is a body formed to serve and protect the overall interest of all the stakeholders, provides and evaluates the strategic direction of the Company; formulates and reviews management policies and ensures their effectiveness. The Board critically evaluates strategic direction of the Company and exercises appropriate control to ensure that the business of the Company is conducted in the best interests of the shareholders and society at large. The Chief Executive Officer of the Company (designated as 'President'), manages the business of the Company under the overall superintendence, guidance and control of the Executive Chairman and the Board, with the help of a competent team and able assistance from the Deputy Chief Executive Officer, the Wholetime Director (also designated as the CFO) and the Company Secretary of the Company (also designated as the Compliance Officer).

Composition of the Board

The Company has a balanced and diverse Board which includes independent professionals and conforms to the provisions of the Companies Act, 2013 (the Act) and the Listing Regulations, 2015. Your Company's Board represents an optimum combination of experience and expertise in diverse areas such as banking, finance, law, general management, administration and entrepreneurship and comprises of Executive and Non-Executive Directors, including independent professionals, who play a crucial role in Board processes and provide independent judgement on issues of strategy and performance. The Company's Board of Directors presently comprises of nine Directors; five of whom are Independent Directors (including a Woman Director); two of whom are Non-Executive Directors; and two Executive Directors viz., Executive Chairman and Wholetime Director. The Non-Executive Directors account for more than 75 per cent of the Board's strength as against the minimum requirement of 50 per cent as per the Listing Regulations, 2015. All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board thereby ensuring best interest of stakeholders and the Company. The present strength of the Board reflects judicious mix of professionalism, competence and sound knowledge which enables the Board to provide effective leadership to the Company. None of the Directors are inter-se related to each other.

None of the Directors on the Company's Board are members of more than 10 (ten) committees and chairman of more than 5 (five) committees (being, Audit Committee and Stakeholders' Relationship Committee) across all the companies, in which he/she is a Director. All the Directors have made necessary disclosures regarding committee positions held by them in other companies and do not hold the office of Director in more than 10 (ten) public companies as on 31st March, 2020. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations, 2015.

DETAILS OF DIRECTORSHIPS / COMMITTEE POSITIONS / SHARES HELD

The composition of the Board of Directors, number of other Directorships / Board level committee positions held by them in other Indian public companies as on 31st March, 2020, number of shares held in the Company are as follows:

Name of Director	Category	Number of shares held in Sutlej	Names of other public companies (including listed entities) in which directorships are held [other than Sutlej]	* Number of other companies' Board Committee(s)		Skills/ Expertise/ Competencies identified by the Board
				Chairperson	Member	
Mr. C. S. Nopany (DIN: 00014587)	ED / PG	1,10,000	1. Avadh Sugar & Energy Limited – Co-Chairman 2. SIL Investments Limited - Chairman 3. New India Retailing & Investment Limited - Director 4. Magadh Sugar & Energy Limited - Chairman 5. Chambal Fertilisers & Chemicals Limited - Director 6. Yashovardhan Investment & Trading Company Limited - Director 7. Ronson Traders Limited - Director 8. Allahabad Canning Limited - Director	2	0	Leadership experience of running large enterprise. Experience of leading operations of large organizations with deep understanding of complex business processes, regulatory and governance environment, risk management and ability to visualize and manage change.

Name of Director	Category	Number of shares held in Sutlej	Names of other public companies (including listed entities) in which directorships are held [other than Sutlej]	* Number of other companies' Board Committee(s)		Skills/ Expertise/ Competencies identified by the Board
				Chairperson	Member	
Mr. U. K. Khaitan (DIN: 01180359)	I	Nil	1. Ferro Alloys Corporation Limited - Director 2. Combine Overseas Limited - Director 3. Cremica Food Industries Limited - Director 4. Ghaziabad Investments Limited - Director 5. The Ayer Manis Rubber Estate Limited - Director 6. Modi Rubber Limited - Director	0	0	Understanding of the changing legal and regulatory landscape of the Country from time to time. Governance and Regulatory requirements of large companies.
Mr. Amit Dalal (DIN: 00297603)	I	Nil	1. Phoenix Mills Limited - Director 2. Tata Investment Corporation Limited – Wholetime Director 3. Simto Investment Company Limited - Director	0	1	Financial Management and Accounting. Business strategies and innovations.
Mr. Rajan A. Dalal (DIN: 00546264)	I	Nil	1. Century Textiles and Industries Limited - Director	1	1	Financial Management and Accounting. Business strategies and innovations.
Mr. Rajiv K. Podar (DIN: 00086172)	I	Nil	1. Podar Infotech & Entertainment Limited - Director	0	0	Financial Management and Accounting. Knowledge and expertise of trade, economic policies and risk management.
Mrs. Sonu Bhasin (DIN: 02872234)	I	Nil	1. Whirlpool of India Limited - Director 2. Mahindra First Choice Services Limited - Director 3. Max Specialty Films Limited - Director 4. Berger Paints India Limited - Director	1	3	Financial Management and Accounting. Business strategies and governance.
Mr. Rohit Dhoot (DIN: 00016856)	NED	Nil	1. Dhoot Industrial Finance Limited - Managing Director 2. Aakarshak Synthetics Limited - Director 3. Young Buzz India Limited - Director 4. Hindustan Oil Exploration Company Limited - Non Executive Non Independent Director	0	1	Financial Management and Accounting. Business strategies and innovations.
Mr. Ashok Mittal (DIN: 00016275)	NED	Nil	0	0	0	Financial Management, Banking and Accounting. Business strategies and innovations.
Mr. Bipeen Valame (DIN: 07702511)	ED	Nil	0	0	0	Financial Management and Accounting.

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

Notes:

i. The directorships held by the Directors, as mentioned above excludes alternate directorships, directorships in foreign companies, companies under Section 8 of the Act and private limited companies, which are not the subsidiaries of public limited companies.

ii. *Represents membership / chairmanship of only two Committees viz. Audit Committee and Stakeholders' Relationship Committee as per Regulation 26 of Listing Regulations, 2015.

iii. As on 31st March, 2020, none of the Directors of the Company were related to each other.

Except Mr. C. S. Nopany, none of the Directors of the Company hold any shares of the Company.

BOARD MEMBERSHIP CRITERIA

The Nomination and Remuneration Committee works with the entire Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual members. Board members are expected to possess the required qualification, integrity, expertise and experience for the position. They should also possess deep expertise and insights in sectors / areas relevant to the Company and ability to contribute to Company's growth. The Board periodically evaluates the need for change in its size and composition to ensure that it remains aligned with statutory and business requirements.

List of Core Skills/Expertise/Competencies of the Directors of the Company:

1. Strategy planning and execution;
2. Management and leadership;
3. Functional and managerial experience;
4. Legal and risk management;
5. Corporate governance systems and practices; and
6. Finance, banking and accounts.

BOARD INDEPENDENCE

Our definition of 'Independence' of Directors is derived from Regulation 16(b) of the Listing Regulations, 2015 and Section 149(6) of the Act. Due to promulgation of Section 149 of the Act and Regulation 25 of the Listing Regulations, 2015, Independent Directors can be appointed for 2 fixed terms of maximum five years and they shall not be liable to retire by rotation. Therefore, the Company has appointed / re-appointed all the existing Independent Directors for a fixed term of five consecutive years in compliance with the aforesaid provisions. The Company has issued formal letters of appointment to all the Independent Directors as prescribed under the provisions of the Act and the terms and conditions of their appointment have been uploaded on the website of the Company.

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as specified under Section 149(6) of the Act and that they are qualified to act as Independent Directors.

In the opinion of the Board, the Independent Directors fulfil the conditions specified in the Listing Regulations, 2015 and are independent of the management.

As required under the Act, the Independent Directors held a separate meeting to assess the functioning of the Board and to evaluate the performance of the Chairman and the Executive Directors.

FAMILIARISATION OF BOARD MEMBERS

As an onboarding process, all new Directors inducted on the Board are taken through a familiarisation process whereby information of the Company, its various units, products and financials is shared and explained to the Director.

All new Directors inducted to the Board are introduced to the Company's culture through appropriate orientation sessions. Presentations are shared to provide an overview of the Company's operations and to familiarize the new Directors with our operations. They are also introduced to our organization structure, our products, Board procedures, matters reserved for Board and our major risk and risk management strategy. The Independent Directors, from time to time, request management to provide detailed understanding of any specific project, activity or process of the Company. The management provides such information and training either at the meeting of the Board of Directors or otherwise.

The induction process is designed to:

a. build an understanding of Sutlej, its businesses and the markets and regulatory environment in which it operates;

b. provide an appreciation of the role and responsibilities of the Director;

c. fully equip Directors to perform their role on the Board effectively; and

d. develop understanding of the Company's people and its key stakeholder relationships.

The policy is available on the website of the Company at the weblink: http://sutlejtextiles.com/pdf/Policies%20&%20Codes/Familiarisation%20Programe.pdf

BOARD MEETINGS AND PROCEDURE

The Board meets atleast once in every quarter inter alia, to review the quarterly financial results, operations and other items on the agenda and minimum 4 (four) pre-scheduled Board meetings are held every year. Apart from the above, additional Board meetings are convened by giving appropriate notice to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by way of circulation, as permitted by law, which is confirmed in the subsequent Board meeting. The meetings are held as per the requirements of business; and maximum interval between any two Board meetings is within the permissible limits.

During the year under review, five Board meetings were held on 09th May, 2019; 06th August, 2019; 04th November, 2019; 03rd February, 2020 and 03rd March, 2020. The necessary quorum was present in all the Board meetings. Leave of absence was granted to the concerned Director who had requested for leave of absence due to their inability to attend the respective Board meeting. The details of attendance of Directors at the Board meetings and at the last Annual General Meeting (AGM) are as under:

Name of Director	Number of Board meetings		Attendance at last AGM
	Held	Attended	
Mr. C. S. Nopany	5	5	No
Mr. U. K. Khaitan	5	5	Yes
Mr. Amit Dalal	5	5	Yes
Mr. Rajan A. Dalal	5	4	Yes
Mr. Rajiv K. Podar	5	4	Yes
Mrs. Sonu Bhasin	5	5	No
Mr. Rohit Dhoot	5	5	Yes
Mr. Ashok Mittal	5	4	Yes
Mr. Bipeen Valame	5	5	Yes

BOARD SUPPORT

The Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board and Committees thereof for consideration. The Company Secretary is also responsible for preparation of the agenda and convening of the Board and Committee meetings. The Company Secretary attends all the meetings of the Board and its Committees except Independent Directors meeting, advises / assures the Board on compliance and governance principles and ensures appropriate recording of Minutes of the meetings.

INFORMATION TO THE BOARD

The internal guidelines for Board / Board Committee meetings facilitate the decision making process at the meetings of the Board / Committees in an informed and efficient manner. Board meetings are governed by structured agenda. The Company Secretary in consultation with the Chairman and senior management prepares the detailed agenda for the meetings. All major agenda items are backed by comprehensive background information, notes and supporting papers containing all the vital information, to enable the Board to have focused discussion at the meeting and take informed decisions.

Agenda papers and notes on agenda are circulated to the Directors, in advance, in the defined agenda format. All material information is circulated along with agenda papers for facilitating meaningful and focused discussions at the meeting. In case of sensitive agenda matters, or where it is not practicable to attach or circulate relevant information or document as part of the agenda papers, the same are tabled at the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are taken up for discussion with the permission of the Chairman. In case any Directors are unable to attend the meeting physically, video conferencing facilities are also made available to enable their participation. Frequent and detailed deliberation on the agenda provides the strategic roadmap for the future growth of the Company.

A detailed agenda is sent to each Director in advance of the Board meetings, covering inter alia, the required information as enumerated in Part A of Schedule II to Regulation 17(7) of the Listing Regulations, 2015. As a policy, all major decisions involving business plan, allocation and deployment of funds, investments and capital expenditure, in addition to matters which statutorily require the approval of the Board are placed before the Board for its consideration and directions.

Inter alia, the following information, as may be applicable and required, is provided to the Board as a part of the agenda papers:

- Annual operating plans and revenue budgets
- Capital expenditure budgets
- Quarterly, half yearly and annual results of the Company
- Minutes of the Audit and other Committees of the Board
- Information relating to recruitment and remuneration of senior level officers just below the Board
- Materially important legal or taxation issues
- Status of financial obligations to and by the Company
- Any significant development in human resources or industrial relations
- Details of risk exposure and steps taken by management to limit or restrain the risk
- Compliance status with any regulatory, statutory or Listing Regulations related requirements or in relation to any shareholder services
- Action taken report in respect of the decisions arising out of the previous meeting

The Board is also briefed on areas covering industry environment, project implementation, project financing and operations of the Company. Senior executives are invited to provide additional inputs at the Board meeting, as and when necessary. The members of the Board or Committees are free to suggest any item to be included in the agenda, in addition to exercising their right to bring up matters for discussion at the meeting with permission of the Chairman.

The draft minutes of each Board / Committee meetings are circulated to all Directors for their comments within 15 days of the meeting. After incorporating comments, if any, received from Directors, the Company Secretary records the minutes of each Board / Committee meeting within 30 days from conclusion of the meeting. The important decisions taken at the Board / Committee meetings are communicated to concerned departments promptly. Action taken report on the decisions taken at the meeting(s) is placed at the immediately succeeding meeting of the Board / Committee for noting by the Board / Committee.

The Board periodically reviews compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliance, if any.

Separate Independent Directors' Meeting

The Independent Directors met on 03rd February, 2020 without the presence of Executive Directors or management representatives and inter alia discussed:

- the performance of Non-Independent Directors and the Board as a whole;
- the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors; and
- the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

In addition to this meeting, interactions outside the Board meetings also take place between the Chairman and Independent Directors.

Board Evaluation / Performance Evaluation

In terms of the requirements of the Act and Listing Regulations, 2015, the Board has evaluated its own performance, performance of the Directors individually as well as the evaluation of the working of its Committees. A structured questionnaire was circulated, 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.

Code of Conduct and Ethics

The Company has laid down a Code of Conduct (the Code) for the entire Board of Directors and senior management to avoid a conflict of interest. The Code is derived from three inter linked fundamental principles, namely: good corporate governance, good corporate citizenship and exemplary personal conduct. The Directors and senior management have affirmed compliance with the Code for the year 2019-2020. A declaration to this effect signed by the President and CEO is attached and forms part of this report. The Code is available on the Company's website www.sutlejtextiles.com

There were no material, financial and commercial transactions in which the senior management had personal interest, leading to a potential conflict of interest during the year under review.

C. SUBSIDIARY COMPANIES

The Company has one wholly owned subsidiary viz. Sutlej Holdings, Inc. and a wholly owned step-down subsidiary viz. American Silk Mills, LLC. During the financial year 2019-20, the Audit Committee reviewed the financial statements of the subsidiary company. Minutes of the Board meetings of the subsidiaries were regularly placed before the Board. The Board periodically reviews the statement of all significant transactions and arrangement, if any, entered into by the subsidiaries.

D. COMMITTEES OF THE BOARD

Pursuant to Listing Regulations, 2015 and provisions of the Act, the Board of Directors constituted six Committees of Directors viz.:

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

The details of these Committees are as follows:

I. AUDIT COMMITTEE

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee comprises of four Independent Directors and is headed by Mr. Rajan A. Dalal. The other members of the Committee are: Mr. Amit Dalal, Mr. Rajiv K. Podar and Mr. Rohit Dhoot.

TERMS OF REFERENCE

The terms of reference of Audit Committee are in conformity with Section 177 of the Act and Regulation 18 of the Listing Regulations, 2015. The brief terms of reference inter alia are as follows:

- Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- Recommending to the Board, the appointment, re-appointment, remuneration and terms of appointment of auditors of the Company and, if required, their replacement or removal.
- Approve payment to statutory auditors for any other services rendered by them.
- Reviewing, with the management, the quarterly and annual financial statements and auditors report thereon before submission to the Board for approval.
- Approve appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
- Reviewing and monitoring the auditor's independence, performance and effectiveness of audit process.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, if any, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit, etc.

MEETINGS AND ATTENDANCE

During the year under review, the Audit Committee met four times on 08th May, 2019; 05th August, 2019; 01st November, 2019 and 31st January, 2020.

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

Name of the member	Status	Category	Number of meetings attended
Mr. Rajan A. Dalal	Chairman	Independent	4
Mr. Amit Dalal	Member	Independent	4
Mr. Rajiv K. Podar	Member	Independent	3
Mr. Rohit Dhoot	Member	Non - Executive	2

The constitution of the Audit Committee meets the requirements of Section 177 of the Act. The Committee reviews various aspects of the internal audit control system and financial and risk management policies. The requirements in respect of Regulation 18 of the Listing Regulations, 2015 are also reviewed by the Committee. The management makes a presentation before the Audit Committee on the observations and recommendations of the Statutory and Internal Auditors to strengthen controls and compliance. The internal auditors and statutory auditors are permanent invitees to the Committee meeting. The Company Secretary acts as the Secretary of the Committee.

II.STAKEHOLDER'S RELATIONSHIP COMMITTEE

COMPOSITION

The Stakeholders' Relationship Committee constituted as a mandatory committee of the Board, presently comprises of two Independent Directors and one Executive Director of the Company. The Committee is headed by Mr. Amit Dalal. The other members of the Committee are Mr. Rajiv K. Podar and Mr. Bipeen Valame.

TERMS OF REFERENCE

The Committee inter alia oversees the redressal of shareholder and investor complaints / requests for transmission of shares, sub-division and consolidation of share certificates, issue of duplicate share certificates, requests for dematerialisation and rematerialisation of shares, non-receipt of declared dividend and non-receipt of Annual Report. It also recommends measures for improvement in investor services. The Committee also keeps a close watch on the performance of Link Intime India Pvt. Ltd., the Registrar & Share Transfer Agents (RTA) of the Company. The Committee also reviews various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensures timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company. The Company Secretary designated as the Compliance Officer of the Company, acts as the Secretary of the Committee. The Committee meets as often as is necessary for resolution of important matters within its mandate.

MEETINGS AND ATTENDANCE

During the year under review the Committee met four times on 08th May, 2019; 05th August, 2019; 01st November, 2019 and 31st January, 2020. The attendance of the members of the Committee was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. Amit Dalal	Chairman	Independent	4
Mr. Rajiv K. Podar	Member	Independent	3
Mr. Bipeen Valame	Member	Executive	4

Minutes of the meeting of the Stakeholders' Relationship Committee are approved by the Chairman of the Committee and are noted by the Board at its next meeting.

INVESTOR COMPLAINTS RECEIVED AND RESOLVED DURING THE YEAR

During the year under review, the Company received 9 complaints / letters from the shareholders which were duly attended. The average period of redressal of grievances is 7 (seven) days from the date of receipt of letters / complaints. There were no unresolved complaints as on 31st March, 2020.

III. NOMINATION AND REMUNERATION COMMITTEE

COMPOSITION

The Nomination and Remuneration Committee of the Company comprises of three Independent Directors, namely, Mr. U. K. Khaitan, Mr. Rajan A. Dalal and Mr. Rajiv K. Podar. The Committee is headed by Mr. U. K. Khaitan.

TERMS OF REFERENCE

The terms of reference of Nomination and Remuneration Committee are in conformity with Section 178 of the Act and Regulation 19 of the Listing Regulations, 2015. The terms of reference are as follows:

- determine the compensation package of the President, Executive Presidents, Executive Directors, Secretary and other senior management personnel.
- formulate 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.
- formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.
- devise a policy on diversity of Board of Directors.
- identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal.
- decide on whether to extend or continue the term of appointment of the Independent Directors, on the basis of the performance evaluation report of Independent Directors.

MEETINGS AND ATTENDANCE

During the year under review, the Committee met three times on 09th May, 2019; 04th November, 2019 and 03rd February, 2020. The attendance of the members of the Committee was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. U. K. Khaitan	Chairman	Independent	3
Mr. Rajan A. Dalal	Member	Independent	3
Mr. Rajiv K. Podar	Member	Independent	3

IV. FINANCE & CORPORATE AFFAIRS COMMITTEE

COMPOSITION

The Finance & Corporate Affairs Committee presently comprises of two Executive Directors and three Independent Directors and is headed by Mr. C. S. Nopany, Executive Chairman of the Board. Other members of the Committee are Mr. U. K. Khaitan, Mr. Rajiv K. Podar, Mrs. Sonu Bhasin and Mr. Bipeen Valame. During the year under review, no meeting was held of the Committee.

TERMS OF REFERENCE

The Committee inter alia decides upon matters relating to inter corporate loans/deposits, investments, opening and closing of bank accounts and various matters related thereto, in terms of the powers delegated to it by the Board from time to time.

V. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

COMPOSITION

The Corporate Social Responsibility Committee (CSR) presently comprises of three Independent Directors and is headed by Mr. U. K. Khaitan. Other members of the Committee are Mr. Amit Dalal and Mrs. Sonu Bhasin.

TERMS OF REFERENCE

The terms of reference of the CSR Committee includes but is not limited to the following :

- formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- monitor the Corporate Social Responsibility Policy of the Company from time to time.

MEETINGS AND ATTENDANCE

During the year under review, the CSR Committee met thrice on 09th May, 2019; 04th November, 2019 and 03rd February, 2020.

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

Name of the member	Status	Category	Number of meetings attended
Mr. U. K. Khaitan	Chairman	Independent	3
Mr. Amit Dalal	Member	Independent	3
Mrs. Sonu Bhasin	Member	Independent	3

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

VI. RISK MANAGEMENT COMMITTEE

COMPOSITION

The Risk Management Committee presently comprises of Mr. Rajiv K. Podar, Independent Director as Chairman, Mr. S. K. Khandelia, President & CEO and Mr. Bipeen Valame, Wholetime Director & CFO. The Committee has been formed voluntarily as part of better Corporate Governance practice. During the year under review, no meeting was held of the Committee.

TERMS OF REFERENCE

The Committee is entrusted with the task of monitoring, reviewing and managing the risks to which the Company is exposed, preparation of Company - wide framework for risk management, fixing roles and responsibilities, communicating the risk management objective, allocating resources, drawing action plan, determining criteria for defining major and minor risks, deciding strategies for escalated major risk areas, updating Company-wide risk register and preparing MIS report.

E. DETAILS OF REMUNERATION PAID TO DIRECTORS

The Executive Chairman receives salary, allowances, perquisites and commission; the Wholetime Director receives salary, allowances and perquisites, while all the Non-Executive Directors receive sitting fees, allowances if applicable and annual commission within the prescribed limits as set out in the Act.

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive Directors during the year.

i. Remuneration paid to Non-Executive Directors of the Company

The Non-Executive Directors are paid sitting fees for attending each meeting of the Board of Directors and Committees thereof. They are also entitled to a fixed commission of Rs. 4,00,000/- per year payable proportionately to their tenure in office as Directors of the Company.

The total commission payable to all the Non-Executive Directors for the financial year 2019-20 will be Rs. 28,00,000/- for which provision has been made in the books of accounts. The commission shall be paid after the adoption of annual accounts of the Company for the financial year ended 31st March, 2020 by the shareholders at the forthcoming AGM. The commission to all the Non-Executive Directors of the Company is determined after taking into account their valuable guidance in the various business initiatives and decisions at the Board level and also profitability of the Company. The details of commission payable and sitting fees (including for Committee meetings) paid to the Non-Executive Directors during the year 2019-2020 is as follows:

Sr. No.	Name of Director	Commission (Rs.)	Sitting Fees (Rs.)
1.	Mr. U. K. Khaitan	4,00,000	4,00,000
2.	Mr. Amit Dalal	4,00,000	5,25,000
3	Mr. Rajan A. Dalal	4,00,000	3,75,000
4.	Mr. Rajiv K. Podar	4,00,000	4,25,000
5.	Mrs. Sonu Bhasin	4,00,000	3,25,000
6.	Mr. Rohit Dhoot	4,00,000	3,00,000
7.	Mr. Ashok Mittal	4,00,000	2,00,000
	Total	**28,00,000**	**25,50,000**

ii. Remuneration paid/payable to the Executive Directors of the Company for the year ended 31st March, 2020 is as under:

(Amount in Rupees)

Executive Chairman and Wholetime Director	Salary etc.	Perquisites	Retirement Benefits	Sitting Fees	Total
Mr. C. S. Nopany	2,75,00,000	-	-	2,50,000	2,77,50,000
Mr. Bipeen Valame	1,11,28,796	-	-	-	1,11,28,796

F. COMPANY POLICIES

i. WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blower policy, as part of vigil mechanism to provide appropriate avenues to the Directors and employees to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the fundamental business principles of the Company. The employees are encouraged to voice their concerns by way of whistle blowing and all the employees have been given access to the Audit Committee. The Company Secretary is the designated officer / Chief Ethics Counsellor for effective implementation of the policy and dealing with the complaints registered under the policy. All cases registered under the Whistle Blower policy of the Company are subject to review by the Audit Committee. The Whistle Blower policy is available on the website of the Company at the weblink: http://sutlejtextiles.com/pdf/Policies%20&%20Codes/Whistle%20Blower%20Policy.pdf

ii. REMUNERATION POLICY

The Board on the recommendation of the Nomination and Remuneration Committee has framed a policy for selection and appointment of Directors, Senior Management Personnel and determination of remuneration payable to them. The policy contains, inter alia, criteria's for directors' appointment and remuneration including determining qualifications, positive attributes, independence of a director, etc. The Remuneration Policy is available on the website of the Company at the weblink: http://sutlejtextiles.com/pdf/Policies%20&%20Codes/Remuneration%20Policy.pdf

iii. POLICY ON RELATED PARTY TRANSACTIONS

In line with requirement of the Act and Listing Regulations, 2015, your Company has formulated a policy on Related Party Transactions which is available on the Company's website at the weblink: http://sutlejtextiles.com/pdf/Policies%20&%20Codes/Policy%20on%20Related%20Party%20Transactions.pdf

The policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and related parties.

This policy specifically deals with the review and approval of material related party transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All related party transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained on an annual basis for transactions with related parties which are of repetitive nature and / or entered in the ordinary course of business and on an arm's length basis.

iv. CORPORATE SOCIAL RESPONSIBILITY POLICY

The Corporate Social Responsibility (CSR) policy is formulated in consultation with the CSR Committee and as envisaged under Section 135 of the Act and the Rules framed thereunder and is available on the Company's website at the weblink : http://sutlejtextiles.com/pdf/Policies%20&%20Codes/CSR%20Policy.pdf.

The CSR policy outlines the Company's philosophy and responsibility as a corporate citizen of India and lays down the guidelines and mechanism for undertaking socially useful programmes for the welfare and sustainable development of the communities across the country.

v. MATERIAL SUBSIDIARY POLICY

In line with requirement of Regulation 46(2)(h) of the Listing Regulations, 2015, your Company has formulated a policy on Material Subsidiaries which is available on the Company's website at the weblink: http://sutlejtextiles.com/pdf/Policies%20&%20Codes/Material%20Subsidiary%20Policy.pdf.

The objective of this policy is to determine Material Subsidiaries of the Company and to provide the governance framework for such subsidiaries.

vi. BOARD DIVERSITY POLICY

The Board Diversity policy sets out the approach for diversity of the Board of your Company. The Company recognizes and embraces the benefits of having a diverse Board. A truly diverse Board with an inclusive culture will make good the differences in skills, experience, education, gender, age, race, geography, ethnicity, background and other distinctions between the directors. This policy is available on the Company's website at the weblink: http://sutlejtextiles.com/pdf/Policies%20&%20Codes/Board%20Diversity%20Policy.pdf

The objective of this policy is to ensure an optimum composition of the Board such that the talent of all members of the Board blend together to be as effective as possible.

vii. BUSINESS RESPONSIBILITY POLICY

The Listing Regulations mandate top 1,000 listed entities based on market capitalisation to include a Business Responsibility Report (BRR) as part of its Annual Report. A Business Responsibility Policy is also required to be framed and approved by the Board of Directors. In compliance with the Listing Regulations, 2015 a BRR forms part of the Annual Report. This policy is available on the Company's website at the weblink: http://sutlejtextiles.com/pdf/Policies%20&%20Codes/Business-Responsibility-Policy.pdf

G. MANAGEMENT DISCUSSION AND ANALYSIS

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

H. DISCLOSURES

(a) Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. All related party transactions are placed before the Audit Committee and also the Board for approval. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are of a foreseen and repetitive nature. The actual transactions entered into pursuant to the omnibus approval so granted are placed at quarterly meetings of the Audit Committee for their review.

Details of related party transactions between the Company and the Promoters, Management, Directors or their relatives etc. are disclosed in Note No. 45 of the Annual Financial Statements in compliance with the Indian Accounting Standard relating to "Related Party Disclosures". Details of all such transactions are provided to the Board at the Board meetings and the interested Directors neither participate in the discussion, nor vote on such matters.

There is no materially significant related party transaction that may potentially conflict with the interests of the Company at large.

(b) Confirmation by the Board of Directors on acceptance of Recommendation of Mandatory Committees

In terms of the amendments made to the Listing Regulations, 2015 the Board of Directors confirm that during the year, it has accepted all recommendations received from its mandatory committees.

(c) Accounting treatment in preparation of financial statements

The financial statements have been prepared to comply in all material respects with the applicable Accounting Standards notified under Section 133 and the relevant provisions of the Act and generally accepted accounting principles in India.

(d) Details of non-compliance with regard to the capital markets

There has been no instance of non-compliance by your Company and no penalties or strictures have been imposed by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets.

(e) Proceeds from public issues, rights issues, preferential issues, etc.

During the year under review, no proceeds were raised by the Company from public issue, rights issue, preferential issue, etc.

(f) Insider Trading

In order to regulate trading in securities of the Company by the Designated Persons, your Company has adopted a Code of Internal Procedures and Conduct (Insider Trading Code) framed under the SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time) which, inter alia, prohibits trading in shares by an 'insider' when in possession of unpublished price sensitive information. The Insider Trading Code prevents misuse of unpublished price sensitive information and it also provides for periodical disclosures and obtaining pre-clearance for trading in securities of your Company by the Designated Persons.

(g) Compliance with the mandatory Corporate Governance requirements as prescribed under the Listing Regulations, 2015

The Board of Directors periodically review the compliance of all applicable laws. The Company is in full compliance with all the mandatory requirements of Corporate Governance as specified in Regulation 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, 2015.

(h) Certificate on Corporate Governance

The Company has obtained a certificate from its Practicing Company Secretary regarding compliance of the conditions of Corporate Governance, as stipulated in Regulation 34(3) read with Part E of Schedule V of the Listing Regulations, 2015 which together with this Report on Corporate Governance is annexed to the Director's Report and shall be sent to all the shareholders of the Company and the Stock Exchanges along with the Annual Report of the Company.

(i) Compliance with Discretionary Requirements

In addition to the mandatory requirements, the Company has also adopted the following non-mandatory requirements as prescribed in Regulation 27 of the Listing Regulations, 2015:

a) The statutory financial statements of your Company are unqualified; and

b) Reporting of Internal Auditor is directly to the Audit Committee.

(j) Risk Management

As required under Regulation 17 of Listing Regulations, 2015, the Company has established a well documented and robust risk management framework. Under this framework, risks are identified across all business processes of the Company on a continuous basis. Once identified, these risks are classified as strategic risks, business risks or reporting risks. Strategic risks are those which are associated with the long term interests of the Company. Reporting risks are associated with incorrect or un-timely financial and non-financial reporting.

The Risk Management Committee and the Board of Directors reviews the risk management strategy of the Company to ensure effectiveness of the risk management policy and procedures. The Board of Directors of the Company are regularly apprised on the key risk areas and a mitigation mechanism is recommended.

(k) Corporate Ethics

As a responsible corporate citizen, the Company consciously follows corporate ethics in business and corporate interactions. The Company has framed codes and policies providing guidance for carrying business in an ethical manner. Some of these policies are:

a) Code for Prevention of Insider Trading;

b) Code of Conduct;

c) Whistle Blower policy;

d) Code for Corporate Disclosure; and

e) Safety, Health and Environment policy in each of the units.

In conformity with the recent statutory changes, the codes have been revised accordingly.

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

As per the requirement of Regulation 17(8) of Listing Regulations, 2015, a certificate duly signed by the CEO and CFO of the Company, regarding the financial statements for the year ended 31st March, 2020, was placed before the Board at its meeting held on 12th June, 2020.

(m) Remuneration to the Statutory Auditor

Details of the total fees paid to the Statutory Auditors by your Company are disclosed in Note No. 37 of the Annual Financial Statements in compliance with the Listing Regulations, 2015.

I. UNPAID / UNCLAIMED DIVIDENDS

As per the Sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, shares pertaining to shareholders who have not encashed / claimed dividends for seven consecutive years from the date of declaration were required to be transferred to the demat account of the Investor Education and Protection Fund (IEPF) Authority. The shareholders whose dividend / shares are transferred to the IEPF Authority can claim their dividend / shares from the Authority.

In accordance with the new IEPF Rules, the Company had sent notice to all shareholders whose shares are due to be transferred to the IEPF Authority and published requisite advertisement in the newspaper prior to transfer of the shares pertaining to such shareholders of the Company who have not en-cashed / claimed dividends for seven consecutive years.

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 22nd August, 2019 (date of last AGM) and the list of shareholders whose shares have been transferred to the IEPF Authority on the Company's website: www.sutlejtextiles.com

J. SHAREHOLDER INFORMATION

(i) Means of communication

Annual Reports, notice of the meetings and other communications to the Members are sent through e-mail, post or courier.

However, this year in view of the outbreak of COVID-19 pandemic and owing to the difficulties involved in dispatching of physical copies of Annual Report, the Ministry of Corporate Affairs (MCA) has vide its Circular No. 20/2020 dated 5th May, 2020 directed the companies to send the Annual Report only by e-mail to all the Members of the Company.

Therefore, the Annual Report for the financial year 2019 - 20 and Notice of 15th AGM of the Company is being sent to the Members at their registered e-mail addresses in accordance with MCA and SEBI Circulars issued from time to time in this regard.

In accordance with Regulation 46 of the Listing Regulations, 2015, the Company has maintained a functional website at www.sutlejtextiles.com containing information about the Company viz. the details of its business, financial information, shareholding pattern, compliance with corporate governance norms, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances, etc. The contents of the said website are updated from time to time.

The quarterly and annual audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. The results are normally published in Business Standard in English and Rajasthan Patrika / Dainik Bhaskar in Hindi in terms of Regulation 47 of the Listing Regulations, 2015. The results are also hosted on the website of the Company - www.sutlejtextiles.com

The Company organizes / participates in press meets / analyst's meets to apprise and make public the information relating to the Company's working and future outlook.

Further, the Company disseminates to the stock exchanges i.e. BSE Limited and National Stock Exchange of India Limited wherein the equity shares of the Company are listed, all mandatory information and price sensitive / such other information which in its opinion are material and / or have a bearing on its performance / operations and issues press releases wherever necessary for the information of the public at large. For the benefit of the shareholders, a separate email id has been created for shareholder correspondence viz. stil.investor_grievance@sutlejtextiles.com.

(ii) General Body Meetings of the Company

Details of the last three Annual General Meetings of the Company are as under:

AGM	Financial Year	Date	Time	Venue	Special business/s if any, passed
14th	2018-19	22nd August, 2019	3.00 p.m.	Registered Office: Pachpahar Road Bhawanimandi (Raj)	1. Ratification of remuneration paid to M/s. K. G. Goyal & Associates, Cost Auditors. 2. Appointment of Mr. Ashok Mittal as a Director of the Company. 3. Re-appointment of Mr. Umesh Khaitan as an Independent Director. 4. Re-appointment of Mr. Amit Dalal as an Independent Director. 5. Re-appointment of Mr. Rajan A. Dalal as an Independent Director. 6. Re-appointment of Mr. Rajiv K. Podar as an Independent Director. 7. Re-appointment of Mrs. Sonu Bhasin as an Independent Director. 8. To raise financial resource through issue of securities for long term requirement of the Company.
13th	2017-18	31st August, 2018	3.00 p.m.	Registered Office: Pachpahar Road Bhawanimandi (Raj)	1. Ratification of Remuneration paid to M/s. K. G. Goyal & Associates, Cost Auditor. 2. Appointment of Mr. Rohit Dhoot as a Director. 3. Re-appointment of Mr. C. S. Nopany as Executive Chairman. 4. Alteration of Articles 153 and 181 of the Articles of Association of the Company. 5. Raise financial resource through issue of securities for long term requirement of the Company.
12th	2016-17	31st August, 2017	3.00 p.m.	Registered Office: Pachpahar Road Bhawanimandi (Raj)	1. Ratification of Remuneration paid to M/s. K. G. Goyal & Associates, Cost Auditor. 2. Appointment of Mr. Sukhvir Singh as Director. 3. Appointment of Mr. Bipeen Valame as Director. 4. Appointment of Mr. Bipeen Valame as Wholetime Director. 5. Approve sub-division of equity shares of the Company. 6. Alteration of Clause V of the Memorandum of Association of the Company. 7. Raise funds through private placements (NCDs) under Sections 42 and 71 of the Act. 8. Maintenance of Register of Members and Related Books at a place other than the Registered Office of the Company.

The 15th Annual General Meeting of the Company is proposed to be held on 16th September, 2020 at 3.00 p.m. through Video Conference or any Other Audio Visual Means.

Postal Ballot:
During the financial year 2019-2020, no Postal Ballot activity was conducted by the Company.

(iii) Details of unclaimed shares in terms of Regulation 39 of Listing Regulations, 2015

Regulation 39(4) of the Listing Regulations, 2015 read with Schedule VI pertaining to "Manner of dealing with Unclaimed Shares", which came into effect from 1st December, 2015, has directed companies to dematerialize such shares which have been returned as "Undelivered" by the postal authorities and hold these shares in an "Unclaimed Suspense Account" to be opened with either one of the Depositories viz. National Securities Depository Limited (NSDL) or Central Depository Services Limited (CDSL).

All corporate benefits on such shares viz. bonus, etc. shall be credited to the Unclaimed Suspense Account as applicable for a period of seven years and will thereafter be transferred in accordance with the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer, and Refund) Rules, 2016 (IEPF Rules) read with Section 124(6) of the Act.

The Company has not transferred any shares in the Unclaimed Suspense Account during the year under review.

(iv) General Shareholders' information

a) 15th Annual General Meeting

Date	16th September, 2020
Day	Wednesday
Time	3.00 p.m.
Venue	Through Video Conference or any Other Audio Visual Means

b) Record Date
The record date for the purpose of entitlement of dividend will be 15th September, 2020.

c) Tentative financial calendar:

Next financial year	1st April, 2020 to 31st March, 2021
First Quarter Results & Limited Review	mid August, 2020
Second Quarter Results & Limited Review	mid November, 2020
Third Quarter Results & Limited Review	mid February, 2021
Audited Annual Results (2020-21)	mid May, 2021

(v) Dividend

Payment date (tentative): on or after 21st September, 2020.

The Board of Directors at their meeting held on 12th June, 2020, have recommended a Dividend of Rs. 0.30 per share for the year ended 31st March, 2020, subject to shareholders' approval at the forthcoming 15th AGM. If approved, the dividend will be paid to the shareholders on or after 21st September, 2020 but within 30 working days from the date of AGM. The Company will continue to use NECS / ECS or any other electronic mode for payment of dividend to the shareholders located in places where such facilities / system is in existence.

(vi) Listing on Stock Exchanges and stock codes:

The names of the Stock Exchanges on which the Company's equity shares are listed with the respective stock codes are as under:

Sr. No.	Name of the Stock Exchange	Stock Code
1.	BSE Ltd. P. J. Towers, Dalal Street, Mumbai-400 001	532782
2.	National Stock Exchange of India Ltd. Exchange Plaza, Block G, CI, Bandra Kurla Complex, Bandra East, Mumbai-400 051	SUTLEJTEX

Listing fees for the year 2020-21 has been paid to the Stock Exchanges within the stipulated time..

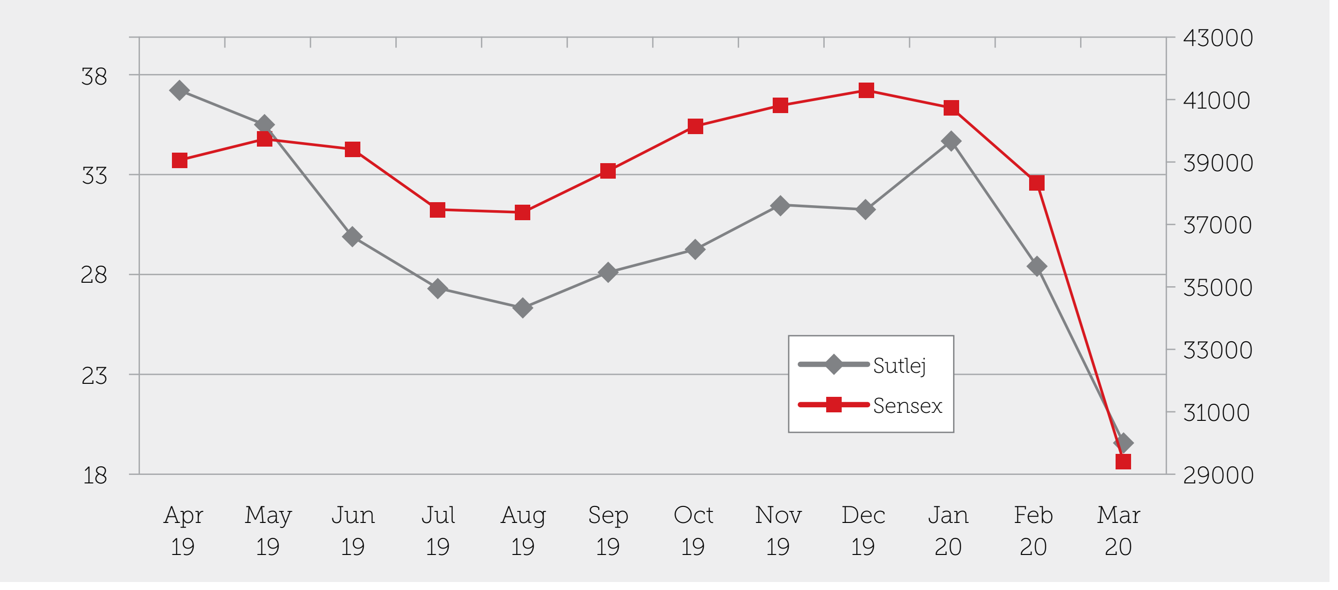
(vii) Corporate Identification Number

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

(viii) Market price data

High / low market price of the Company's equity shares traded on stock exchanges where the equity shares are listed during the last financial year are as follows:

Month	BSE Limited		National Stock Exchange of India Limited	
	High	Low	High	Low
April, 2019	42.55	36.60	42.95	36.80
May, 2019	42.00	34.05	42.90	34.50
June, 2019	36.30	29.30	36.95	29.05
July, 2019	30.20	26.55	31.00	26.55
August, 2019	29.00	24.10	30.00	24.15
September, 2019	34.70	25.00	31.85	24.80
October, 2019	30.35	25.15	29.90	26.00
November, 2019	34.25	28.30	34.55	28.35
December, 2019	33.40	29.00	33.85	28.60
January, 2020	38.90	29.20	39.70	29.10
February, 2020	34.90	27.50	37.00	26.30
March, 2020	32.10	15.40	32.90	15.20



(ix) Distribution of shareholding:

The distribution of shareholding as on 31st March, 2020 was as follows:

Sr. No.	Number of equity shares	Number of shares held	% of total shares
1.	Up to 1000	22,12,518	1.35
2.	1001 to 5000	39,38,839	2.40
3.	5001 to 10000	25,53,139	1.56
4.	10001 to 50000	57,95,547	3.54
5.	50001 to 100000	31,95,188	1.95
6.	100001 to 1000000	70,70,762	4.32
7.	1000001 to 5000000	2,23,98,097	13.67
8.	5000001 and above	11,66,64,530	71.21
	TOTAL	16,38,28,620	100.00

(x) Details of shareholding as on 31st March, 2020 was as under:

Sr. No.	Particulars	As on 31st March, 2020	
		No. of shares	%
1.	Promoters	10,46,78,660	63.90
2.	Financial Institutions / Banks / Mutual Funds / UTI / Insurance Cos. / NBFCs	40,300	0.02
3.	Central Government / State Government(s) / IEPF	10,82,510	0.66
4.	Indian Public :		
a.	Bodies Corporate	3,26,16,893	19.91
b.	Individuals / HUF	2,47,06,492	15.08
c.	Stock Exchange Clearing Members	18,689	0.01
d.	FIIs, FPIs	0.00	0.00
e.	NRI / Foreign Nationals	6,84,976	0.42
f.	Others / Trusts	100	0.00
	TOTAL	**16,38,28,620**	**100.00**

(xi) Dematerialisation of shares and liquidity

The equity shares of the Company are listed on the BSE Limited and National Stock Exchange of India Limited. The Company has an agreement with NSDL and CDSL for providing depository services for holding the shares in dematerialised mode. As a result, as on 31st March, 2020, 99.35% of the total equity share capital of the Company was held in dematerialised form. The Company has paid the requisite fees to all these authorities for the year 2019-20.

(xii) Restriction on transfer of shares held in physical form

The attention of members is drawn to SEBI Circular no. SEBI/LAD-NRO/GN/2018/24 dated 08th June, 2018 whereby companies have been directed not to effect transfer of securities w.e.f. 01st April, 2019, unless the same are held in dematerialized form with a Depository (except in case of transmission or transposition of securities).

Members holding shares in physical form are requested to dematerialize their holding at the earliest in case they want to effect any transfer of shares.

(xiii) Share transfer system

To expedite share transfer, authority has been delegated to the Stakeholders Relationship Committee of the Board. The Committee considers requests for transfers, transmission, issue of duplicate certificates, issue of certificates on split / consolidation / renewal, etc. and the same are processed and delivered within 15 days of lodgment, if the documents are complete in all respects. In compliance with the Listing Regulations, 2015, every six months, the share transfer system is audited by a Company Secretary in practice and a certificate to that effect is issued by him. The Secretary of the Company has also been authorised to approve the transfer of shares to expedite registration of valid transfers.

(xiv) Address for Shareholders' Correspondence

Shareholders are requested to correspond with the RTA at the below given address on all matters relating to transmission, duplicate issue of shares, dematerialization of shares, payment of dividend and any other query relating to the equity shares of the Company.

(xv) Registrar and Transfer Agent

The Company has appointed Link Intime India Private Limited, as Registrar & Share Transfer Agent (RTA) of the Company from 01st April, 2016 for handling share registry (physical and electronic modes). Accordingly, all correspondence, requests for transmission, demat / remat and other communication in relation thereto should be mailed / hand delivered to the said RTA directly at the following address:

Link Intime India Pvt. Ltd.
C-101, 1st Floor, 247 Park,
Lal Bahadur Shastri Marg,
Vikhroli West, Mumbai 400 083.
Tel. 022- 4918 6000
Fax: 022- 4918 6060
Email Id: rnt.helpdesk@linkintime.co.in

(xvi) Compliance Officer's Details:

Mr. Manoj Contractor
Company Secretary and Compliance Officer
seated at Mumbai office at:
E Wing, 6th Floor, Lotus Corporate Park, Graham Firth Street, Jay Coach, Goregaon (East), Mumbai - 400 063.
Tel : 022-4219 8800
Fax : 022-4219 8830/31
E-mail ID: manojcontractor@sutlejtextiles.com

(xvii) Investor Relations:

In order to facilitate investor servicing, the Company has designated an e-mail id - stil.investor_grievance@sutlejtextiles.com mainly for registering complaints by investors.

K. COMPLIANCE

(i) Statutory Compliance, Penalties and Strictures

The Company has continued to comply with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital market during the last three years. There were no cases of penalties or strictures imposed on the Company by any Stock Exchange or SEBI or any other statutory authorities for any violation related to capital market during the last three years.

(ii) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

As on date there are no outstanding warrants or any convertible instruments. The Company has not issued GDRs/ADRs.

(iii) Disclosure under Regulation 30 of the Listing Regulations, 2015 regarding certain agreements with the media companies

Pursuant to the requirement of Regulation 30 of the Listing Regulations, 2015, the Company would like to inform that no agreement(s) have been entered into with media companies and / or their associates which has resulted in / will result in any kind of shareholding in the Company and consequently any other related disclosures viz. details of nominee(s) of the media companies on the Board of the Company, any management control or potential conflict of interest arising out of such agreements, etc. are not applicable. Nor has the Company entered into any other back to back treaties / contracts / agreements / MoUs or similar instruments with media companies and / or their associates.

(iv) Certificate from Practicing Company Secretary

The Company has obtained a certificate from its Practicing Company Secretary stating that none of the Directors on the Board of the Company have been debarred or disqualified by SEBI / Ministry of Corporate Affairs or any such statutory authority, from being appointed or acting to continue as a Director of the Company.

L. INVESTOR SAFEGUARDS AND OTHER INFORMATION

(i) Dematerialization of Shares

Shareholders are requested to convert their physical holdings to demat / electronic form through any of the registered Depository Participants (DPs) to avoid the hassles involved in dealing in physical shares such as possibility of loss, mutilation, etc. and also to ensure safe and speedy transaction in respect of the shares held.

(ii) National Electronic Clearing Services (NECS) / Electronic Clearing Services (ECS) mandate

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

(iii) Timely Encashment of Dividends

In respect of the shareholders who have either not opted for NECS / ECS mandate or do not have such a facility with their banker, are requested to encash dividends promptly to avoid the inconvenience of writing to Company's RTA thereafter for revalidation of dividend warrants.

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

Under the Act, dividends which remain unclaimed for a period of seven consecutive years are required to be transferred to Investor Education and Protection Fund (IEPF) administered by the Central Government. Dates of declaration of dividends since 2012-2013 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government, are given in the table below:

Financial Year ended	Date of Declaration of Dividend	Amount remaining unclaimed/unpaid as on 31.03.2020 (Rs.)	Last date for claiming unpaid Dividend amount (on or before)	Date when amount becomes due for transfer to IEP Fund
31.03.2013	10.08.2013	8,42,015.00	16.09.2020	16.10.2020
31.03.2014	23.08.2014	24,93,336.00	29.09.2021	29.10.2021
31.03.2015	31.08.2015	19,24,350.00	07.10.2022	06.11.2022
31.03.2016	27.08.2016	23,11,452.00	03.10.2023	02.11.2023
31.03.2017	31.08.2017	23,00,649.00	07.10.2024	06.11.2024
31.03.2018	31.08.2018	14,51,032.70	07.10.2025	06.11.2025
31.03.2019	22.08.2019	6,07,647.95	28.09.2026	28.10.2026

The members are once again requested to utilize this opportunity and get in touch with Company's RTA - Link Intime India Pvt. Ltd. for encashing the unclaimed dividends standing to the credit of their account.

Members are further requested to note that after completion of seven years, no claims shall lie against the Company for the amounts of dividend so transferred, nor shall any payment be made in respect of such claim by the Company. Those shareholders whose dividends are transferred to IEPF authority can claim their dividend from the concerned Authority in the prescribed manner.

(v) Update Address / Bank Details

To receive all communications / corporate actions promptly, shareholders holding shares in dematerialised form are requested to please update their address / bank details with the respective DPs and in case of physical shares, the details have to be intimated to the RTA.

(vi) Registered email address

The Ministry of Corporate Affairs has taken steps to encourage a 'Green Initiative in Corporate Governance' by issuing various circulars whereby companies are permitted to send Notice / documents including Annual Report in electronic mode (hereinafter 'Documents'), provided the company has obtained email address of its members for sending these Documents through email by giving an advance opportunity to every shareholder to register their email addresses and changes therein from time to time with the Company.

Accordingly, shareholders holding shares in physical form are requested to register their email addresses and changes therein from time to time, by directly sending the relevant email addresses along with the details such as name, address, folio no., no. of shares held to the RTA - Link Intime India Pvt. Ltd.

In respect of shares held in electronic form, the email address along with DP ID / Client ID and other shareholder details as mentioned above should be registered by the shareholders with their respective DP's. Upon registration of the email address, the Company proposes to send notices and documents, in electronic form to such shareholders.

(vii) Addresses for correspondence:

Sutlej Textiles and Industries Limited
Pachpahar Road, Bhawanimandi - 326 502 (Rajasthan)
Telephones: 07433-222052 / 222082 / 222090
Fax: 07433-222354
E-mail: stil.investor_grievance@sutlejtextiles.com

Link Intime India Pvt. Ltd.
C-101, 1st Floor, 247 Park,
Lal Bahadur Shastri Marg, Vikhroli West,
Mumbai 400 083.
Tel. 022-4918 6000
Fax: 022- 4918 6060
E-mail: rnt.helpdesk@linkintime.co.in

(viii) Location of the Plants:

Units	Location	Products
Chenab Textile Mills	Kathua 184 102 (Jammu & Kashmir)	Cotton and Manmade fibre yarn
Rajasthan Textile Mills	Pachpahar Road, Bhawanimandi 326 502 (Rajasthan)	Cotton and Manmade fibre yarn
Birla Textile Mills	Baddi, Solan, 173 205 (Himachal Pradesh)	Cotton and Manmade fibre yarn
Damanganga Home Textiles	Village Daheli, Near Bhilad, Umbergaon, District: Valsad 396 105 (Gujarat)	Home textiles furnishing

CEO & CFO CERTIFICATE

[As required under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Date: 04th June, 2020

To
The Board of Directors,
Sutlej Textiles and Industries Limited
Bhawanimandi – 326 502 (Raj.)

We hereby certify to the Board that:

(a) We have reviewed the financial statements and the cash flow statement for the financial year ended 31st March, 2020 and that to the best of our knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) 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 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 taken or proposed to be taken to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee:

(i) significant changes, if any, in internal control over financial reporting during the year;

(ii) significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) 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.

For Sutlej Textiles and Industries Limited

(S. K. Khandelia)
President
(Chief Executive Officer)
M.No. 16336

For Sutlej Textiles and Industries Limited

(Bipeen Valame)
Wholetime Director
(Chief Financial Officer)
DIN No. 07702511

DECLARATION BY THE CHIEF EXECUTIVE OFFICER UNDER REGULATION 26 OF THE LISTING REGULATIONS, 2015

To
The Members of
Sutlej Textiles and Industries Limited

I hereby confirm that all the members of the Board and Senior Management personnel of the Company have affirmed due observance of the Code of Conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March, 2020.

Sd/-
S. K. Khandelia
President & CEO

Place: Mumbai
Date: 04th June, 2020

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Sutlej Textiles and Industries Limited

We have examined the compliance of conditions of Corporate Governance by Sutlej Textiles and Industries Limited ('the Company'), for the year ended 31st March 2020, as per regulations 17-27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid provisions of Listing Regulations.

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

For R. CHOUHAN & ASSOCIATES
(ICSI Unique Code: S2001RJ036300)

RAJENDRA CHOUHAN
PROPRIETOR
COMPANY SECRETARY IN PRACTICE
FCS No. 5118
C P No.: 3726

Place : JAIPUR
Date :02.06.2020
UDIN: F005118B000311105

Annexure-IV to the Directors' Report

Annual Report on CSR activities to be included in the Board's Report

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

   The CSR initiatives of the Company are undertaken with people at the core of all our activities. The focus areas identified by the Company for its CSR activities are education, development of rural infrastructure, conservation of environment, health and sanitation and promotion of sports and cultural activities.

   The Company is committed to building a sustainable enterprise for the benefit of its present and future generation of stakeholders. The Company shall integrate and follow responsible practices in its business strategies and operations, to manage the three challenges – economic prosperity, social development and environmental integrity.

   The Company has framed a CSR policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the website of the Company and the web link for the same is:

   http://sutlejtextiles.com/pdf/Policies%20&%20Codes/CSR%20Policy.pdf

2. The composition of the CSR Committee:

   (i) Mr. U. K. Khaitan — Chairman

   (ii) Mr. Amit Dalal — Member

   (iii) Mrs. Sonu Bhasin — Member

3. Average net profit of the Company for the last three financial years: **Rs. 13,542 lakhs.**

4. Prescribed CSR Expenditure (2 percent of the amount as in item 3 above): **Rs. 270.84 lakhs.**

5. Details of CSR spend during the financial year.

   (a) Total amount to be spent for the financial year: **Rs. 270.84 lakhs.**

   (b) Total amount spent during the financial year: **Rs. 279.33 lakhs.**

   (c) Amount unspent, if any: **Nil**

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

(Rs. in lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local Area or other (2) Specify the State and district where projects or programs were undertaken**	**Amount outlay (budget) project program wise**	**Amount spent on the projects or programs subheads (1) Direct expenditure on projects or programs. (2) Overheads:**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
1.	Development of public utility park.	Environment Sustainability	Kathua (J&K)	-	15.00	15.00	Through Dr. K. K. Birla Charitable Trust
2	Distribution of cotton shopping bags.		Bhawanimandi, (Raj.)	-	0.50	15.50	Direct

(Rs. in lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local Area or other (2) Specify the State and district where projects or programs were undertaken**	**Amount outlay (budget) project program wise**	**Amount spent on the projects or programs subheads (1) Direct expenditure on projects or programs. (2) Overheads:**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
3	Maintenance of public park.	Health care and Sanitation	Baddi (H.P.)	-	0.29	15.79	Direct
4.	Provided TATA ACE with hooper to Municipality for carrying all type of wastes upto dump yard for improving the sanitation and environment.		Kathua (J&K.)	20.00	16.52	32.31	Direct
5.	Provided FORCE make Ambulance with advance life support system and medical equipment to Govt. Hospital.		Kathua (J&K.)	15.00	7.70	40.01	Direct
6.	Provided fogging machine with 5 Ltr. HDPE. to Govt. Hospital.		Bhawanimandi (Raj.)	0.75	0.76	40.77	Direct
7.	Provided causality room equipment to Rotary Sarigam Hospital.		Daheli (Guj.)	15.00	16.06	56.83	Direct
8.	Contribution towards sub-divisional level Red Cross Fair.		Solan, Baddi (H.P.)	-	0.25	57.08	Direct
9.	Provided 50 nos. dust bins having 1,100 ltr. capacity (Wheel type) for all the 21 wards of Municipality.		Kathua (J&K.)	7.00	6.30	63.38	Direct
10.	Constructed classrooms, toilets and water tanks in schools.	Promotion of Education	Kathua (J&K.)	5.00	5.38	68.76	Direct
11.	Constructed classrooms with verandah and separate toilets for boys and girl at Govt. High School. Provided basic infrastructure such as desk, benches, water tanks, water coolers.		Baddi (H.P.)	30.00	31.75	100.51	Direct

(Rs. in lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local Area or other (2) Specify the State and district where projects or programs were undertaken**	**Amount outlay (budget) project program wise**	**Amount spent on the projects or programs subheads (1) Direct expenditure on projects or programs. (2) Overheads:**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
12.	Renovated classrooms at Saraswati Vidya Mandir.		Barotiwala, Baddi (H.P.)	3.00	2.50	103.01	Direct
13.	Distribution of school dresses in Govt. School.		Thikria (Raj.)	-	0.53	103.54	Direct
14.	Construction of classrooms in Govt. Primary School.		Bhilad (Guj.)	25.00	24.94	128.48	Direct
15.	Contribution towards promotion of education.		Kolkata	-	56.00	184.48	Through Nopany Education Trust
16.	Contribution towards promotion of education.		Kolkata	-	56.00	240.48	Through Nopany Fondation
17.	Promotion of sports like cricket, football, volleyball and rural sports like kabbadi, wrestling in the local region.	Promotion of Sports activities	Kathua (J&K)	7.00	1.25	241.73	Direct
18.	Promotion of Kabbadi.		Baddi (H.P.)	-	0.21	241.94	Direct
19.	Construction of shed at Shri Radhey Gaushala.	Animal Welfare	Thana, Baddi (H. P.)	3.50	3.20	245.14	Direct
20.	Contribution for "Rajasthan Cultural Marathon 2019".	Promotion of Art and Culture	Jaipur (Raj.)	2.00	2.00	247.14	Direct
21.	Installation of CCTV Camera on Sai Road, Bhatoudi Khurd.	Rural Development	Baddi (H.P.)	1.50	1.50	248.64	Direct
22.	Construction of reception hall at Police station.		Bhawanimandi (Raj.)	-	7.22	255.86	Direct
23.	Renovated the cremation ground, Kathua by providing shed, flooring and sitting arrangements.		Kathua (J&K).	14.00	13.00	268.86	Direct
24.	Renovated senior citizen home in Kathua	Social Welfare	Kathua (J&K)	5.00	4.50	273.36	Direct
25.	Renovated infrastructure at Shamshan Ghat, Dharampur.		Baddi (H. P.)	4.00	3.95	277.31	Direct

(Rs. in lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local Area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project program wise	Amount spent on the projects or programs subheads (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
26.	Distributed Flour, Rice & Pulses packets, to flood victims.		Villages near Bhawanimandi (Raj.)	2.00	2.02	279.33	Direct
	TOTAL				**279.33**	**279.33**	

6. In case the Company has failed to spend the two percent, of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.
Reasons for Amount unspent: N. A.

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

Sd/-
U. K. Khaitan
Chairman,
CSR Committee

Sd/-
S. K. Khandelia
President & CEO

Annexure-V to the Directors' Report

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L17124RJ2005PLC020927
2. Name of the Company: Sutlej Textiles and Industries Limited
3. Registered address: Pachpahar Road, Bhawanimandi, Jhalawar, Rajasthan - 326 502
4. Website: www.sutlejtextiles.com
5. E-mail id: hoffice@sutlejtextiles.com
6. Financial year reported: 2019 - 2020
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

Name of Sector	Code
Manufacturer of Textiles	17

8. List three key products/services that the Company manufactures/provides (as in balance sheet):
   - Cotton yarn and cotton mélange yarn;
   - Synthetic and synthetic blended yarn; and
   - Weaving fabrics - Home Textiles.
9. Total number of locations where business activity is undertaken by the Company:

   (a) Number of International Locations (Provide details of major 5): 1

   American Silk Mills, LLC, incorporated in USA and is a step down 100 % subsidiary of the Company.

   (b) Number of National Locations: 4
10. Markets served by the Company - We serve local, state, national and international market.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR): 16,38,28,620/-
2. Total Turnover (INR): 2,379.43 crore
3. Total profit after taxes (INR): 36.12 crore
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): The Company has spent Rs. 2.79 crore on CSR for the year ended 31st March, 2020 which is 7.72 % of the profit after tax for the financial year 2019-20.
5. List of activities in which expenditure in 4 above has been incurred: Please refer Corporate Social Responsibility Report for the year at page no. 40 of this Annual Report.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?:

   Yes
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):

   Yes, 1 subsidiary
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]:

   Other entities (~30-60%) suppliers, distributors etc. with whom the Company does business do participate in similar business responsibility initiatives as that of the Company.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN: 07702511
2. Name: Mr. Bipeen Yashwant Valame
3. Designation: Wholetime Director and CFO

(b) Details of the BR head

i) For Yarn

No.	Particulars	Details
1	DIN (if applicable)	-
2	Name	Mr. S. K. Khandelia
3	Designation	President & Chief Executive Officer
4	Telephone number	022 4219 8800
5	e-mail id	skkhandelia@sutlejtextiles.com

ii) For Home Textiles

No.	Particulars	Details
1	DIN (if applicable)	-
2	Name	Mr. Updeep Singh Chatrath
3	Designation	Deputy Chief Executive Officer
4	Telephone number	022 4219 8800
5	e-mail id	updeepsingh@sutlejtextiles.com

2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability through their life cycle.
P3	Businesses should promote the wellbeing of all employees.
P4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect, protect and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

(a) Details of compliance (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)					-				
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?					Yes				
5	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?					Yes				
6	Indicate the link for the policy to be viewed online?	http://sutlejtextiles.com/pdf/Policies%20&%20Codes/Business-Responsibility-Policy.pdf								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The Policy is communicated to key internal stakeholders and is an ongoing process.								
8	Does the company have in-house structure to implement the policy / policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Since this is the first year where the Company was required to follow the policy, the Company has not undertaken any independent audit / evaluation. This shall be done going forward.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles?	Not Applicable								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles?									
3	The company does not have financial or manpower resources available for the task?									
4	It is planned to be done within next 6 months.									
5	It is planned to be done within the next 1 year.									
6	Any other reason (please specify).									

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year?

The Business Responsibilities performance will be assessed periodically by the management.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Business Responsibility Statement forms a part of the Annual Report of the Company which is published annually. The same can be viewed on the website of the Company at www.sutlejtextiles.com.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?

    - The Sutlej Code of Conduct and Ethics guides and governs the conduct of Sutlej Directors and employees and lays down ethical standards that are required to be observed. Sutlej's governance philosophy is based on trusteeship and for promoting and maintaining integrity, transparency and accountability, across all business practices. This philosophy is built upon a rich legacy of fair, transparent and effective governance, and led by strong emphasis on human values, individual dignity and adherence to honest, ethical and professional conduct.
    - The Sutlej Code of Business Conduct & Ethics and the Company's Code of Conduct for Prevention of Insider Trading are an extension of our values and reflect our commitment to ethical business practices, integrity and regulatory compliances.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

    - No complaints were received from any of the stakeholders pertaining to Principle 1 during the year.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

    - The Company promotes sustainable practices inspired by the conviction that such practices empower us towards business sustainability. The Company encourages development of sustainable products offering. The Company's efforts in addressing environmental concerns includes:

        i. Setting up of a Recycle Polyester Staple Fibre Plant which will extract Polyester Staple Fibre by recycling PET bottles with a capacity of 120 tons/day.

        ii. We have installed 2.717 MWp roof top solar power plant and all our manufacturing facilities have Zero liquid discharge system wherein 100% effluent from dye house and sewage is treated, recycled and used in our plants.

        iii. Emphasis is given on manufacturing sustainable products like 100% Ecovero Melange yarn, 100% Organic Cotton mélange yarn, 100% organic yarn, 100% BCI Yarn, yarn made from recycled polyester. A range of Sheers to drapery and upholstery weights are made with post-consumer recycled polyester yarn blended with fine cotton. Our design team collaborates with local artists to make and create beautiful art each day. Along with growing our business with their skill and perfection, we support local artists, most of whom are women.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

    (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

    - Power consumption has been reduced from 4,218 units per ton of yarn production to 4,059 units per ton as compared to the previous year.
    - Power consumption has been reduced from 438 units per ton of knitting fabric to 300 units per ton as compared to the previous year.
    - Raw water consumption has been reduced from 12.73 litre per kg to 9.20 litre per kg in the year 2019-20 for yarn production and from 38 litre per meter to 25 litre per meter for fabric production.

    (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

    - The Company aims and takes responsibility to reduce consumption of natural resources. A reduction in electrical energy consumption of 11,121 Kwh per day, coal consumption by 2.64 tons per day and water consumption by 3.17 lakh litres per day (excluding Co-Gen Power Plant) in the year 2019-20 was achieved as compared to previous year.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?:

    Yes

    (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

    - The Company is using sustainable fibres like recycled polyester, recycled cotton, organic / fair trade cotton, seacell / smart cell, cupro, hemp, linen, lenzing, Liva, lenzing Modal, Tencil, Bamboo fibre and Bamboo Charcoal fibres. We have consumed around 50% sustainable fibre of the total fibre consumed.

- All the dyes and chemicals in dye house are Azo free, NPEO and APEO phenyls, formaldehyde free.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

   (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

   - The units of the Company procure goods like Paper Cones, LDPE / HDPE bags, Cartoons, Separators, Pallets and other packaging materials from local vendors apart from all the daily consumables which are available in the local market.
   - Transport services are being taken from nearby areas.
   - Organic cotton is also being taken from local vendors.
   - Services like Security, Canteen operation, Housekeeping, Horticulture, Loading & Unloading of material, Fabrication job, Vehicles repairs, Office Equipment's repairs, etc. are availed from local vendors / persons.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

   - for Melange Yarn products, there are few varieties where we use 20-25% waste, which is acceptable to the market.
   - Boiler ash is being recycled between 60% to 100% by installing ash recirculation system in Boiler.
   - ETP sludge is being reused in cement plant by co processing with eco friendly manner in one of our units.
   - Micro dust generated from Cotton is sold and is being used by industries having small boilers.
   - Waste water is treated and recycled back into process and reused.

Principle 3

1. Please indicate the Total number of employees:
   - 16,254 permanent employees.
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis:
   - 3,418 contract workers.
3. Please indicate the Number of permanent women employees:
   - 2,316 permanent women employees.
4. Please indicate the Number of permanent employees with disabilities:
   - 13 differently abled persons.
5. Do you have an employee association that is recognized by management:
   - Yes, at one plant location.
6. What percentage of your permanent employees is members of this recognized employee association?
   - 10% of that particular plant location.
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour / forced labour / involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

   (a) Permanent Employees : 74.28

   (b) Permanent Women Employees : 62.25

   (c) Casual/Temporary/Contractual Employees : 31.60

   (d) Employees with Disabilities : 65

Principle 4

1. Has the company mapped its internal and external stakeholders?:
   - Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?
   - Not applicable as none in this category.
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.
   - As there are no stakeholders in this category, no initiative was taken. However, as responsible Corporate we do support communities under our CSR road map.

Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?:
   - Yes, covers all.
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?:
   - No complaints pertaining to Principle 5 were received in the previous financial year.

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/others.
   - The Company always respects, protects and make efforts to restore the environment. This policy extends to group, suppliers, contractors as well as to society as a whole. A lot of CSR activities have also been undertaken in this area. The details are given in the CSR Report which forms part of the Annual Report.
2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.
   - Energy conservation, use of renewable energy, tree plantation, water conservation, use of sustainable fibres and sustainable processes is being adopted by the Company. These are conscious initiatives undertaken by the Company. The Company is also looking at options for increasing generation of solar power from the current capacity of 2.717 MWp.
3. Does the company identify and assess potential environmental risks?:
   - Yes
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?:
   - Solar power is generated by the Company. During the year 2019 -20 the Company generated 37.70 lakh units of solar power, despite a lock down period of 10 days in March 2020 due to Covid-19. All returns / reports which are required to be filed as per regulations are being filed.
   - The Company has adopted the 3R concept which are Reduce, Reuse and Recycle.
   - Wet scrapper has been installed to reduce air emission in boiler before stack discharge. Condensate water is used as boiler feed water which has reduced fresh feed water consumption.
   - Boiler ash is used by reinjecting which has reduced coal consumption. We are also reusing waste heat through Heat Recovery units for process requirement thereby reducing steam consumption.
5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.
   - The Company generated 37.70 lakh units of solar power during the year 2019-20.
   - The Company has switched to latest technology machinery which makes efficient use of energy and technology. Conventional lights have been replaced with LED lights in all units.
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?
   - The emissions are being monitored and are well within the permissible limits.
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.
   - Nil

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones

that your business deals with:

a. Federation of Indian Chambers of Commerce and Industry (FICCI).

b. Confederation of Indian Textile Industry (CITI)

c. The Cotton Textiles Export Promotion Council (TEXPROCIL).

d. Federation of Indian Export Organisations (FIEO)

e. The Synthetic and Rayon Textiles Export Promotion Council (SRTEPC).

f. Indian Spinners' Association (ISA).

g. Textile Sector Skill Council.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

- The Company is part of various trade associations and is party to any recommendations or representations made by these associations.

Principle 8

1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

- The Company has an Equitable Development Policy which is applicable only to the Company and encourages growth and development of all its employees.

- As management philosophy of the group, we ensure that all our stakeholders too sustain and grow at reasonable pace along with our growth.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?

- All units of the Company undertake community initiatives for inclusive growth and equitable development in the field of education, health care, promotion of sports and other general areas for their well-being on the whole, through its employees.

3. Have you done any impact assessment of your initiative?

- Our teams are in regular touch with beneficiaries to receive first hand feedback.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

- The Company contributes to community development through various CSR initiatives undertaken every year. For details please refer to the CSR Report forming part of the Annual Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

- Most of the CSR initiatives are for the benefit of the local community surrounding our manufacturing facilities and is developed in consultation with local administration and local community associations to ensure that the initiatives are successful and adopted by the communities. For details please refer to the CSR Report forming part of the Annual Report.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

- None

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./Remarks (additional information).

- Product information is displayed as mandated by law.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

- None

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

- The Company is in constant touch with its customers and feedback and suggestions on further improvement of the products is taken from customers. However, no formal consumer survey has been undertaken.

Annexure-VI to the Directors' Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2020
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN :	L17124RJ2005PLC020927
ii)	Registration Date:	22/06/2005
iii)	Name of the Company:	SUTLEJ TEXTILES AND INDUSTRIES LIMITED
iv)	Category / Sub-Category of the Company:	Company limited by shares / Indian Non - Government Company
v)	Address of the Registered office and contact details:	Pachpahar Road, Bhawanimandi, Rajasthan - 326 502, India Tel: 07433-222082, 222052, 222090 Fax: 07433-222354 Email : hoffice@sutlejtextiles.com Website: www.sutlejtextiles.com
vi)	Whether listed company Yes / No:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any –	Link Intime India Pvt. Ltd. C-101, 1st Floor, 247 Park Lal Bahadur Shastri Marg Vikhroli West Mumbai - 400 083 Tel: 022 - 4918 6000 / 270; Fax: 022 - 4918 6060 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No.	Name and Description of main products / services	NIC Code of the Product / Services	% to total turnover of the Company
	Preparation and spinning of textile fibres		
	– Preparation and spinning of cotton fibre including blended cotton	13111	37.69
	– Preparation and spinning of man-made fibre including blended man-made fibre	13114	58.97

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	*Sutlej Holdings, Inc.	N.A.	Subsidiary	100	2(87)
2.	*American Silk Mills, LLC.	N.A.	Subsidiary	100	2(87)

*329, S. Wrenn Street, High Point, NC27260

IV. SHAREHOLDING PATTERN (Equity Share Capital breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Sr. No.	Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A	Promoters									
1)	Indian									
a	Individuals / HUF	1,10,000	0	1,10,000	0.07	1,10,000	0	1,10,000	0.07	0.00
b	Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c	State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d	Bodies Corporate	10,45,68,510	0	10,45,68,510	63.83	10,45,68,510	0	10,45,68,510	63.83	0.00
e	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f	Any other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	i. Trusts	150	0	150	0.00	150	0	150	0.00	0.00
Sub-Total (A) (1)		10,46,78,660	0	10,46,78,660	63.90	10,46,78,660	0	10,46,78,660	63.90	0.00
2)	Foreign									
a	NRI Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b	Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e	Any other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A) (2)		0	0	0	0.00	0	0	0	0.00	0.00
	Total holding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	10,46,78,660	0	10,46,78,660	63.90	10,46,78,660	0	10,46,78,660	63.90	0.00
B	**Public Shareholding**									
1)	**Institutions**									
a	Mutual Funds / UTI	10,98,000	0	10,98,000	0.67	0	0	0	0	-0.67
b	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
c	Alternate Investment Funds	0	0	0	0.00	0	0	0	0.00	0.00
d	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
e	Foreign Portfolio Investor	2,22,423	0	2,22,423	0.14	0	0	0	0.00	-0.14
f	Financial Institutions / Banks	40,551	0	40,551	0.02	40,300	0	40,300	0.02	0.00
g	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
h	Provident Funds / Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
i	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B) (1)		13,60,974	0	13,60,974	0.83	40,300	0	40,300	0.02	-0.81
2)	**Central Government / State Government(s)**	67,800	0	67,800	0.04	0	0	0	0.00	-0.04
Sub-Total (B) (2)		67,800	0	67,800	0.04	0	0	0	0.00	-0.04
3)	**Non-Institutions**									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh.	1,31,17,037	14,22,810	1,45,39,847	8.88	1,37,74,057	10,57,230	1,48,31,287	9.05	0.18
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	82,40,117	0	82,40,117	5.03	73,05,995	0	73,05,995	4.46	-0.57
(b)	NBFCs registered with RBI	1,72,987	0	1,72,987	0.11	0	0	0	0.00	-0.11
(c)	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0.00	0	0	0	0.00	0
(d)	Any Other (Specify)									
	IEPF	9,36,770	0	9,36,770	0.57	10,82,510	0	10,82,510	0.66	0.09

Sr. No.	Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
	Trusts	0	0	0	0.00	100	0	100	0.00	0.00
	Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
	Hindu Undivided Family	25,83,293	0	25,83,293	1.58	25,69,210	0	25,69,210	1.57	-0.01
	Non Resident Indians (Non Repat)	3,45,539	0	3,45,539	0.21	3,10,008	0	3,10,008	0.19	-0.02
	Non Resident Indians (Repat)	3,51,748	0	3,51,748	0.21	3,74,968	0	3,74,968	0.23	0.01
	Clearing Member	87,332	0	87,332	0.05	18,689	0	18,689	0.01	-0.04
	Bodies Corporate	3,04,63,553	0	3,04,63,553	18.59	3,26,16,893	0	3,26,16,893	19.91	1.31
Sub Total (B)(3)		5,62,98,376	14,22,810	5,77,21,186	35.23	5,80,52,430	10,57,230	5,91,09,660	36.08	0.85
Total Public Shareholding(B) = (B)(1)+(B)(2)+(B)(3)		5,77,27,150	14,22,810	5,91,49,960	36.10	5,80,92,730	10,57,230	5,91,49,960	36.10	0.00
C	Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)		16,24,05,810	14,22,810	16,38,28,620	100	16,27,71,390	10,57,230	16,38,28,620	100	

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	No. of Shares held at the beginning of the year			No. of shares held at the end of the year			% Change in share holding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Uttar Pradesh Trading Co. Ltd.	3,04,16,970	18.57	1.83	3,04,16,970	18.57	1.83	0.00
2	Hargaon Investment & Trading Co. Ltd.	1,71,13,960	10.45	0.00	1,71,13,960	10.45	0.00	0.00
3	New India Retailing and Investment Ltd.	1,70,63,040	10.42	0.00	1,70,63,040	10.42	0.00	0.00
4	Yashovardhan Investment & Trading Co. Ltd.	1,48,68,360	9.08	0.00	1,48,68,360	9.08	0.00	0.00
5	Ronson Traders Limited	97,23,730	5.93	0.00	97,23,730	5.93	0.00	0.00
6	OSM Investment & Trading Co. Ltd.	63,88,200	3.90	0.00	63,88,200	3.90	0.00	0.00
7	Champaran Marketing Co. Ltd.	30,98,100	1.89	0.00	30,98,100	1.89	0.00	0.00
8	SCM Investment & Trading Co. Ltd.	18,29,280	1.11	0.00	18,29,280	1.11	0.00	0.00
9	RTM Investment & Trading Co. Ltd.	18,29,280	1.11	0.00	18,29,280	1.11	0.00	0.00
10	Sidh Enterprises Ltd.	11,94,240	0.73	0.00	11,94,240	0.73	0.00	0.00
11	SIL Investments Limited	7,50,000	0.46	0.00	7,50,000	0.46	0.00	0.00
12	Sonali Commercial Ltd.	2,84,350	0.17	0.00	2,84,350	0.17	0.00	0.00
13	C. S. Nopany	1,10,000	0.07	0.00	1,10,000	0.07	0.00	0.00
14	Uttam Commercial Ltd.	9,000	0.01	0.00	9,000	0.01	0.00	0.00
15	Chandra Shekhar Nopany (Promoter Trust)	100	0.00	0.00	100	0.00	0.00	0.00
16	Chandra Shekhar Nopany (Promoter Trust)	50	0.00	0.00	50	0.00	0.00	0.00
	Total	10,46,78,660	63.90	1.83	10,46,78,660	63.90	1.83	0.00

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

Sr. No.	For each of the Top 10 Shareholders	No. of Shares held at the beginning of the year		Change in Shareholding (No. of Shares)		No. of Shares held at the end of the year	
		No. of Shares	% of total shares of the Company	Bought during the year	Sold during the year	No. of Shares	% of total shares of the Company
1.	Birla Institute of Technology and Science	1,12,86,580	6.89	-	-	1,12,86,580	6.89
2.	Earthstone Holding (Two) Private Limited	98,03,690	5.98	-	-	98,03,690	5.98
3.	Navjeewan Medical Institute	28,56,910	1.74	-	-	28,56,910	1.74
4.	Vinodchandra Mansukhlal Parekh	18,01,540	1.10	7,769	-	18,09,309	1.10
5.	PIC Realcon Limited	17,14,630	1.05	-	-	17,14,630	1.05
6.	Nirmalbang Securities Pvt. Ltd.	4,03,650	0.25	63,77,337	50,86,830	16,94,157	1.03
7.	Play-Fair Capital and Investment (Pvt.) Ltd.	17,42,490	1.06	-	2,11,000	15,31,490	0.93
8.	Sanjeev Vinodchandra Parekh	14,44,240	0.88	5,500	-	14,49,740	0.88
9.	Sachdeva Stocks Private Limited	8,35,000	0.51	11,58,000	7,93,000	12,00,000	0.73
10.	Mohan Gupta	11,00,000	0.67	10,000	-	11,10,000	0.68

Notes:
The above information is based on the beneficiary position received from Depositories.

(iv) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Mr. C. S. Nopany				
	At the beginning of the year	1,10,000	0.07	1,10,000	0.07
	(Increase/Decrease) during the year	0	0	0	0
	At the end of the year	1,10,000	0.07	1,10,000	0.07
2.	Other Directors and KMPs hold NIL shares in the Company				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in Rs.)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	9,19,84,36,302	-	-	9,19,84,36,302
ii. Interest due but not paid	2,75,35,541	-	-	2,75,35,541
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**9,22,59,71,843**	**-**	**-**	**9,22,59,71,843**
Change in Indebtedness during the financial year				
Addition	1,46,12,60,478	-	-	1,46,12,60,478
Reduction	2,01,25,80,163	-	-	2,01,25,80,163
Net Change	**-55,13,19,685**	**-**	**-**	**-55,13,19,685**
Indebtedness at the end of the financial year				
i. Principal Amount	8,65,09,75,321	-	-	8,65,09,75,321
ii. Interest due but not paid	2,36,76,837	-	-	2,36,76,837
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**8,67,46,52,158**	**-**	**-**	**8,67,46,52,158**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration of Managing Director, Whole-time Directors and/or Manager:

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount (Rs.)
		Mr. C. S. Nopany Executive Chairman	Mr. Bipeen Valame Wholetime Director & CFO	
1.	**Gross salary**			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2,75,00,000	93,99,840	3,68,99,840
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	3,29,700	3,29,700
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit	-	-	-
5	**Others, please specify**			
	a. Fee for attending Board / Committee meetings	2,50,000	-	2,50,000
	b. PF	-	7,51,680	7,51,680
	c. Car Expenses	-	6,44,090	6,44,090
	d. Premium for P.A. cover	-	3,486	3,486
	Total (A)	**2,77,50,000**	**1,11,28,796**	**3,88,78,796**

B. REMUNERATION OF OTHER DIRECTORS:

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount (Rs.)
		Mr. U. K. Khaitan	Mr. Rajan Dalal	Mr.Amit Dalal	Mr. Rajiv Podar	Mrs. Sonu Bhasin	
1.	**Independent Directors**						
	Fee for attending board / committee meetings	4,00,000	3,75,000	5,25,000	4,25,000	3,25,000	20,50,000
	Commission	4,00,000	4,00,000	4,00,000	4,00,000	4,00,000	20,00,000
	Others, please specify	-	-	-	-	-	-
	Total (1)	**8,00,000**	**7,75,000**	**9,25,000**	**8,25,000**	**7,25,000**	**40,50,000**
2.	**Other Non-Executive Directors**	**Mr. Rohit Dhoot**	**Mr. Ashok Mittal**				
	Fee for attending board / committee meetings	3,00,000	2,00,000				5,00,000
	Commission	4,00,000	4,00,000				8,00,000
	Others, please specify	-	-				-
	Total (2)	**7,00,000**	**6,00,000**				**13,00,000**
	Total (B)=(1+2)						**53,50,000**
	Total Managerial Remuneration (A+B)						**4,42,28,796**
	Ceiling as per the Act	11% of the net profits of the Company					

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

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel other than MD/Manager/WTD		Total Amount (Rs.)
		Mr. Suresh Kumar Khandelia, CEO / President	Mr. Manoj Contractor, Company Secretary & Compliance Officer	
1.	**Gross salary**			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	4,99,40,933	59,53,440	5,58,94,373
	(b) Value of perquisites under Section17(2) Income Tax Act, 1961	22,63,827	16,500	22,80,327
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit	-	-	-
5	**Others, please specify** a) PF	42,91,200	4,56,480	47,47,680
	b) Superannuation	53,64,000	-	53,64,000
	c) Car Expenses	-	6,01,305	6,01,305
	d) Premium for P.A. cover	52,437	2,174	54,611
	Total (A)	**6,19,12,397**	**70,29,899**	**6,89,42,296**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year 2019-20, there were no penalties / punishment / compounding of offences under the Companies Act, 2013.

Annexure-VII to the Directors' Report

Particulars of Employees

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2019-20, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2019-20 are as under:

Sr. No.	Name of Director / KMP	Remuneration of Director / KMP for FY 2019 - 20 (Rs. in lakhs)	Designation	Percentage increase in Remuneration	Ratio of Remuneration of each Director to median remuneration of employees
1.	Mr. C. S. Nopany	275.00	Executive Chairman	N.A.	186.59
2.	Mr. U. K. Khaitan	4.00	Independent Director	0	2.71
3.	Mr. Amit Dalal	4.00	Independent Director	0	2.71
4.	Mr. Rajan Dalal	4.00	Independent Director	0	2.71
5.	Mr. Rajiv K. Podar	4.00	Independent Director	0	2.71
7.	Mrs. Sonu Bhasin	4.00	Independent Director	0	2.71
8.	Mr. Rohit Dhoot	4.00	Non-Executive Director	0	2.71
9.	Mr. Ashok Mittal	4.00	Non-Executive Director	566.67	2.71
10.	Mr. Bipeen Valame	111.29	Whole-time Director & Chief Financial Officer	N.A.	75.51
11.	Mr. S. K. Khandelia	619.12	President & Chief Executive Officer	0.88	420.08
12.	Mr. Manoj Contractor	70.30	Company Secretary & Compliance Officer	1.53	47.70

2. In the financial year, there was an increase of 14.48% in the median remuneration of employees.
3. There were 16,254 permanent employees on the rolls of Company as on 31st March, 2020.
4. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2019-20 was 9.50% whereas the decrease in the managerial remuneration for the same financial year was 15.25%.
5. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

Notes:

i. The remuneration of directors is exclusive of sitting fees.

B. Information pursuant to Section 197(12) of the Companies Act, 2013 read with the Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(1) Top 10 employees in terms of remuneration drawn during the year

Sr. No.	Employee Name	Designation	Remuneration in FY 2020 (Rs.)
1.	Mr. C. S. Nopany	Executive Chairman	2,75,00,000
2.	Mr. S. K. Khandelia	President & CEO	6,19,12,397
3.	Mr. Updeep Singh Chatrath	Dy. Chief Executive Officer	1,93,05,807
4.	Mr. Umesh Gupta	Executive President - CTM	1,14,03,608
5.	Mr. Bipeen Valame	Wholetime Director & CFO	1,11,28,796
6.	Mr. Manoj John	Vice President (Strategic Initiatives)	1,06,09,832
7.	Mr. Hari Mohan Vashisth	Executive President – RTM	85,77,647
8.	Mr. P. K. Mittal	Executive Vice President (Comm. & Admn.)	79,66,808
9.	Mr. Vipul Saxena	Executive Vice President (Group HR)	76,26,247
10.	Mr. Manoj Contractor	Company Secretary & Compliance Officer	70,29,899

(2) Employed throughout the financial year and were in receipt of remuneration aggregating not less than Rs.1,02,00,000/- per annum.

Name & Designation of the Employee	Remuneration received (Rs.)	Qualifications & Experience	Nature of Employment	Nature of duties	Date of commencement of employment	Age (Yrs.)	Last Employment held before joining the Company
Mr. C. S. Nopany Executive Chairman	2,75,00,000	CA, Masters Degree in Science of Industrial Administration from Carnegie Mellon University, Pittsburgh, USA 30 years	Regular	Executive Management	1st July, 2015	54	Chairman and Managing Director of Oudh Sugar Mills Ltd.
Mr. S. K. Khandelia President & Chief Executive Officer	6,19,12,397	B.Com., FCA, 44 years	Regular	Overall Management	1st July, 2005	69	Sutlej Industries Ltd.
Mr. Updeep Singh Chatrath Dy. Chief Executive Officer	1,93,05,807	BSC, MBA (MKtg & HR) 32.5 years	Regular	Overall Management	24th January, 2018	55	ITEMA Weaving India Pvt. Ltd.
Mr. Bipeen Valame Whole-time Director & CFO	1,11,28,796	CA, MBA 25 years	Regular	Financial Management	25th October, 2016	51	Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.
Mr. Manoj John V. P. (Strategic Initiatives)	1,06,09,832	B.Tech. (Civil), MBA 22 years	Regular	New Project Initiatives	11th November, 2013	47	R.N.A. Corp. Pvt. Ltd.
Mr. Umesh Gupta Executive President	1,14,03,608	1) B.Text (Textile Technology) 2) Post Graduate Diploma in Marketing Management 36 years	Regular	Overall Management of Unit-Chenab Textile Mills	04th March,2019	57	Ginni International Ltd.

(3) Employed for part of the financial year and were in receipt of remuneration aggregating not less than Rs.8,50,000/- per month.

Name & Designation of the Employee	Remuneration received (Rs.)	Qualifications & Experience	Nature of Employment	Nature of duties	Date of commence-ment of employment	Age (Yrs.)	Last Employment held before joining the Company
-	-	-	-	-	-	-	-

Notes:

1. Other Terms & Conditions: As per Company's Rules and Regulations.
2. Remuneration received includes Salary, Reward, Encashment of Leave, Medical Expenses, Premium on Personal Accident Policy, Perquisites and Company's contribution to Provident Fund and Superannuation Fund; but excludes Gratuity.
3. Above employees are not related to any Director of the Company.
4. Percentage of shares held:

Name of Director	No. of Shares	% of Shares
Mr. C. S. Nopany	1,10,000	0.07

Annexure-VIII to the Directors' Report

Form No. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Sutlej Textiles and Industries Limited

CIN: L17124RJ2005PLC020927

Pachpahar Road, Bhawanimandi,

Jhalawar, Rajasthan.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SUTLEJ TEXTILES AND INDUSTRIES LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020, and made available to me, according to the provisions of:

I. The Companies Act, 2013 (the Act) and the rules made thereunder;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [not applicable during audit period];

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October, 2014) [not applicable during audit period];

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [not applicable during 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 client;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [not applicable during audit period];

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [not applicable during audit period].

VI The following other laws as applicable to the Company:

a. Employees Provident Fund and Miscellaneous Provisions Act, 1952.

b. Employees State Insurance Act, 1948.

c. Environment Protection Act, 1986 and other environmental laws.

d. Equal Remuneration Act, 1976.

e. Factories Act, 1948.

f. Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rule, 2003.

g. Income Tax Act, 1961 and Goods and Service Tax Act, 2017 and the rules made thereunder.

h. Industrial Dispute Act, 1947.

i. Maternity Benefits Act, 1961.

j. Minimum Wages Act, 1948.

k. Payment of Bonus Act, 1965.

l. Payment of Gratuity Act, 1972.

m. Payment of Wages Act, 1936.

I have also examined compliance with the applicable clauses of the following:

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

(b) The Listing Agreements entered into by the Company with BSE Limited, National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

I report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations: NIL

I further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- The Company has maintained statutory registers as required under the Companies Act, 2013.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent with proper time gap in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views (if any) are captured and recorded as part of the minutes.
- The Company has obtained all necessary approvals under the various provisions of the Act, where required and applicable; and
- As informed by the management, there was no prosecution initiated and no fines or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
- The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;
- The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding.
- I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye laws framed thereunder by the Depositories with regard to dematerialization / rematerialization of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
- The Company has complied with the requirements under the Equity Listing Agreements and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with BSE Limited and National Stock Exchange of India Limited.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report during the audit period there were no specific event / actions having a major bearing on Company's affairs in pursuance of the above referred law / rules / regulations / guidelines, etc.

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

I. Public / Right / Preferential issue of shares / debentures / sweat equity or any other securities.

II. Redemption / buy-back of securities.

III. Merger / amalgamation / reconstruction, etc.

IV. Foreign technical collaborations.

* NOTE: Due to COVID 19 pandemic, if any, compliances have been deferred / extended as permitted and complied in the financial year 2020-21, such compliances will be considered in our report for the financial year 2020-21.

For R. CHOUHAN & ASSOCIATES
(ICSI Unique Code: S2001RJ036300)

RAJENDRA CHOUHAN - PROPRIETOR
COMPANY SECRETARY IN PRACTICE
FCS No.: 5118
C P No.: 3726
UDIN: F005118B000197081

Place: JAIPUR
Date: 04.05.2020

Note: This report is to be read with my letter of even date which is annexed as Annexure and forms an integral part of this report.

"ANNEXURE A"

To,
The Members,
Sutlej Textiles and Industries Limited
CIN L17124RJ2005PLC020927
Pachpahar Road, Bhawanimandi,
Jhalawar, Rajasthan

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these Secretarial records based on my 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 a reasonable basis for my 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 the management. My 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.

For R. CHOUHAN & ASSOCIATES
(ICSI Unique Code: S2001RJ036300)

RAJENDRA CHOUHAN - PROPRIETOR
COMPANY SECRETARY IN PRACTICE
FCS No.: 5118
C P No.: 3726
UDIN: F005118B000197081

Place: JAIPUR
Date: 04.05.2020

Annexure-IX to the Directors' Report

Form AOC-I

(Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

Part "A": Subsidiaries

(in Rs.)

Sr. No.	Name of the Subsidiary	Sutlej Holdings, Inc.	American Silk Mills, LLC.
1.	Reporting Period	FY 2019-2020	FY 2019-2020
2.	Reporting currency	INR	INR
3.	Exchange Rate	-	-
4.	Share Capital	29,12,70,150	19,41,80,100
5.	Reserves and Surplus	1,80,47,965	(13,69,40,794)
6.	Total Assets	31,19,68,232	30,69,26,075
7.	Total Liabilities	26,50,117	24,96,86,769
8.	Investments	19,41,80,100	-
9.	Turnover	-	38,04,59,814
10.	Profit & Loss before Taxation	36,57,110	(8,68,30,582)
11.	Provision for Taxation	10,18,474	-
12.	Profit & Loss after Taxation	26,38,636	(8,68,30,582)
13.	Proposed Dividend	-	-
14.	% of Shareholding	100%	100%

Note:-

Sutlej Holdings, Inc. is the subsidiary of the Company and American Silk Mills, LLC. is the step-down subsidiary of the Company.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures –

The Company does not have any Associates and Joint Venture Company.

Annexure-X to the Directors' Report

FORM NO. AOC -2

(Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub Section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at arm's length basis.**

   There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2020, which were not at arm's length basis.

2. **Details of material contracts or arrangements or transactions at arm's length basis.**

   There were no material contracts or arrangements or transactions entered into during the year ended 31st March, 2020.

For and on behalf of the Board

Place: Kolkata
Date: 12th June, 2020

C. S. Nopany
Executive Chairman

Independent Auditors' Report

To the Members of

Sutlej Textiles and Industries Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Sutlej Textiles and Industries Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 31 March 2020, and 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 in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules 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 opinion on the Standalone financial statements.

Emphasis of matter

We draw attention to Note 42 in the standalone financial statements, which describes uncertainties, the Company is facing as a result of COVID-19 which is impacting business operations. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the Key Audit Matters

The Key Audit Matter	How the matter was addressed in our audit
Impairment of Damanganga unit - a cash generating unit ('CGU') See notes 2.8 and 51 to the standalone financial statements The Damanganga cash generating unit (which includes property, plant and equipment with a carrying value of Rs 132.93 Crore as on 31 March 2020) is incurring losses due to increased input costs, competitive pressure and unfavorable market conditions. There is a risk that the carrying value of CGU is higher than the recoverable value, thereby triggering impairment.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: – Assessed the appropriateness of accounting policy for impairment as per relevant accounting standard; – Evaluated the design and implementation of key internal financial controls with respect to the assessment of impairment of Damanganga CGU including determination of recoverable value and tested the operating effectiveness of such controls; – Evaluated the objectivity, independence and competence of the valuation specialist engaged by Company;

The Key Audit Matter	How the matter was addressed in our audit
The assessment process of impairment is complex as it involves significant judgement in estimating the recoverable value. The recoverable amount has been determined based on fair value less costs to sell model using work of independent valuer. This valuation model involves use of several unobservable inputs such as prevailing market rate and replacement cost. Given the significant level of judgement involved in making the above estimates and the quantitative significance of the CGU, we have determined this to be a key audit matter.	– Evaluated the impairment model. This included assessment of reasonableness of the valuation technique adopted and the estimates used in determination of fair value less cost to sell based on available market information. We also took assistance of our valuation specialist in assessing the valuation technique and key assumptions used in determining the recoverable amount; – Performed sensitivity analysis of the key assumptions used to determine the changes to such key assumptions, both individually and in aggregate, which would change the outcome of impairment assessment; – Assessed the adequacy of the disclosures relating to impairment of CGU.
Impairment of unquoted investment in wholly owned subsidiary (including step-down subsidiary) See notes 2.8, 2.18 (c) and 5B to the standalone financial statements The Company has investment in wholly owned subsidiaries (including step-down subsidiary) which represent significant portion (1.45%) of the Company's total assets as at 31 March 2020. In case there is an any indicator of impairment, the company adjusts the carrying value of the investment for the consequential impairment loss, if any. The recoverable amount has been derived from discounted forecast cash flow model. This model uses several key assumptions, including future sales volumes, prices, operating margin, growth rates and the discount rate. We have identified the assessment of impairment in respect of investment in the wholly owned subsidiaries (including step down subsidiary) as a key audit matter since it involves significant judgement in making the above estimates and is dependent on external factors such as future market conditions and the economic environment.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: – Assessed the appropriateness of accounting policy for impairment of investment in wholly owned subsidiary (including step-down subsidiary) as per relevant accounting standard. – Evaluated the Company's assessment for identification of indicators of impairment. – Evaluated the design and implementation of key internal financial controls with respect to impairment including determination of recoverable value and tested the operating effectiveness of such controls. – Evaluated the impairment model which is based on discounted cash flows. This included assessing the appropriateness of key assumptions used, with particular attention to revenue projections, discount rate, the long-term growth rate and other assumptions based on historical data, our knowledge of the Company and the industry, and observable market data based on our knowledge of the Company and the industry with assistance of our valuation specialist – Performed sensitivity analysis of the key assumptions used to determine which changes to assumptions would change the outcome of impairment assessment. – Assessed the adequacy of the disclosures relating to impairment of investment.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the standalone financial statements and our auditors' report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. 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 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are 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 is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone 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 control 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 with reference to standalone

financial statements 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 in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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 standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

    e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' 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 as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 40 to the standalone financial statements;

ii. The Company does 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. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

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

For B S R & Co. LLP
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN: 20094549AAAAEJ9729

Place: Gurugram
Date: 12 June 2020

Annexure A referred to in our Independent Auditor's Report to the Members of Sutlej Textiles and Industries Limited on the standalone financial statements for the year ended 31 March 2020

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (property, plant and equipment and intangible assets).

(b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. In accordance with this program, certain fixed assets were verified during the year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets 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 the immovable properties are held in the name of the Company except for the below assets for which registration is pending and are currently held in the name of respective units :-

(Rs. in crore)

Particulars	Gross block as at 31 March 2020	Net block as at 31 March 2020
Leasehold land at Kathua	2.92	2.51
Freehold land at Baddi (Himachal Pradesh)	0.08	0.08

(ii) The inventories, except goods-in-transit, has been physically verified by the management. For goods-in transit, all materials were substantially received/ delivered till the date of issuance of the report. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical inventory and the book records were not material.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships, or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186. Accordingly, paragraph 3(iv) of the said Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under.

(vi) We have broadly reviewed the books of account maintained by the Company as specified under section 148(1) of the Act, for maintenance of cost records in respect of products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Duty of Customs, Cess and any other material statutory dues, to the extent applicable, have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Goods and Services Tax, Duty of Customs, Cess and other material statutory dues, to the extent applicable, were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, and on the basis of the records of the Company examined by us, there are no dues outstanding of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Goods and Services Tax which has not been deposited as on 31 March 2020 on account of disputes, except as mentioned below:-

Name of the Statute	Nature of dues#	Amount (net of paid) Rs. in crore	Forum where dispute is pending	Period to which amount relates
Himachal Pradesh Tax on entry of goods in Local Area Act, 2010	Entry Tax	5.43	High Court, Himachal Pradesh	2011-2017
The Central Excise Act, 1944	Excise Duty	0.53	Central Excise & Service Tax Appellate Tribunal, New Delhi	2010-2011
		0.07	Central Excise & Service Tax Appellate Tribunal, Ahmedabad	2009-11
		0.07	High Court, Jammu	2004-05
		0.04	Regional Authority, Jammu	2010
Income Tax Act, 1961	Income Tax	0.19	CIT (Appeal)	2016-17
		0.02	CIT (Appeal)	2017-18

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any banks and financial institutions. The Company did not have any outstanding loans or borrowings from government and there are no dues to debenture holders during the year.

(ix) According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instrument) during the year. Further, the term loans taken by the Company have been applied for the purpose for which term loans were raised.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided by the Company in accordance with provisions of Section 197 read with Schedule V of the Companies Act, 2013.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable, and the details have been disclosed in the standalone financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of its shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN: 20094549AAAAEJ9729

Place: Gurugram
Date: 12 June 2020

Annexure B to the Independent Auditor's report on the standalone financial statements of Sutlej Textiles and Industries Limited for the period ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Sutlej Textiles and Industries Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to standalone 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 (the "Guidance Note").

Further, refer to Emphasis of Matter given in our auditor's report in respect of uncertainties, the Company is facing as a result of COVlD-19 which is impacting business operations.

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with 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 standalone financial statements. 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 standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of such internal financial controls, 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 standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with reference to Financial Statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures 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 standalone 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 standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN: 20094549AAAAEJ9729

Place: Gurugram
Date: 12 June 2020

Standalone Balance Sheet as at 31 March, 2020

(all amounts are in Rupees crore, unless otherwise stated)
CIN No: L17124RJ2005PLC020927

Particulars	Notes	As at 31 March, 2020	As at 31 March, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3A	1,027.96	1,053.03
Capital work-in-progress	3B	176.42	20.05
Right-of-use assets	3C	4.10	-
Intangible assets	4	2.31	0.95
Financial assets			
(i) Investments	5	31.43	57.06
(ii) Loans	6	8.48	12.06
Non-current tax assets (net)	7	5.75	0.20
Other non-current assets	8	18.44	6.88
Total non-current assets		1,274.89	1,150.23
Current assets			
Inventories	9	460.48	555.21
Financial assets			
(i) Trade receivables	10	261.23	298.41
(ii) Cash and cash equivalents	11	2.76	1.12
(iii) Bank balances other than (ii) above	12	1.70	1.78
(iv) Loans	13	0.01	0.21
(v) Other current financial assets	14	53.78	58.27
Other current assets	15	62.46	65.09
Assets classified as held for sale	16	0.21	0.24
Total current assets		842.63	980.33
Total assets		2,117.52	2,130.56
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	16.38	16.38
Other equity	18	954.62	930.45
Total equity		971.00	946.83
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	19	469.55	436.92
(ii) Lease liabilities	3C	0.46	-
(iii) Other financial liabilities	20	13.96	10.63
Provisions	21	10.41	10.26
Deferred tax liabilities (net)	22A	37.99	28.98
Other non-current liabilities	23	7.74	8.88
Total non-current liabilities		540.11	495.67
Current liabilities			
Financial liabilities			
(i) Borrowings	24	285.45	380.85
(ii) Trade payables	25		
(a) Total outstanding dues of micro and small enterprises		2.13	1.93
(b) Total outstanding dues of creditors other than micro and small enterprises		110.59	112.04
(iii) Other financial liabilities	26	176.00	157.40
Other current liabilities	27	18.16	17.27
Provisions	28	14.08	16.55
Current tax liabilities (net)	29	-	2.02
Total current liabilities		606.41	688.06
Total liabilities		1,146.52	1,183.73
Total equity and liabilities		2,117.52	2,130.56
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the stanadalone financial statements
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Regn. No.101248W / W-100022

Rajiv Goyal
Partner
Membership No -094549

Place : Gurugram
Date: 12 June 2020

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Rajan Dalal
Director
DIN: 00546264

C. S. Nopany
Executive Chairman
DIN: 00014587

S. K. Khandelia
President & CEO
M.No. : 016336

Bipeen Valame
Whole time Director and CFO
DIN : 07702511

Manoj Contractor
Company Secretary
M.No. : A11661

Place : Mumbai
Date: 12 June 2020

Standalone Statement of Profit and Loss for the year ended 31 March, 2020

(all amounts are in Rupees crore, unless otherwise stated)
CIN No: L17124RJ2005PLC020927

Particulars	Notes	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Revenue from operations	30	2,379.43	2,561.64
Other income	31	25.29	27.73
Total income		**2,404.72**	**2,589.37**
Expenses			
Cost of materials consumed	32	1,242.50	1,355.96
Purchase of stock-in-trade		94.38	127.97
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	1.99	18.70
Employee benefits expense	34	345.79	319.07
Finance costs	35	44.94	56.54
Depreciation and amortization expense	36	99.53	100.58
Other expenses	37	516.57	520.70
Total expenses		**2,345.70**	**2,499.52**
Profit before exceptional items and tax		**59.02**	**89.85**
Exceptional items	38	4.36	-
Profit before tax		**54.66**	**89.85**
Tax expense:	22B		
Current tax		9.53	17.44
Deferred tax charge		9.01	6.71
Tax expenses		**18.54**	**24.15**
Profit for the year		**36.12**	**65.70**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	22C	1.34	0.35
Tax relating to remeasurement of defined benefit plans		(0.45)	(0.12)
Total other comprehensive income for the year		**0.89**	**0.23**
Total comprehensive income for the year		**37.01**	**65.93**
Earnings per equity share of face value of Rs. 1 each	39		
Basic and diluted (in Rs.)		2.20	4.01
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the stanadalone financial statements
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Regn. No.101248W / W-100022

Rajiv Goyal
Partner
Membership No -094549
Place : Gurugram
Date: 12 June 2020

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Bipeen Valame
Whole time Director and CFO
DIN : 07702511

Manoj Contractor
Company Secretary
M.No. : A11661

Place : Mumbai
Date: 12 June 2020

Standalone Statement of Cash Flows for the year ended 31 March, 2020

(all amounts are in Rupees crore, unless otherwise stated)

CIN No: L17124RJ2005PLC020927

Particulars		For the year ended 31 March, 2020	For the year ended 31 March, 2019
A.	**Cash flow from operating activities**		
	Profit before tax	54.66	89.85
	Adjustments for :-		
	Depreciation and amortization expense	99.53	100.58
	Profit on sale/discard of property, plant and equipment (net)	(0.22)	(2.61)
	Finance cost	44.94	56.54
	Dividend from preference shares	(4.05)	(6.03)
	Interest income	(9.89)	(10.48)
	Deferred government grants	(0.98)	(1.05)
	Net fair value gain on financial assets measured at FVTPL	1.28	0.20
	Provision for doubtful debts	3.06	0.10
	Fair value (gain)/ loss on derivatives	11.31	(2.36)
	Sundry credit balances written back (net)	(0.73)	(0.59)
	Operating profit before working capital changes	**198.91**	**224.15**
	Net change in		
	Inventories	94.73	(48.62)
	Trade receivables	34.12	26.81
	Other financial assets	6.50	(58.40)
	Other assets	2.63	69.50
	Trade payables	(0.52)	17.13
	Other financial liabilities	(0.02)	1.10
	Provisions	(0.98)	1.75
	Other liabilities	2.18	1.25
	Cash generated from operations	**337.55**	**234.67**
	Income tax paid (net of refund)	(17.55)	(17.50)
	Net cash from operating activities	**320.00**	**217.17**
B.	**Cash flow from investing activities**		
	Increase in deposits with banks	0.08	(0.03)
	Interest received	10.00	10.48
	Purchase of right-of-use of assets	(0.46)	-
	Dividend received from preference shares	4.05	6.03
	Purchase of property, plant and equipment	(241.93)	(56.05)
	Proceeds from redemption of preference shares	24.35	24.35
	Proceeds from sale of property, plant and equipment	0.22	4.76
	Grants/subsidy from government	(1.46)	-
	Net cash used in investing activities	**(205.15)**	**(10.46)**

Standalone Statement of Cash Flows for the year ended 31 March, 2020

(all amounts are in Rupees crore, unless otherwise stated)
CIN No: L17124RJ2005PLC020927

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
C. Cash flow from financing activities		
Net proceeds/ (repayment) of long term borrowings	40.28	(67.21)
Net proceeds/ (repayment) of short term borrowings	(95.40)	(57.26)
Finance costs (net of interest subsidies)	(45.21)	(56.37)
Repayment of lease liabilities	(0.04)	-
Dividend paid (including dividend distribution tax)	(12.84)	(25.68)
Net cash used in financing activities	**(113.21)**	**(206.52)**
Net increase/ (decrease) in cash and cash equivalents	**1.64**	**0.19**
Cash and cash equivalents at the beginning of the year*	1.12	0.93
Cash and cash equivalents at the end of the year*	2.76	1.12
	1.64	**0.19**

* Refer note 11 for details.

Notes:

1. The Cash flow statement has been prepared in accordance with 'Indirect Method' as set out in Ind AS-7- 'Statement of Cash Flows', as notified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder.

2. **Changes in liabilities arising from financing activities**

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Opening balance of borrowings		
Term loan (including current maturities)	538.99	606.20
Current borrowings	380.85	438.11
Cash Flows		
Repayment of term loan	(105.47)	(100.41)
Proceeds from term loan	145.75	33.20
Change in current borrowings (net)	(95.40)	(57.26)
Closing balance of borrowings		
Term loan (including current maturities)	579.27	538.99
Current borrowings	285.45	380.85

The accompanying notes form an integral part of the stanadalone financial statements
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Regn. No.101248W / W-100022

Rajiv Goyal
Partner
Membership No -094549
Place : Gurugram
Date: 12 June 2020

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Rajan Dalal
Director
DIN: 00546264

C. S. Nopany
Executive Chairman
DIN: 00014587

S. K. Khandelia
President & CEO
M.No. : 016336

Bipeen Valame
Whole time Director and CFO
DIN : 07702511

Manoj Contractor
Company Secretary
M.No. : A11661

Place : Mumbai
Date: 12 June 2020

Standalone Statement of Changes in Equity for the year ended 31 March, 2020

(all amounts are in Rupees crore, unless otherwise stated)
CIN No: L17124RJ2005PLC020927

(a) Equity share capital

Particulars	For the year ended 31 March, 2020		For the year ended 31 March, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the begining of the year	16,38,28,620	16.38	16,38,28,620	16.38
Change in equity share capital during the year	-	-	-	-
Balance at the end of the year	**16,38,28,620**	**16.38**	**16,38,28,620**	**16.38**

(b) Other equity

Particulars	Reserves and surplus			Total
	General reserve	Retained earnings	Other comprehensive income	
Balance as at 31 March 2018	**178.06**	**709.84**	**2.30**	**890.20**
Profit for the year as per statement of profit and loss	-	65.70	-	65.70
Other comprehensive income for the year	-	-	0.23	0.23
Total comprehensive income for the year	**-**	**65.70**	**0.23**	**65.93**
Transfer to general reserve	7.00	(7.00)	-	-
Dividend paid	-	(21.30)	-	(21.30)
Dividend distribution tax	-	(4.38)	-	(4.38)
Balance as at 31 March 2019	**185.06**	**742.86**	**2.53**	**930.45**
Profit for the year as per statement of profit and loss	-	36.12	-	36.12
Other comprehensive income for the year	-	-	0.89	0.89
Total comprehensive income for the year	**-**	**36.12**	**0.89**	**37.01**
Transfer to general reserve	4.00	(4.00)	-	-
Dividend paid	-	(10.65)	-	(10.65)
Dividend distribution tax	-	(2.19)	-	(2.19)
Balance as at 31 March 2020	**189.06**	**762.14**	**3.42**	**954.62**

The accompanying notes form an integral part of the stanadalone financial statements
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Regn. No.101248W / W-100022

Rajiv Goyal
Partner
Membership No -094549
Place : Gurugram
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For and on behalf of the Board of Directors of
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Bipeen Valame
Whole time Director and CFO
DIN : 07702511

Manoj Contractor
Company Secretary
M.No. : A11661

Place : Mumbai
Date: 12 June 2020

Notes to the Standalone Financial Statements for the year ended 31 March, 2020

1. COMPANY INFORMATION

Sutlej Textiles and Industries Limited (herein after referred to as "the Company") is domiciled in India with its registered office situated at Pachpahar Road, Bhawanimandi - 326502, Rajasthan. The Company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) Limited. The Company, primarily, deals in cotton and man-made fibres yarn and home textiles.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

2.1 Basis of preparation

These standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

These financial statements were authorised for issue by the board of directors on their meeting held on 12 June 2020.

2.2 Basis of measurement

The standalone financial statements have been prepared under the historical cost basis except for the following items: -

- Defined benefit liability/(assets): Fair value of plan assets less present value of defined benefit obligation
- Certain financial assets and liabilities (including financial instrument) – measured at Fair value;
- Other financial assets and liabilities- measured at amortised cost.

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in the financial statements is determined on such a basis, except measurements that have some similarities to fair value but are not fair value, such as net realizable value in inventories or value in use in impairment of assets. The basis of fair valuation of these items is given as part of their respective accounting policies.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, as described below:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- **Level 2** inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability.

2.3 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about the judgements made in applying

Notes to the Standalone Financial Statements *(contd.)*

accounting policies that have the most significant effects on the amounts recognised in the financial statements

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the period ended is included below:

- Measurement of defined benefit obligations: key actuarial assumptions; (note 44)
- Recognition of deferred tax assets: availability of future taxable profit against which Minimum Alternative Tax (MAT) credit can be used (note 22A)
- Useful life and residual value of property, plant and equipment, and intangible assets
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources (note 40)
- Impairment of financial assets: key assumptions used in estimating recoverable cash flows (note 46)
- Impairment of non-financial assets: key assumptions used in estimating recoverable amount (note 5B and 51)

2.4 Classification of assets and liabilities as current and non- current

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

An liability is treated as current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax liabilities are classified as non-current liabilities.

The operating cycle is the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.5 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost of an item of property, plant and equipments comprises its purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred up to the date when the assets are ready to use.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate item (major components) of property, plant and equipment.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation on property, plant and equipment is calculated on straight line method and is recognized

Notes to the Standalone Financial Statements *(contd.)*

in the statement of profit and loss. The rates are arrived at based on the estimated useful lives given in schedule II of the Companies Act, 2013 or re-assessed by the Company basis technical assessment, as given below: -

Assets	Useful life as per Technical Certificate	Useful life as per Companies Act
Non factory buildings	58 years	60 years
Factory buildings	30 years	30 years
Plant and equipment	18 years and 4 months /20 years / 15 years/ 3 years and 6 years	15 years/ 3 years and 6 years
Office equipment	5 years	5 years
Furniture and fixtures	5-10 years	10 years
Vehicles	8 years and 10 years	8 years and 10 year

Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions to or on disposal of assets is calculated on pro-rata basis. Leasehold land is being amortised over the period of lease tenure. Additions on rented premises (offices and guest houses) are being amortised over the period of rent agreement.

Individual assets costing below Rs. 5000 are fully depreciated in the year of purchase as these assets have no significant useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Capital work-in-progress

Capital work-in-progress includes assets in the course of construction for production/ and supply of goods or services or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalized.

2.6 Intangible assets

Intangible assets acquired separately are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method basis over the estimated useful life. Estimated useful life of the software is considered as 5 years against useful life of 4 years as per Companies Act, 2013.

Amortisation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the statement of profit and loss when the asset is derecognised.

2.7 Non-current assets (or disposal groups) held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and

Notes to the Standalone Financial Statements *(contd.)*

fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

2.8 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate assets belongs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

Impairment loss in respect of assets is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the statement of profit and loss.

2.9 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use or sale.

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the effective interest rate (EIR) method over the term of the loan.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

2.10 Foreign currency transactions

The financial statements are presented in Indian Rupees ('INR'), which is also the Company's functional currency. All amounts have been rounded off to the nearest crores, except share data and as stated otherwise.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of the following:

Exchange difference on foreign currency borrowings included in the borrowing cost when they regarded

Notes to the Standalone Financial Statements *(contd.)*

as an adjustment to interest costs on those foreign currency borrowings.

Conversion

Foreign currency monetary items are reported using the closing foreign currency exchange rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

2.11 Employee benefits

a. Short term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme and also towards superannuation scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

c. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

For defined benefit plan, the cost of providing benefits is determined annually by an independent actuary using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income (OCI) in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment. Net interest is recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement of net defined benefit liability

The defined benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in

Notes to the Standalone Financial Statements *(contd.)*

the form of refunds from the plans or reductions in future contributions to the plans.

d. Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Re-measurements gains or losses are recognised in statement of profit and loss in the period in which they arise.

2.12 Revenue recognition

Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.

Ind AS 115 five step model is used to determine whether revenue should be recognised at a point in time or over time, and at what amount is as below:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

A. Revenue from Sales of goods

Revenue is measured at the fair value of the consideration received or receivable. Sales are recognised when the significant risks and rewards of ownership, which coincide with transfer of controls of goods, are transferred to the buyer as per terms of contract and are recognised. Amounts disclosed as revenue are excluding taxes and net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

B. Export entitlements in the form of duty drawback, Merchandise Export Incentive Scheme and other schemes are recognized in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Claim on insurance companies and others, where quantum of accrual cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

C. Interest is recognised using effective interest rate method on a time proportion basis.

D. Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

E. Income from sale of the scrap is measured at the fair value of the consideration received or receivable. Sales are recognised when the significant risks and rewards of ownership, which coincide with transfer of controls of goods, are transferred to the buyer as per terms of contract.

2.13 Government grants and subsidies

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants that compensate the Company for expenses incurred are recognised in the statement of profit and loss, as income or deduction from the relevant expense, on a systematic basis in

Notes to the Standalone Financial Statements *(contd.)*

the periods in which the expense is recognised.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to statement of profit and loss on a systematic basis over the expected lives of the related assets to match them with the costs for which they are intended to compensate and presented within other income.

2.14 Inventories

i. Inventories are valued as follows:

Raw materials, Stock in trade, dyes and chemicals, stores and spares and consumables	Lower of cost and net realisable value. Cost is determined on a weighted average basis. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition. Materials and other items held for use in the production of inventories are not written down below costs, if finished goods in which they will be incorporated are expected to be sold at or above cost.
Work-in-progress and finished goods	Lower of cost and net realisable value. Cost includes direct materials, labour, a proportion of manufacturing overheads and an appropriate share of fixed production overheads based on normal operating capacity.
Waste material	At net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimate cost of completion and to make the sale

2.15 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the receivable is expected to be collected within a period of 12 months or less from the reporting date (or in the normal operating cycle of the business, if longer), they are classified as current assets otherwise as non-current assets.

Trade receivables are measured at their transaction price unless it contains a significant financing component in accordance with Ind AS 115 for pricing adjustments embedded in the contract.

Loss allowance for expected lifetime credit loss is recognised on initial recognition.

2.16 Provisions and contingent liabilities

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, 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 measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote.

2.17 Measurement of fair value

a Financial instruments

The estimated fair value of the Company's financial instruments is based on market prices and valuation techniques. Fair values are determined with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial

Notes to the Standalone Financial Statements *(contd.)*

instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

b Marketable and non-marketable equity securities

Fair value for listed shares is based on quoted market prices as of the reporting date. Fair value for unlisted shares is calculated based on market comparison techniques utilizing significant unobservable data, primarily cash flow based models.

The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee and the expected revenue and Earnings before tax, interest and depreciation (EBITDA) of the investee. The estimate is adjusted for the effect of the non-marketability of the relevant equity securities.

If fair value cannot be measured reliably unlisted shares are recognized at cost.

c Derivatives

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks and interest rate risk respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value provided by the respective banks. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are recorded directly to statement of profit and loss.

2.18 Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts and interest rate swaps.

a. Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classifications

The Company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at an instrument level because this best reflects the way the business is managed and information is provided to management.

A financial asset is measured at amortised cost only if both of the following conditions are met:

a. it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

b. the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

b. Preference share

All preference share instruments in scope of Ind AS 109 are measured at fair value. On initial recognition an preference share investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value through profit and loss account.

Notes to the Standalone Financial Statements *(contd.)*

This election is made on an investment-by-investment basis.

c. **Investments in Subsidiaries**

Investments in Subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when: The rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, financial instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

d **Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and

Notes to the Standalone Financial Statements *(contd.)*

loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Derecognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when and only when there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.19 Income tax

Income tax expense comprises current and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to items recognised directly in equity or in other comprehensive Income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimates of the tax amount expected to be paid on received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and liabilities are offset only if, the Company:

a) Has a legally enforceable right to set off the recognised amounts; and

b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities 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 balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying

Notes to the Standalone Financial Statements *(contd.)*

amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Minimum Alternative Tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset the said asset is created by way of credit to the statement of profit and loss and included in deferred tax assets. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

2.20 Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception 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 less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted

Notes to the Standalone Financial Statements *(contd.)*

for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

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 leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning 01 April 2019 and applied the standard to its leases, using modified retrospective approach, on the date of initial application (01 April 2019). Accordingly, the Company has not restated comparative information. Refer note 2.20 – Significant accounting policies – Leases in the Annual report of the Company for the year ended 31 March 2019, for the policy as per Ind AS 17.

Company as a lessee

Operation leases

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Company has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative

Notes to the Standalone Financial Statements *(contd.)*

to performing an impairment review, excluded initial direct costs from measuring the right-of-use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. With respect to operating leases, the transition doesn't have any impact on the financial position and profit for the period of the Company.

Finance leases

The Company has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17. Accordingly, an amount of Rs. 3.90 Crores (gross block) and Rs. 0.20 (accumulated depreciation) have been reclassified from property, plant and equipment to right-of-use assets and the Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognized using modified retrospective approach, on the date of initial application (01 April 2019). Accordingly, a right-of-use asset of Rs.0.46 crore and a corresponding lease liability of Rs. 0.46 crore has been recognized.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Company have been identified as being the chief operating decision maker by the management of the Company. Refer note 41 for segment information presented.

2.22 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents is as defined above, net of outstanding bank overdrafts.

2.23 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.24 Dividend

The Company recognises a liability to make distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.25 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 01 April 2020.

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

3. Property, Plant and equipments

3A. Property, Plant and equipments

Particulars	Freehold Land	Leasehold Land	Buildings (refer note 2)	Plant and equipments	Vehicles	Furniture and Fixtures	Office Equip-ments	Total
Gross Block								
Balance as at 31 March 2018	38.53	3.90	448.92	858.76	10.50	11.08	6.76	1,378.45
Additions	-	-	14.18	29.86	1.29	0.95	1.01	47.29
Disposals	-	-	0.06	2.18	0.69	0.14	0.09	3.16
Balance as at 31 March 2019	**38.53**	**3.90**	**463.04**	**886.44**	**11.10**	**11.89**	**7.68**	**1,422.58**
Transition impact of Ind AS 116 (refer note 2.20)	-	(3.90)	-	-	-	-	-	(3.90)
Restated cost as at 1 April 2019	**38.53**	**-**	**463.04**	**886.44**	**11.10**	**11.89**	**7.68**	**1,418.68**
Additions	-	-	23.15	49.96	1.22	0.89	3.24	78.46
Disposals	-	-	-	1.06	0.12	0.03	0.02	1.23
Balance as at 31 March 2020	**38.53**	**-**	**486.19**	**935.34**	**12.20**	**12.75**	**10.90**	**1,495.91**
Accumulated Depreciation								
Balance as at 31 March 2018	-	0.15	30.09	229.28	3.45	3.73	3.47	270.17
Additions	-	0.05	13.50	82.82	1.39	1.36	1.26	100.38
Disposals	-	-	-	0.46	0.38	0.11	0.05	1.00
Balance as at 31 March 2019	**-**	**0.20**	**43.59**	**311.64**	**4.46**	**4.98**	**4.68**	**369.55**
Transition impact of Ind AS 116 (refer note 2.20)	-	(0.20)	-	-	-	-	-	(0.20)
Restated cost as at 1 April 2019	**-**	**-**	**43.59**	**311.64**	**4.46**	**4.98**	**4.68**	**369.35**
Additions	-	-	13.57	81.77	1.34	1.29	1.20	99.17
Disposals	-	-		0.45	0.07	0.03	0.02	0.57
Balance as at 31 March 2020	**-**	**-**	**57.16**	**392.96**	**5.73**	**6.24**	**5.86**	**467.95**
Net Block								
Balance as at 31 March 2019	**38.53**	**3.70**	**419.45**	**574.80**	**6.64**	**6.91**	**3.00**	**1,053.03**
Balance as at 31 March 2020	**38.53**	**-**	**429.03**	**542.38**	**6.47**	**6.51**	**5.04**	**1,027.96**

Notes

1. In case of Kathua leasehold land having carrying value as at 31 March 2020 and 31 March 2019 Rs.2.51 crore and Rs.2.55 crore respectively (Original cost Rs. 2.92 crore) and in case of Baddi unit freehold land having carrying value as at 31 March 2020 and 31March 2019 Rs.0.08 crore (Original cost Rs.0.08 crore) are pending for registration in the name of the company.
2. Building, includes share of the company in a premises at Haridwar jointly owned with other corporates having carrying value as at 31 March 2020 Rs.0.64 crore and 31 March 2019 Rs.0.56 crore respectively (Original Cost Rs. 1.23 crore as at 31 March 2020 and Rs.1.12 crore as at 31 March 2019)
3. Borrowing cost capitalized amounting to Rs. 7.29 crore (31 March 2019 Rs.0.19 crore) under the head plant and equipment, building and capital work-in-progress (refer note 43)
4. Property, plant and equipment given as security for borrowings refer note 19 (a)
5. Refer note no 51

3B. Capital work-in-progress

Capital work-in-progress is amounting to Rs.176.42 crores (31 March 2019 : Rs.20.05 crores)

3C. Right-of-use assets*

	Gross Block				Depreciation				Net Block	
	As at 31 March, 2019	Transition impact of Ind AS 116 (refer note 2.20)	Additions	As at 31 March, 2020	As at 31 March, 2019	Transition impact of Ind AS 116 (refer note 2.20)	Additions	As at 31 March, 2020	As at 31 March, 2020	As at 31 March, 2019
Right-of-use assets	-	3.90	0.46	4.36	-	0.20	0.06	0.26	4.10	
	-	3.90	0.46	4.36	-	0.20	0.06	0.26	4.10	-

*Refer note 47 for lease liability

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

4. Intangible Assets

	Gross Block				Depreciation				Net Block	
	As at 31 March, 2019	Additions	Disposals	As at 31 March, 2020	As at 31 March, 2019	Additions	Disposals	As at 31 March, 2020	As at 31 March, 2020	As at 31 March, 2019
Software	1.55	1.66	-	3.21	0.60	0.30	-	0.90	2.31	0.95
	1.55	**1.66**	**-**	**3.21**	**0.60**	**0.30**	**-**	**0.90**	**2.31**	**0.95**

	Gross Block				Depreciation				Net Block	
	As at 31 March, 2018	Additions	Disposals	As at 31 March, 2019	As at 31 March, 2018	Additions	Disposals	As at 31 March, 2019	As at 31 March, 2019	As at 31 March, 2018
Software	1.49	0.06	-	1.55	0.40	0.20	-	0.60	0.95	1.09
	1.49	**0.06**	**-**	**1.55**	**0.40**	**0.20**	**-**	**0.60**	**0.95**	**1.09**

Note

Additional disclosure as per previous GAAP

	As at 31 March, 2019			As at 31 March, 2020		
	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block
Tangible Assets						
Freehold land	38.54	0.01	38.53	38.54	0.01	38.53
Buildings	518.72	99.27	419.45	541.87	112.84	429.03
Plant and equipment	1,452.23	877.43	574.80	1,492.35	949.97	542.38
Vehicles	13.52	6.88	6.64	14.62	8.15	6.47
Furniture and fixtures	18.39	11.48	6.91	19.24	12.73	6.51
Office equipments	13.33	10.33	3.00	16.50	11.46	5.04
Leasehold land	4.46	0.76	3.70	-	-	-
Right-of-use assets	-	-	-	4.92	0.82	4.10
Total	**2,059.19**	**1,006.16**	**1,053.03**	**2,128.04**	**1,095.98**	**1,032.06**
Capital work-in-progress	20.05	-	20.05	176.42	-	176.42
Total	**2,079.24**	**1,006.16**	**1,073.08**	**2,304.46**	**1,095.98**	**1,208.48**

Intangible Assets

	As at 31 March, 2019			As at 31 March, 2020		
	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block
Intangible Assets						
Software	6.41	5.46	0.95	8.07	5.76	2.31
Total	**6.41**	**5.46**	**0.95**	**8.07**	**5.76**	**2.31**

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

5. Non current investments

		As at 31 March, 2020	As at 31 March, 2019
A.	**Investment in equity instruments (fully paid-up) valued at FVTPL**		
	Unquoted		
	50 (31 March 2019: 50) equity shares of The Jhalawar Nagrik Sahkari Bank Ltd (JNSB) of Rs 100 each *	0.00	0.00
		0.00	**0.00**
	*The total amount of investments in absolute value is Rs. 5,000 (31 March 2019: Rs. 5,000), for reporting purpose rounded up to Rs. 0.0 crores.		
B	**Investment in wholly owned subsidiary (fully paid up) valued at cost**		
	Unquoted		
	4,500 (31 March 2019: 4,500) equity shares of Sutlej Holdings Inc. of USD 1,000 each	30.64	30.64
		30.64	**30.64**
	Total investments cost (A+B)	**30.64**	**30.64**

Note :

The Company held investments in subsidiary which has further invested in a step down subsidiary. Company assesses at each reporting date if there is an indication, based on either internal or external sources of information, that investments in subsidiary including step down subsidiary may be impaired in terms of Ind AS 36 ""Impairment of Assets"". Where such indicators exist, management performs impairment testing.

In performing such impairment assessments, Company compared the carrying value of each of the identifiable cash generating units ("CGUs") to which investments in subsidiary including step down subsidiary have been allocated with their respective recoverable amounts. The recoverable amount of the CGUs, which is based on the value in use derived from discounted forecast cash flow models to determine if any impairment loss should be recognized.

On account of losses during the current year and previous year and erosion of net worth in step down subsidiary, Company has carried out the impairment assessment of the aforesaid CGU using value in use model which is based on the net present value of the future cash flows, after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions. The Company believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit. Accordingly, impairment loss is not recognised.

		As at 31 March, 2020	As at 31 March, 2019
C	**Investment in preference shares (fully paid up) [refer note 46(I)] valued at FVTPL**		
	Unquoted		
	Nil (31 March 2019: 24,350,000) 8.5% Non-Convertible Cumulative Redeemable Preference shares of Avadh Sugar & Energy Limited of Rs 10 each	-	25.74
	1,300,000 (31 March 2019: 1,300,000) 8.5% Non-Convertible Cumulative Redeemable Preference shares in Palash Securities Limited of Rs 10 each	0.79	0.68
	Total investments measured at FVTPL	**0.79**	**26.42**
	Aggregate value of unquoted investment (A+B+C)	**31.43**	**57.06**
	Aggregate value of impairment in the value of investments	**-**	**-**
	Movement of investment in prefrense shares		
	Opening balance	**26.42**	**50.97**
	Change in fair value of preference shares	(1.28)	(0.20)
	Investment redeemed during the year of Avadh Sugar & Energy Limited	(24.35)	(24.35)
	Closing balance	**0.79**	**26.42**

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

6. Loans - Non Current

	As at 31 March, 2020	As at 31 March, 2019
Unsecured, considered good unless otherwise stated		
Security deposits	8.48	12.06
	8.48	**12.06**

7. Non current tax assets (net)

	As at 31 March, 2020	As at 31 March, 2019
Income Tax refund receivable	5.75	0.20
	5.75	**0.20**

8. Other non-current assets

	As at 31 March, 2020	As at 31 March, 2019
Unsecured, considered good unless otherwise stated		
Capital advances	18.37	6.75
Prepaid expenses	0.07	0.13
	18.44	**6.88**

9. Inventories*

	As at 31 March, 2020	As at 31 March, 2019
(Valued at lower of cost and net realisable value)		
Raw materials	179.49	258.37
Dyes and chemicals	7.46	6.42
Work-in-progress	87.09	76.94
Finished goods	163.09	179.46
Stock in trade	2.38	2.50
Stores, spare-parts and consumables	16.95	28.27
Wastage material	4.02	3.25
	460.48	**555.21**
Goods in transit included in above inventories are as under :		
Raw materials	1.93	16.64
Stores, spare-parts and consumables	0.27	0.94

Inventories are hypothecated to secure borrowings (refer note 19 and 24).

*Refer note no. 38

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

10. Trade receivables

	As at 31 March, 2020	As at 31 March, 2019
Trade Receivables considered good, Unsecured - Others*	261.23	298.41
Trade Receivables credit impaired	4.52	1.51
	265.75	299.92
Less : loss allowance	(4.52)	(1.51)
	261.23	**298.41**

Note

(a) Trade receivables are hypothecated to secure current borrowings (refer note 24 and 19)

(b) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Further no trade or other receivables are due from firms or private companies respectively in which any director is a partner, or director or member.

(c) The Company's exposure to credit and currency risk, and loss allowances related to trade receivables is disclosed in note 46.

* Trade receivables includes due from related parties, refer note 45.

11. Cash and cash equivalents

	As at 31 March, 2020	As at 31 March, 2019
Balances with banks:		
- In current accounts	2.26	0.94
Cash on hand	0.50	0.18
	2.76	**1.12**

12. Bank balances other than cash and cash equivalents

	As at 31 March, 2020	As at 31 March, 2019
Earmarked balances with banks:		
Unpaid dividend account	1.19	1.23
Deposits with remaining maturity for more than 3 months but less than 12 months	0.51	0.55
	1.70	**1.78**

13. Loans (Current)

	As at 31 March, 2020	As at 31 March, 2019
Unsecured, considered good unless otherwise stated		
Security deposits	0.01	0.21
	0.01	**0.21**

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

14. Other current financial assets

	As at 31 March, 2020	As at 31 March, 2019
Unsecured, considered good unless otherwise stated		
Export benefits/ claims receivable	21.41	36.34
Less: Provision for doubtful	-	(0.16)
	21.41	**36.18**
Advances recoverable in cash or kind	7.48	4.43
Government subsidies receivable	24.81	15.81
Forward contract receivables	-	1.66
Interest accrued on deposits	0.08	0.19
	53.78	**58.27**

15. Other current assets

	As at 31 March, 2020	As at 31 March, 2019
Unsecured, considered good unless otherwise stated		
Balances with government authorities	46.72	54.41
Duty paid under protest	0.33	0.02
Prepaid expenses	3.27	3.11
Advances to suppliers	12.14	7.55
	62.46	**65.09**

16. Assets classified as held for sale

	As at 31 March, 2020	As at 31 March, 2019
Plant and equipments held for sale	0.21	0.24
	0.21	**0.24**

The Company decided to sell obsolete plant and equipments which were originally purchased for production and manufacturing. The Company is actively searching for buyers to sell these assets. No liability is attached to these assets.

Non – current fair value measurements :

Assets classified as held for sale are measured at lower of their carrying amount and fair value less cost to sell at the time of reclassification. Fair value of the assets was determined using expected market realizable value using past trend and management assessment. Fair value measurement of assets held for sale is a level 3 measurement and key inputs under this approach are price per asset comparable for the machine in similar business and technology.

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

17. Equity Share capital

	As at 31 March, 2020	As at 31 March, 2019
Authorised:		
500,000,000 equity shares of Rs.1/- each (31 March 2019: 500,000,000 of Rs.1/- each)	50.00	50.00
Issued, subscribed and fully paid up:		
163,828,620 equity Shares of Rs.1/- each (31 March 2019: 163,828,620 of Rs.1/- each)	16.38	16.38
	16.38	**16.38**

a. **Terms and rights attached to equity shares**

Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. There is no restriction on distribution of dividend. However, distribution of dividend is subject to the approval of the shareholders in the Annual General Meeting.

b. **Reconciliation of number of shares outstanding at the beginning and end of the year :**

	As at 31 March, 2020		As at 31 March, 2019	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	16,38,28,620	16.38	16,38,28,620	16.38
Balance at the end of the year	**16,38,28,620**	**16.38**	**16,38,28,620**	**16.38**

c. **Shares held by holding company or its ultimate holding company or subsidiaries or associates of the holding company or the ultimate holding company in aggregate.**

There are no holding or ultimate holding company of the Company.

d. **Shareholders holding more than 5% shares in the company**

	As at 31 March, 2020		As at 31 March, 2019	
	No. of shares	Percentage	No. of shares	Percentage
Uttar Pradesh Trading Company Limited.	3,04,16,970	18.57%	3,04,16,970	18.57%
Hargaon Investment & Trading Company Limited	1,71,13,960	10.45%	1,71,13,960	10.45%
New India Retailing and Investment Limited	1,70,63,040	10.42%	1,70,63,040	10.42%
Yashovardhan Investment and Trading Company Limited	1,48,68,360	9.08%	1,48,68,360	9.08%
Birla Institute of Technology and Science	1,12,86,580	6.89%	1,12,86,580	6.89%
Earthstone Holding (Two) Private Limited	98,03,690	5.98%	98,03,690	5.98%
Ronson Traders Limited	97,23,730	5.94%	97,23,730	5.94%

e. There are no shares which are issued for consideration other than cash during the period of five years immediately preceding the reporting date.

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

18. Other equity

		As at 31 March, 2020	As at 31 March, 2019
a.	**General reserve**		
	Balance at the beginning of the year	185.06	178.06
	Add: Amount transferred from retained earnings	4.00	7.00
	Balance at the end of the year	**189.06**	**185.06**
b.	**Retained earnings**		
	Balance at the beginning of the year	742.86	709.84
	Profit for the year	36.12	65.70
	Less: Dividend on equity shares (including tax thereon)	(12.84)	(25.68)
	Less: Amount transferred to general reserve	(4.00)	(7.00)
		762.14	**742.86**
c.	**Other comprehensive income**		
	Balance at the beginning of the year	2.53	2.30
	Addition during the year	0.89	0.23
	Balance at the end of the year	**3.42**	**2.53**
		954.62	**930.45**

Nature and purpose of reserves/ other equity

General reserve

The Company appropriates a portion to general reserves out of the profits voluntarily to meet future contingencies. The said reserve is available for payment of dividend to the shareholders as per the provisions of the Companies Act, 2013.

Retained earnings:

Retained earnings are the profit that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to investors.

Other comprehensive income

Remeasurements of defined benefit plans represents the following as per Ind AS 19-Employee Benefits:

(a) actuarial gains and losses;

(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

Dividend

The following dividends were declared and paid by the Company:

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Final dividend for the year ended 31 March 2019 Rs.0.65 per equity share of Rs. 1 each (31 March 2018 Rs. 1.30 per equity share of Rs.1 each)	10.65	21.30
Dividend distribution tax on final dividend	2.19	4.38
	12.84	**25.68**

After the reporting date the following dividend was proposed by the Board of Directors of the Company subject to the approval of shareholders of the Company at its Annual General Meeting. Accordingly, the dividend have not been recognized as liabilities.

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

18. Other equity *(contd.)*

	As at 31 March, 2020	As at 31 March, 2019
Proposed final dividend for the year ended 31 March 2020 Rs.0.30 per equity share of Rs. 1 each * (Previous year Rs.0.65 per equity share of Rs. 1 each)	4.91	10.65
Dividend distribution tax on final dividend	-	2.19
	4.91	**12.84**

* On 12 June 2020, the Board of Directors of the Company has recommended a final dividend of Rs. 0.30 per share (face value of Rs. 1 per share) for the financial year ended 31 March 2020, subject to approval of the shareholders in the ensuing Annual General Meeting.

19. Non - Current Borrowings

	As at 31 March, 2020	As at 31 March, 2019
Term loans (Secured)		
- From banks	469.55	436.92
	469.55	**436.92**

a. **Securities**

Term loans are secured by first equitable mortgage ranking pari-passu over the Company's immovable properties situated at Bhawanimandi (Rajasthan), Kathua (Jammu & Kashmir), Baddi (Himachal Pradesh) and Daheli (Gujarat) and moveable assets (save and except book debts) both present and future, subject to prior charges created/to be created, in favour of bankers, on moveable assets including book debts to secure working capital borrowings.

b. **Terms of repayment and interest are as follows :**

Secured loan from	Repayment frequency	Year of maturity	Rate of interest p.a. (%)	As at 31 March, 2020	As at 31 March, 2019
Punjab National Bank, Kota	Quarterly	FY 2022 to 2025	8.05	67.18	87.39
Bank of Maharashtra, Jaipur	Quarterly	FY 2026	8.65	143.66	168.63
Jammu & Kashmir Bank, Kathua	Quarterly	FY 2022 to 2026	7.60 to 7.90	254.74	131.84
ICICI Bank, Kolkata	Quarterly	FY 2020	9.15	-	0.41
State Bank of India, Mumbai	Quarterly	FY 2023	9.80	6.63	9.13
United Bank of India, Delhi	Quarterly	FY 2024	8.75	7.10	9.61
HDFC Bank, Jaipur	Quarterly	FY 2023 to 2024	8.00 to 8.20	100.34	131.98
				579.65	**538.99**
Less : Current maturities of long term debt (refer note 26)				110.10	102.07
				469.55	**436.92**

c. **The Company's exposure to interest rate, foreign currency and liquidity risk is included in note 46.**

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

20. Other Non Current Financial Liabilities

	As at 31 March, 2020	As at 31 March, 2019
Trade deposits	5.98	6.03
Retention money	4.22	-
Employee security deposits	0.04	0.11
Deferred payment liabilities	3.72	4.49
	13.96	10.63

21. Provisions

	As at 31 March, 2020	As at 31 March, 2019
Provisions for employee benefit:		
Provision for compensated absenses (refer note 44)	10.41	10.26
	10.41	10.26

22. Deferred Tax Liabilities (Net)

A. Movement in deferred tax balances

Particulars	As at 31 March, 2019	Recognized during the year	Utilised during the year	As at 31st March, 2020
Deferred tax assets				
MAT credit entitlement @	65.30	-	(7.71)	57.59
Disallowance u/s 43B of Income Tax Act, 1961	13.87	-	(0.90)	12.97
Provision for doubtful debts and others	1.52	1.37	-	2.89
Total (A)	80.69	1.37	(8.61)	73.45
Deferred tax liabilities				
Property, plant and equipment	109.67	1.77	-	111.44
Total (B)	109.67	1.77	-	111.44
Net deferred tax liability (B)-(A)	28.98	0.40	8.61	37.99

Particulars	As at 31 March, 2018	Recognized during the year	Utilised during the year	As at 31st March, 2019
Deferred tax assets				
MAT credit entitlement @	70.82	-	(5.52)	65.30
Disallowances u/s 43B of Income Tax Act, 1961	14.00	-	(0.13)	13.87
Provision for doubtful debts and others	0.86	0.66	-	1.52
Total (A)	85.68	0.66	(5.65)	80.69
Deferred tax liabilities				
Property, plant and equipment	107.95	1.72	-	109.67
Total (B)	107.95	1.72	-	109.67
Net deferred tax liability (B)-(A)	22.27	1.06	5.65	28.98

@ Represents that portion of MAT credit, which can be recovered and set off in subsequent years as per provisions of Section 115JAA of the Income Tax Act, 1961. The Management, based on the present trend of profitability and future profitability projections, opines that Company would have sufficient taxable income in future to utilize MAT credit entitlements.

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

22. Deferred Tax Liabilities (Net) *(contd.)*

B. Amounts recognised in statement of profit and loss

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Current tax expense		
Current tax	9.53	17.44
	9.53	**17.44**
Deferred tax expense		
Origination and reversal of temporary differences	9.01	6.71
	9.01	**6.71**
Total Tax Expense	**18.54**	**24.15**

C. Amounts recognised in other comprehensive income

Particulars	For the year ended 31 March, 2020			For the year ended 31 March, 2019		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Remeasurements of defined benefit liability	1.34	(0.45)	0.89	0.35	(0.12)	0.23
	1.34	**(0.45)**	**0.89**	**0.35**	**(0.12)**	**0.23**

D. Reconciliation of effective tax rate

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Profit before tax from operations	54.66	89.85
Tax using the Company's domestic tax rate @ 34.94 % (31 March 2019: 34.94%)	19.10	31.39
Tax effect of:		
Non-deductible expenses	2.51	1.94
Tax on exempt income	(0.97)	(2.04)
Tax incentives	(0.75)	(6.73)
Others	(1.35)	(0.41)
Income tax expenses reported in the statement of profit and loss	**18.54**	**24.15**
Effective tax rate	**33.92%**	**26.88%**

23. Other Non-Current Liabilities

	As at 31 March, 2020	As at 31 March, 2019
Deferred government grants (refer note 40 B (b))		
Capital subsidies on specific plant and machineries	6.44	7.42
Non-current portion of the gain on deferred payment liabilities	1.30	1.46
	7.74	**8.88**
Movement of deferred government grants is as below:		
Balance at the beginning of the year	7.42	8.47
Grant amortized and transferred to statement of profit and loss	(0.98)	(1.05)
Balance at the end of the year	**6.44**	**7.42**

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

24. Current Borrowings

	As at 31 March, 2020	As at 31 March, 2019
Loan repayable on demand (Secured)*		
- From banks	283.31	366.02
Bills discounted**	2.14	14.83
	285.45	380.85

* Working capital facilities from banks are secured/to be secured by hypothecation of moveable's including book debts, both present and future, of the units, ranking pari-passu inter se.

** Bills discounted are secured against the books debts which have been discounted.

25. Trade Payables

	As at 31 March, 2020	As at 31 March, 2019
Total outstanding dues of micro enterprises and small enterprises #	2.13	1.93
Total outstanding dues of creditors other than micro enterprises and small enterprises*	110.59	112.04
Total	112.72	113.97
Note		
The Company's exposure to credit and currency risk, and loss allowances related to trade payable is disclosed in note 46.		
* Trade payable includes due from related parties, refer note 45.		
# Dues to Micro Enterprises and Small Enterprises (as per the intimation received from vendors):		
a. Principal and interest amount remaining unpaid	2.13	1.93
b. Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day.	-	-
c. Interest due to payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	-	-
d. Interest accrued and remaining unpaid.	-	-
e. Interest remaining due to payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-
	2.13	1.93

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

26. Other Financial Liabilities

	As at 31 March, 2020	As at 31 March, 2019
Current maturities of long-term debt (refer note 19)	112.47	104.82
{Includes interest accrued and due on borrowings 31 March 2020: Rs 2.37 (31 March 2019: Rs 2.75)}		
Unpaid dividend	1.19	1.23
Employees related liabilities	39.30	41.12
Forward contract payables	9.65	-
Creditors for capital goods	6.16	4.39
Current portion of deferred payment liabilities	1.25	1.25
Security deposits	1.01	0.87
Director's commission	0.25	0.22
Others	4.72	3.50
	176.00	157.40

27. Other Current Liabilities

	As at 31 March, 2020	As at 31 March, 2019
Contract liabilities	8.62	11.64
Statutory dues	9.22	5.14
Current portion of gain on deferred payment liabilities	0.32	0.49
	18.16	17.27

28. Provisions

	As at 31 March, 2020	As at 31 March, 2019
Provisions for employee benefit (refer note 44)		
Compensated absenses	3.77	3.98
Gratuity	2.55	-
Others (super annuation fund)	0.45	-
Others		
Others - contingencies	7.31	12.57
	14.08	16.55

Others - Contingencies

Provision for disputed statutory matters have been made, where the Company anticipates probable outflow. The amount of provision is based on estimate made by the Company considering the facts and circumstances of each case. The timing and amount of cash flow will be determined by the relevant authorities on settlement of cases.

The movement of provisions is presented below:

	31 March, 2020	31 March, 2019
Balance at the beginning of the year	12.57	12.60
Provision made during the year	0.96	-
Provision reversed during the year	(6.22)	(0.03)
Balance at the end of the year	7.31	12.57

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

29. Current Tax Liabilities

	As at 31 March, 2020	As at 31 March, 2019
Provision for Income tax	-	2.02
	-	2.02

30. Revenue from Operations

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Sale of products (net of taxes)		
Manufactured goods	2,223.97	2,369.58
Traded goods	98.00	139.19
Total (i)	2,321.97	2,508.77
Sale of services		
Job processing	18.29	25.21
Others	19.07	8.91
Total (ii)	37.36	34.12
Total [(iii) = (i) + (ii)]	2,359.33	2,542.89
Other operating revenue		
Export incentives	20.10	18.75
Total (iv)	20.10	18.75
Revenue from operations [(iii) + (iv)]	2,379.43	2,561.64

31. Other Income

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Interest income from financial assets measured at amortised cost		
- from bank deposits	0.05	0.05
- from others	9.84	10.43
Dividend from preference shares (refer note 45)	4.05	6.03
Profit on sale/discard of property, plant and equipment (net)	0.22	2.61
Sundry credit balances written back (net)	0.73	0.59
Insurance claims	0.21	0.34
Deferred government subsidies (refer note 23)	0.98	1.05
Miscellaneous income (including scrap sales)	9.21	6.63
	25.29	27.73

32. Cost of Materials Consumed

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Raw material consumed	1,148.82	1,257.67
Consumption of dyes and chemicals	93.68	98.29
	1,242.50	1,355.96

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

33. Changes in Inventories of finished Goods, Work-In-Progress and Stock In Trade

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Closing inventory		
Work-in-progress	87.09	76.94
Finished goods	163.09	179.46
Stock- in- trade	2.38	2.50
Wastage material	4.02	3.25
Total (A)	**256.58**	**262.15**
Opening inventory		
Work-in-progress	76.94	78.62
Finished goods	179.46	198.86
Stock- in- trade	2.50	3.72
Wastage material	3.25	3.01
Total (B)	**262.15**	**284.21**
Less : Insurance claim against Work-in-progress lost by fire .	(0.26)	(1.84)
Less: Write down of finished goods to Net realisable value transfer to exceptional item (refer note 38) (Previous year Insurance claim against Finished goods lost by fire).	(3.32)	(1.52)
Total (C)	**(3.58)**	**(3.36)**
Total (B-A+C)	**1.99**	**18.70**

34. Employee Benefits Expense

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Salaries and wages	310.27	283.96
Contribution to provident and other funds	32.38	32.02
Staff welfare expenses	3.14	3.09
	345.79	**319.07**

35. Finance Costs @

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Interest expenses #	40.55	52.14
Exchange difference on the principal amount of foreign currency borrowing. *	3.56	2.97
Other borrowing costs	0.83	1.43
	44.94	**56.54**

@ Net of amount capitalized refer note 43

Net of interest subsidies under various schemes amounting to Rs.14.40 (31 March 2019 : Rs. 17.21).

*Exchange differences on the principal amount of the foreign currency borrowings to the extent that they are regarded as an adjustment to borrowing costs have been disclosed as "Finance costs".

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

36. Depreciation and Amortisation Expense

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Depreciation on property, plant and equipment (refer note 3A)	99.17	100.38
Amortisation on intangible assets (refer note 4)	0.30	0.20
Depreciation on right-of-use assets (refer note 3C)	0.06	-
	99.53	**100.58**

37. Other Expenses

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Processing and job charges	3.47	8.47
Consumption of stores, spares and consumables	75.25	73.86
Power, fuel and water charges	243.49	256.28
Rent	1.07	1.29
Insurance	7.49	5.75
Rates and taxes	0.54	0.41
Repairs and maintenance:		
Buildings	6.67	6.27
Plant and machineries	31.16	33.29
Others	2.33	2.01
Freight and forwarding expenses	62.14	65.78
Selling commission and brokerage	22.66	23.02
Auditor's remuneration #	0.68	0.72
Charity and donation ##	3.01	2.38
Foreign currency transactions and translation (net)	8.77	2.18
Loss allowance for doubtful debts / write off	3.06	0.10
Director's commission and fees	0.56	0.50
Travelling expenses	7.58	7.14
Vehicle expenses	5.97	4.73
Corporate social responsibility expenses (refer below note)	2.79	2.44
Net fair value loss on financial assets measured at FVTPL	1.28	0.20
Miscellaneous expenses	26.60	23.88
	516.57	**520.70**

 # Auditor's remuneration (net of taxes)

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
As auditor:		
Statutory audit fee	0.42	0.39
Tax audit fee	0.04	0.04
For limited review	0.12	0.12
Certification fee and other matters	0.01	0.05
Re-imbursement of expenses	0.09	0.12
	0.68	**0.72**

Includes Rs. 3.00 (31 March 2019: 2.00) given to Samaj Electoral Trust Association.

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

37. Other Expenses *(contd.)*

Details of corporate social responsibility expenses

As per Section 135 of Companies Act,2013, a Company needs to spend at least 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities. A CSR Committee has been formed by the Company as per act. The CSR Committee and Board had approved the projects with specific outlay on the activities as specified in Schedule VII of the act, in pursuant of the CSR policy.

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(i) Gross amount required to be spend during the year	2.71	3.29
(ii) Amount spent during the year		
(a) Construction/ acquisition of any asset	0.65	2.21
(b) On purpose other than (a) above	2.14	0.23
	2.79	**2.44**

38. Exceptional Items

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Exceptional items*	4.36	-
	4.36	**-**

* Exceptional items amounting to Rs.4.36 for the year ended 31 March 2020 includes following in view of outbreak of COVID-19 and resultant lockdown by the Government:

a. Write down of finished goods to net realizable value amounting to Rs.3.32 due to sharp decline in raw material prices.

b. Mark to market loss (MTM) of forward contracts due to non-execution of export orders amounting to Rs.0.69.

c. Interest and employee's costs capitalization for ongoing projects suspended due to lockdown amounting to Rs.0.35.

39. Earning per share

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Profit for the year	36.12	65.70
Weighted average number of equity shares of Rs. 1/- each	16,38,28,620	16,38,28,620
Basic and diluted earning per share (in Rs.)	**2.20**	**4.01**

40. Contingent Liabilities and Commitments

A. Contingent liabilities (to the extent not provided for) in respect of:

	As at 31 March, 2020	As at 31 March, 2019
1. Claim against the Company not acknowledged as debts:		
Labour matters (including matter in respect of which stay granted by respective Hon'ble High Court), except for which the liability is unascertainable	4.91	4.47
2. Other matters for which the Company is contingently liable:		
a) Demand raised by excise department for various matters	0.10	1.88
b) Demand raised by the income tax authorities	0.22	0.19
c) Demand for Entry tax (penalty and interest) (31 March 2019: Net of Rs 5.74 provided in accounts/ paid) (refer note 28)	-	10.20
d) Liability for non receipt of C form from customers excluding interest and penalty liability	-	0.25

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

40. Contingent Liabilities and Commitments *(contd.)*

3. Liability of customs duty towards export obligation undertaken by the Company under "Export Promotion Capital Goods Scheme (EPCG)" amounting to Rs 31.23 (31 March 2019: Rs.8.49).

   The Company had imported Capital goods under EPCG and saved the custom duty. As per the EPCG terms and conditions, Company needs to export Rs. 166.64 (31 March 2019: Rs.50.94) i.e. 6 times (25% of 6 times in case of Jammu & Kashmir) of duty saved on import of Capital goods on FOB basis within a period of 6 years. If the Company does not export goods in prescribed time, then the Company may have to pay interest and penalty thereon.

Note: (i) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above matters, timing of the cash outflows can be determined only on receipt of judgments/ decisions pending with various forums/ authorities.

Note: (ii) The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required, and disclosures are made for contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceeding to have a materially adverse effect on its financial position . The Company does not expect any reimbursements in respect of the above contingent liabilities.

B. Commitments

	As at 31 March, 2020	As at 31 March, 2019
a) Estimated amount of contracts remaining to be executed on capital account [net of advances] not provided for	52.13	118.78

b) The Company has availed certain government subsidies/ grants. As per the terms and conditions attached to these government subsidies/grants, the Company has to continue with production of goods for specified number of years and others conditions failing which amount of subsidies/grants availed alongwith interest, penalty etc. will have to be refunded.

41. Segment Information

A. Description of segments and principal activities

Segment information is presented in respect of the Company's key operating segments. The operating segments are based on the Company's internal reporting structure.The Board of Directors has been identified as the chief operating decision maker ('CODM'), since Board of Directors is responsible for all major decision with respect to the preparation and execution of business plan, preparation of budget, planning, expansion, alliance, joint venture, merger and acquisition, and expansion of any facility, etc. The Company's board examines the Company's performance both from a product and geographic perspective and has identified two reportable segments of its business:

a) **Yarn:** It comprises of cotton and man made fibres yarn;

b) **Home textiles :** It comprises of home furnishing and fabric processing.

The Company's board reviews the results of each segment on a quarterly basis. The Company's board of directors uses segment result to assess the performance of the operating segments.

B. Information about reportable segments

Information related to each reportable segment is set out below. Segment's earning before interest, depreciation and tax (EBITDA) is used to measure segment's performance because management believes that this information

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

41. Segment Information *(contd.)*

is the most relevant to evaluate the results of the respective segments for comparing it with other entities that operate in the same industries.

Reportable Segments	Yarn		Home Textiles		Total	
	For the Year ended 31 March, 2020	For the Year ended 31 March, 2019	For the Year ended 31 March, 2020	For the Year ended 31 March, 2019	For the Year ended 31 March, 2020	For the Year ended 31 March, 2019
External revenues	2,265.55	2,439.59	114.08	122.51	2,379.63	2,562.10
Less: Inter-segment revenue	-	-	(0.20)	(0.46)	(0.20)	(0.46)
Segment revenue	**2,265.55**	**2,439.59**	**113.88**	**122.05**	**2,379.43**	**2,561.64**
Segment result	128.41	170.71	(26.12)	(30.67)	102.29	140.04
Finance costs					(44.94)	(56.54)
Exceptional items (refer note 38)					(4.36)	-
Add: Unallocated corporate income (net of expenses)					1.67	6.35
Profit before tax					**54.66**	**89.85**
Tax expense					(18.54)	(24.15)
Profit after tax					**36.12**	**65.70**

Other information

	Total assets			Total liabilities		
	Segment assets	Unallocated corporate assets	Total assets	Segment liabilities	Unallocated corporate liabilities	Total liabilities
As at 31 March 2020						
Yarn	1,872.66	-	1,872.66	876.29	-	876.29
Home textiles	204.69	-	204.69	97.36	-	97.36
Unallocated	-	40.17	40.17	-	172.87	172.87
Total	**2,077.35**	**40.17**	**2,117.52**	**973.65**	**172.87**	**1,146.52**
As at 31 March 2019						
Yarn	1,878.54	-	1,878.54	929.16	-	929.16
Home textiles	191.40	-	191.40	94.52	-	94.52
Unallocated	-	60.62	60.62	-	160.05	160.05
Total	**2,069.94**	**60.62**	**2,130.56**	**1,023.68**	**160.05**	**1,183.73**

	Capital expenditure	
	Segement capital expenditure	Total capital expenditure
As at 31 March 2020		
Yarn	201.97	201.97
Home textiles	34.99	34.99
Total	**236.96**	**236.96**
As at 31 March 2019		
Yarn	54.26	54.26
Home textiles	3.63	3.63
Total	**57.89**	**57.89**

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

41. Segment Information *(contd.)*

C. Geographic information

The Yarn and Home Textile segments are managed on a worldwide basis, but operate manufacturing facilities and sales offices, primarily, in India. The geographic information analyses the Company's revenue by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

a) Revenues from different geographies

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Domestic	1,632.03	1,684.22
E xport *	727.30	858.67
	2,359.33	**2,542.89**
Other operating income	20.10	18.75
Segment revenue	**2,379.43**	**2,561.64**
***Export**		
Turkey	147.49	231.43
Bangladesh	92.58	127.47
Rest of the World	487.23	499.77
	727.30	**858.67**

b) Non-current assets**

	As at 31 March, 2020	As at 31 March, 2019
India	1,237.71	1,092.97
Rest of the world	-	-
	1,237.71	**1,092.97**

** Non-current assets exclude investments and tax assets

42. The outbreak of COVID-19 and resultant lockdown by Government in the month of March 2020 had significantly affected normal working of the Company due to temporary shutdown of all our manufacturing facilities. The Company's Management is monitoring the situation closely and has started operating its manufacturing facilities from 3rd week of April, 2020 onwards with partial capacity and same is being ramped up gradually and is presently operating at around 50% capacity.

The Company made assessment of possible effect that may result from pandemic basis internal and external information available up to the date of approval of these standalone financial statements on the carrying amount of Property, Plant and Equipment, Investments, Inventories, Accounts Receivables and reassessed the realisability of Minimum Alternative Tax (MAT) credit as at 31 March 2020 amounting to Rs.57.59. The actual results may differ from such estimates depending on future developments. The management is confident that it will be able to utilise MAT Credit against future tax liability.

The Company has on a prudent basis recorded write down of finished goods to Net realisable value amounting to Rs.3.32 considering possible impact on realization due to sharp decline in raw materials prices and same is shown under head "Exceptional items". The Company does not anticipate any challenge in its ability to continue as a going concern or meeting its financial obligations.

The Company will continue to closely monitor any material changes in future economic conditions vis-à-vis its business operations.

43. Borrowing cost

During the year, Company has capitalized borrowing cost amounting to Rs. 7.29 (31 March 2019: Rs. 0.19) under head plant and equipment and building (including capital work-in-progress). The capitalisation rate used to determine the amount of borrowing cost for capitalisation purpose is weighted average interest rate to the company i.e. 6.25% (31 March 2019 8.30%).

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

44. Employee benefits

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined contribution plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of specified employment benefit expenses to the benefit plans.

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Contribution to provident fund	20.58	16.73
Contribution to employee's state insurance	5.01	6.12
Contribution to superannuation scheme	0.57	0.57

(ii) Defined benefit plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972 (as amended). Employees in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of completed years of service. Gratuity liabilty (other than for Baddi unit) is being contributed to the gratuity fund formed by the Company and in case of Baddi unit, company makes contributions to Group Gratuity cum Life Assurance Schemes administered by the LIC of India.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out at 31 March 2020. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Reconciliation of present value of defined benefit obligation:

Particulars	As at and for the year ended 31 March, 2020			As at and for the year ended 31 March, 2019		
	Present value of the obligation	Fair value of the planned Assets	Total	Present value of the obligation	Fair value of the planned Assets	Total
Balance at the beginning of the year	46.00	46.00	-	42.59	42.59	-
Amount Recognised in profit and loss						
Current service cost	6.22	-	6.22	5.75	-	5.75
Past service cost including curtailment gain/loss	-	-	-	-	-	-
Interest cost	3.56	(3.56)	-	3.36	-	3.36
	9.78	**(3.56)**	**6.22**	**9.11**	**-**	**9.11**
Remeasurement						
Actuarial loss (gain) arising from:						-
- Changes in financial assumptions	(1.18)	-	(1.18)	0.54	-	0.54
- Changes in experience adjustment	(1.57)	-	(1.57)	(1.15)	-	(1.15)
- Return on plan assets recognised in OCI	-	1.41	1.41	-	0.26	0.26
Total amount recognised in OCI	**(2.75)**	**1.41**	**(1.34)**	**(0.61)**	**0.26**	**(0.35)**
Contributions paid by the employer	-	2.15	-	-	5.39	-
Adjustments for previous year	-	0.18	-	-	-	-
Benefits paid	(5.43)	(5.43)	-	(5.09)	(5.09)	-
Interest income	-	2.15	-	-	3.09	-
Balance at the end of the year	**47.60**	**45.05**	**-**	**46.00**	**46.00**	**-**

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

44. Employee benefits *(contd.)*

B. Plan assets

For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the total plan assets:

Particulars	Amounts		% Composition	
	As at 31 March, 2020	As at 31 March, 2019	As at 31 March, 2020	As at 31 March, 2019
State/ Govt. of India securities	16.93	16.94	39%	37%
Corporation Bonds/ Fixed deposits with Banks	1.93	2.18	4%	5%
Special Deposit Scheme with Bank	3.51	3.51	8%	8%
HDFC Group unit linked plan-Option B	15.42	12.85	34%	28%
Other Investments- UTI Master Shares	2.26	2.83	5%	6%
Life Insurance Corporation Fund	3.51	4.20	8%	9%
Others	1.49	3.49	3%	8%
	45.05	46.00	100%	100%

C. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

Particulars	As at 31 March, 2020	As at 31 March, 2019
Discount rate	7.00%	7.75%
Expected rate of future salary increase	5.50%	6.50%
Mortality	100% of IALM (2012 - 14)	100% of IALM (2006 - 08)
Attrition rates at ages:-		
-Upto 30 years	3%	3%
-From 31 to 44 years	2%	2%
-Above 44 years	1%	1%

Assumptions regarding future mortality have been based on published statistics and mortality tables.

The Company expects to pay Rs.7.48 (Previous year Rs.7.11) in contribution to its defined benefit plans in the next year.

D. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (50 basis points movement)	(2.70)	1.86	(2.71)	1.68
Expected rate of future salary increase (50 basis points movement)	1.88	(2.74)	1.65	(2.71)

Sensitivities due to mortality and withdrawals are insignificant, hence ignored. Sensitivities as regards rate of inflation, rate of increase in payment of pensions, rate of increase in payment of pensions before retirement and life expectancy are not applicable being a lump sum benefit payables on retirement. Although, the analysis does not take account the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions disclosed above.

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

44. Employee benefits *(contd.)*

E. Maturity profile of defined benefit obligation

Year	As at 31 March, 2020	As at 31 March, 2019
0 to 1 year	6.69	6.83
1 to 2 year	0.74	0.62
2 to 3 year	0.74	0.89
3 to 4 year	2.62	1.09
4 to 5 year	2.13	1.05
5 to 6 year	2.13	1.19
6 year onwards	32.55	33.71

F. Description of risk exposures:

Defined benefit plans expose the Company to below actuarial risks :

Changes in bond yields:	Decrease in bond yields will increase plan liabilities, although this will partially be offset by the increase in value of the plan assets.
Life expectancy:	Defined benefit obligaitons are to provide benefits for the life of the members of the plan, so increase in life expectancy will result in increase in plan's liabilities. This is particularly significant where inflationary increase results in higher sensitivity to the changes in life expectancy.
Asset Volatility	Asset volatility is the risk when assets underperform in comparison to the bond yield, then this create asset deficit.

45. Related Parties

A. Related parties and their relationships

i Key Managerial Personnel (KMP) and their relatives

Name	Relationship
Mr. C. S. Nopany	Executive Chairman
Mr. U. K. Khaitan	Non-executive Director
Mr. Amit Dalal	Non-executive Director
Mr. Rajan Dalal	Non-executive Director
Mr. Rajiv K.Podar	Non-executive Director
Smt. Sonu Bhasin	Non-executive Director
Mr. Ashok Mittal	Non-executive Director
Mr. Rohit Dhoot	Non-executive Director
Mr. Bipeen Valame	Whole Time Director and Chief Financial Officer
Mr. S.K. Khandelia	President and Chief Executive Officer

ii Subsidiaries of the Company

Sutlej Holdings, Inc (wholly owned subsidiary)

American Silk Mills, LLC (step-down subsidiary)

iii Entity in which KMP has significant influence where transactions have taken place during current and previous year

Avadh Sugar & Energy Limited

iv Post employment benefit entity:

Sutlej Textiles and Industries Employee Gratuity Fund

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

45. Related Parties *(contd.)*

B. Transactions with the above in the ordinary course of business

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
a) Remuneration to Key Managerial Personnel		
Mr. C S Nopany		
- Short-term employee benefits	2.75	3.00
- Commission	-	1.72
Mr. S.K.Khandelia		
- Short-term employee benefits	6.19	6.14
- Post-employment benefits	0.02	0.17
Mr. Bipeen Valame		
- Short-term employee benefits	1.11	1.14
- post-employment benefits	0.06	0.07
b) Director sitting fees		
Mr. C S Nopany	0.03	0.02
Mr. U.K. Khaitan	0.04	0.04
Mr. Amit Dalal	0.05	0.05
Mr. Rajan Dalal	0.04	0.03
Mr. Rajiv K. Podar	0.04	0.05
Ms. Sonu Bhasin	0.03	0.03
Mr. Rohit Dhoot	0.03	0.03
Mr Ashok Mittal	0.02	-
c) Director commission		
Mr. U.K. Khaitan	0.04	0.04
Mr. Amit Dalal	0.04	0.04
Mr. Rajan Dalal	0.04	0.04
Mr. Rajiv K. Podar	0.04	0.04
Ms. Sonu Bhasin	0.04	0.04
Mr. Rohit Dhoot	0.04	0.04
Mr Ashok Mittal	0.04	0.01
d) Rent expenses		
Mr. C S Nopany	0.05	0.05
e) Transactions with Avadh Sugar & Energy Ltd		
Redemption of investment in preference shares	24.35	24.35
Reimubersement of expenses	0.33	-
Dividend income	4.05	6.03
f) Transactions with American Silk Mills, LLC		
Sales of goods	0.78	0.34
Purchase of goods	-	0.02
g) Contribution to Post employment benefit entity		
Sutlej Textiles and Industries Employee Gratuity Fund	2.15	5.39

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

45. Related Parties *(contd.)*

C. Balances outstanding

	As at 31 March, 2020	As at 31 March, 2019
Investments		
Sutlej Holding Inc.	30.64	30.64
Avadh Sugar & Energy Limited	-	25.74
Trade Recievables		
American Silk Mills, LLC	0.51	0.10
Payables		
Mr. C S Nopany		
Rent	0.01	0.01
Commission	-	1.72
Avadh Sugar & Energy Limited	0.33	-
Post employment Benefit payables		
Mr. S.K.Khandelia	1.49	1.47
Mr. Bipeen Valame	0.25	0.19
Director Commission Payables:		
Mr. U.K. Khaitan	0.04	0.04
Mr. Amit Dalal	0.04	0.04
Mr. Rajan Dalal	0.04	0.04
Mr. Rajiv K. Podar	0.04	0.04
Ms. Sonu Bhasin	0.04	0.04
Mr. Rohit Dhoot	0.04	0.04
Mr Ashok Mittal	0.04	0.01
Payables		
Sutlej Textiles and Industries Employee Gratuity Fund	2.55	-

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

46. Financial instruments – Fair values and Risk Management

I. Fair value measurements

A. Financial instruments by category

Particulars	As at 31 March, 2020		As at 31st March, 2019	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets				
Investments				
Equity shares of JNSB*	0.00	-	0.00	-
Equity Shares of Sutlej Holdings Inc	-	30.64	-	30.64
Preference shares	0.79	-	26.42	-
Non-current loans	-	8.48	-	12.06
Trade receivables	-	261.23	-	298.41
Cash and cash equivalents	-	2.76	-	1.12
Bank balances other than above	-	1.70	-	1.78
Current Loans	-	0.01	-	0.21
Other current financial assets	-	53.78	1.66	56.61
	0.79	**358.60**	**28.08**	**400.83**
Financial liabilities				
Non -Current Borrowings	-	469.55	-	436.92
Lease liabilities	-	0.46	-	-
Other non-current financial liabilities	-	13.96	-	10.63
Short terms borrowings	-	285.45	-	380.85
Trade payables	-	112.72	-	113.97
Other current financial liabilities	9.65	166.35	-	157.40
	9.65	**1,048.49**	**-**	**1,099.77**

*The total amount of investments in absolute value is Rs. 5,000 (31 March 2019: Rs. 5,000), for reporting purpose rounded up to Rs. 0.0 crores.

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents and other bank balances are considered to be the same as their fair values, due to their short-term nature.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

There are no transfers between level 1 and level 2 during the year.

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined as per values provided by banks
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities and preference shares, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

46. Financial instruments – Fair values and Risk Management *(contd.)*

B. Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value, and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

	Level 1	Level 2	Level 3	Total
As at 31 March 2020				
Financial assets				
Financial Investments at FVTPL				
Investments				
Equity shares of JNSB*	-	-	0.00	0.00
Preference shares	-	-	0.79	0.79
Financial liabilities				
Derivative liability	-	9.65	-	9.65
Total	**-**	**9.65**	**0.79**	**10.44**
As at 31 March 2019				
Financial assets				
Financial Investments at FVTPL				
Investments				
Equity shares of JNSB*	-	-	0.00	0.00
Preference shares	-	-	26.42	26.42
Derivative assets	-	1.66	-	1.66
Total	**-**	**1.66**	**26.42**	**28.08**

*The total amount of investments in absolute value is Rs. 5,000, but for reporting purpose rounded up to Rs. 0.0 crores

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted securities.

There are no transfers between level 1 and level 2 during the year.

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

46. Financial instruments – Fair values and Risk Management *(contd.)*

Fair value measurements using significant unobservable inputs (level 3)

Particulars	Unlisted equity shares*		Unlisted preference shares	
	As at 31 March, 2020	As at 31 March, 2019	As at 31 March, 2020	As at 31 March, 2019
Balance at the beginning of the year	0.00	0.00	26.42	50.97
Redemption of Preference shares	-	-	(24.35)	(24.35)
Gain/(losses) recognised in statement of profit or loss	-	-	(1.28)	(0.20)
Balance at the end of the year	**0.00**	**0.00**	**0.79**	**26.42**

*The total amount of investments in absolute value is Rs. 5,000, but for reporting purpose rounded up to Rs. 0.0 crores

Valuation inputs and relationships to fair value

Type of Financial Instruments	Fair Value as at		Significant unobservable inputs	Probability-weighted range	Sensitivity
	31 March, 2020	31 March, 2019			
Unquoted preference shares in M/s Avadh Sugar & Energy Limited	-	25.74	Risk-adjusted discount rate	Nil (31 March 2019: 8.32% to 10.32%)	Nil (31 March 2019: Change of (+) 100/ (-) 100 basis points - Fair value would changes by Rs. (-) 0.91 and Rs. (+) 0.95 respectively)
Unquoted preference shares in M/s Palash Securities Limited	0.79	0.68	Non dividend paying shares hence higher discount rate considered as per RBI Guideline	16% (31 March 2019: 16%)	-
Unquoted equity shares (In equity shares of Co-operative Bank: The Jhalawar Nagrik Sahkari Bank Ltd., Bhawanimandi*)	-	-	-	-	-

* The total amount of investments in absolute value is Rs. 5,000 (31 March 2019: Rs. 5000), for reporting purpose rounded up to Rs. 0.0 crores. Sensitivity analysis of unlisted equity shares has been ignored being not material.

Valuation process

The Company involves independent valuer to carry out the valuation of the investments, required for financial reporting purposes, including level 3 fair values. The main level 3 inputs for unlisted preference shares used by the Company are derived and evaluated as follows:

- Risk adjusted discount rates are estimated based on expected cash inflows arising from the instrument and the entity's knowledge of the business and how the current economic environment is likely to impact it.

Changes in level 2 and 3 fair values are analysed at the end of each reporting year.

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

46. Financial instruments – Fair values and Risk Management *(contd.)*

C. Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Investment in equity shares of Sutlej Holdings Inc	30.64	30.64	30.64	30.64
Other non-current loans	8.48	8.48	12.06	12.06
Trade receivables	261.23	261.23	298.41	298.41
Cash and cash equivalents	2.76	2.76	1.12	1.12
Bank balances other than above	1.70	1.70	1.78	1.78
Current Loans	0.01	0.01	0.21	0.21
Other current financial assets	53.78	53.78	56.61	56.61
	358.60	**358.60**	**400.83**	**400.83**
Financial liabilities				
Borrowings	469.55	469.55	436.92	436.92
Lease liabilities	0.46	0.46	-	-
Other non-current financial liabilities	13.96	13.96	10.63	10.63
Short term borrowings	285.45	285.45	380.85	380.85
Trade payables	112.72	112.72	113.97	113.97
Other current financial liabilities	166.35	166.35	157.40	157.40
	1,048.49	**1,048.49**	**1,099.77**	**1,099.77**

II. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk and
- Market risk

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the processes to ensure that executive management controls risks through the mechanism of properly defined risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure. The Company monitor credit risk very closely both in domestic and export market. The Management impact analysis shows credit risk and impact assessment as low.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

46. Financial instruments – Fair values and Risk Management *(contd.)*

However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company's management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes market check, industry feedback, past financials and external ratings, if such information is available, and in some cases bank references. Credit limits are established for each customer and reviewed quarterly. Any credit exceeding those limits require approval from the President of the Company.

About 50 % of the Company's customers have been transacting with the Company for over four years, and no significant impairment loss has been recognized in respect of these customers. To monitor customer credit risk, customers are reviewed in terms of their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry and existence of previous financial difficulties.

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables.

The carrying amount (net of loss allowances) of trade receivables is Rs. 261.23 (31 March 2019 Rs. 298.41).

Ageing of trade receivables is as below:

Particulars	Less than 6 months	6-12 months	More than 12 months	Total
As at 31 March 2020	253.92	6.93	0.38	261.23
As at 31 March 2019	288.50	7.28	2.63	298.41

During the year, the Company has made no write-offs of trade receivables, it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off. The Company management also pursue all legal options for recovery of dues wherever necessary based on its internal assessment.

Reconciliation of loss allowance provision – Trade receivables

Particulars	For the Year ended 31 March, 2020	For the Year ended 31 March, 2019
Balance at the beginning of the year	(1.51)	(1.41)
Add: Provision for doubtful debts made	(3.01)	(0.10)
Balance at the end of the year	**(4.52)**	**(1.51)**

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when liabilities are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of fund through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected future cash flows. This is generally carried out at unit level and monitored through corporate office of the Company in accordance with practice and limits set by the Company. These limits vary at units level to take into account requirement, future cash

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

46. Financial instruments – Fair values and Risk Management *(contd.)*

flow and the liquidity in which the entity operates. In addition, the Company's liquidity management strategy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

The Company have access to the following undrawn borrowing facilities as at reporting date:

Particulars	As at 31 March, 2020	As at 31 March, 2019
Expiring within one year (credit limit and other facilities)	145.53	180.33
Expiring within one year (Term loans)	-	-
	145.53	**180.33**

The credit limit facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in Rupees and have an average maturity of 3 years and 9 months as at 31 March 2020 (31 March 2019 - 4 years and 4 months).

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and the impact of netting agreements.

Particulars	Carrying Amounts	Contractual cash flows				
		Total	2 months or less	2–12 months	1–5 years	More than 5 years
As at 31 March 2020						
Non-derivative financial liabilities						
Borrowings	469.55	469.55	-	-	396.80	72.75
Lease liabilities	0.46	0.46	-	-	0.15	0.31
Other non-current financial liabilities	13.96	13.96	-	-	9.11	4.85
Short term borrowings	285.45	285.45	74.27	211.18	-	-
Trade payables	112.72	112.72	71.09	41.63	-	-
Other current financial liabilities	166.35	166.35	29.60	136.75	-	-
Total non-derivative liabilities	**1,048.49**	**1,048.49**	**174.96**	**389.56**	**406.06**	**77.91**
Derivative financial liabilities						
Foreign exchange forward contracts	9.65	9.65	1.21	8.44	-	-
Total derivative liabilities	**9.65**	**9.65**	**1.21**	**8.44**	**-**	**-**
Total financial liabilities	**1058.14**	**1058.14**	**176.17**	**398.00**	**406.06**	**77.91**
As at 31 March 2019						
Non-derivative financial liabilities						
Borrowings	436.92	436.92	-	-	379.53	57.39
Other non-current financial liabilities	10.63	10.63	-	-	5.24	5.39
Short term borrowings	380.85	380.85	319.47	61.38	-	-
Trade payables	113.97	113.97	85.70	28.27	-	-
Other current financial liabilities	157.40	157.40	27.43	129.97	-	-
Total non-derivative liabilities	**1099.77**	**1099.77**	**432.60**	**219.62**	**384.77**	**62.78**

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

46. Financial instruments – Fair values and Risk Management *(contd.)*

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company uses derivatives such as forward contracts to manage market risks on account of foreign exchange and various debt instruments on account of interest rates. All such transactions are carried out as per guidelines of the Management.

a. Currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD , EUR and GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (Rupees). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the Rupees cash flows of highly probable forecast transactions by hedging the foreign exchange inflows on regular basis. The Company also consults external experts for their views on the currency rates in volatile foreign exchange markets.

Currency risks related to payables and receivables denominated in foreign currencies have been partially hedged using forward contracts taken by the Company.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates whenever, necessary, to address short-term imbalances.

(i) Exposure to currency risk

The quantitative data about the Company's exposure to currency risk as reported by the management of the Company is as follows:

Particulars	USD	EUR	GBP	CHF
31 March 2020*				
Financial assets/ liabilities				
Trade receivables	1.76	0.00	0.00	-
Advances to suppliers	0.01	0.00	0.00	0.00
Foreign currency working capital borrowings	(2.02)	-	-	-
Trade payables	(0.11)	(0.00)	-	-
Contract liabilities	(0.10)	(0.00)	-	-
Net statement of financial position exposure	**(0.47)**	**0.00**	**0.00**	**0.00**
31 March 2019*				
Financial assets/liabilities				
Trade receivables	2.17	0.02	0.00	-
Advances to suppliers	0.01	0.02	-	-
Foreign currency working capital borrowings	(3.47)	-	-	-
Trade Payables	(0.10)	(0.00)	-	-
Contract liabilities	(0.17)	(0.01)	0.00	-
Net statement of financial position exposure	**(1.56)**	**0.03**	**0.00**	**-**

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

46. Financial instruments – Fair values and Risk Management *(contd.)*

(ii) Unhedged foreign currency exposure

Particulars	USD	EUR	GBP	CHF
Net statement of financial position exposure				
31 March 2020*				
Financial assets/ liabilities				
Trade receivables	-	0.00	0.00	-
Advances to suppliers	0.01	0.00	0.00	0.00
Foreign currency working capital borrowings	(2.02)	-	-	-
Trade payables	(0.11)	(0.00)	-	-
Contract liabilities	(0.10)	(0.00)	-	-
Net statement of financial position exposure	**(2.23)**	**0.00**	**0.00**	**0.00**
31 March 2019*				
Financial assets/ liabilities				
Trade receivables	-	0.02	(0.00)	-
Advances to suppliers	-	0.01	-	-
Foreign currency working capital borrowings	-	-	-	
Trade payables	(0.10)	-	-	-
Contract liabilities	(0.17)	(0.01)	-	-
Net statement of financial position exposure	**(0.27)**	**0.01**	**(0.00)**	**-**

(iii) Derivative instruments

Particulars	As at 31 March, 2020			As at 31 March, 2019		
	USD	EURO	GBP	USD	EURO	GBP
Forward Contract for export trade receivables outstanding	2.77	-	-	0.97	0.01	0.00

The following significant exchange rates have been applied

Particulars	Average Rates		Year end spot rates	
	As at 31 March, 2020	As at 31 March, 2019	As at 31 March, 2020	As at 31 March, 2019
USD 1	71.02	69.89	75.32	69.17
EURO 1	78.92	80.92	82.98	77.70
GBP 1	90.17	91.74	93.51	90.48
CHF 1	78.18	70.69	78.38	69.42

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Rupees (Rs.) against foreign currencies at year end would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Profit or loss*		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2020				
USD (10% movement)	(0.05)	0.05	(0.03)	0.03
EURO (10% movement)	0.00	(0.00)	-	-
GBP (10% movement)	0.00	(0.00)	-	-
CHF (10% movement)	0.00	(0.00)	-	-

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

46. Financial instruments – Fair values and Risk Management *(contd.)*

Particulars	Profit or loss*		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2019				
USD (10% movement)	(0.16)	0.16	(0.10)	0.10
EURO (10% movement)	0.00	(0.00)	-	-
GBP (10% movement)	0.00	(0.00)	-	-
CHF (10% movement)	-	-	-	-

* amount 0.00 represents rounded off amount in crores which are less than Rs. 1,00,000 in absolute value terms

b. Interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Company to cash flow interest rate risk. During financial year 2019-20 and financial year 2018-19, the Company's borrowings at variable rates were denominated in Rupees.

Currently, the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

Particulars	Nominal Amount	
	As at 31 March, 2020	As at 31 March, 2019
Fixed-rate instruments		
Financial assets	-	-
Fixed deposits with banks	0.51	0.55
Financial liabilities	-	-
	0.51	**0.55**
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	867.47	922.59
	867.47	**922.59**

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and statement of profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Profit or loss		Equity, net of tax	
	50 basis points increase	50 basis points decrease	50 basis points increase	50 basis points decrease
31 March 2020				
Variable-rate instruments	(4.33)	4.33	(2.82)	2.82
Cash flow sensitivity	**(4.33)**	**4.33**	**(2.82)**	**2.82**
31 March 2019				
Variable-rate instruments	(4.61)	4.61	(3.01)	3.01
Cash flow sensitivity	**(4.61)**	**4.61**	**(3.01)**	**3.01**

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

46. Financial instruments – Fair values and Risk Management *(contd.)*

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

c. Commodity price risks

The Company is exposed to the risk of price fluctuations of raw materials, dyes and chemicals, work-in-progress and finished goods. The Company manages its commodity price risk by maintaining adequate inventory of raw materials, dyes and chemicals, work-in-progress and finished goods considering anticipated movement in prices. To counter raw materials price fluctuation risk, the Company works with varieties of fibers (natural and manmade) with the objective to moderate raw material cost, enhance application flexibility and increase product functionality and also invests in product development and innovation.

Inventory sensitivity analysis (raw material and dyes and chemicals)

A reasonably possible change of 10% in prices of inventory at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Inventories (raw materials, dyes and chemicals, work-in-progress and finished goods)	Profit or loss		Equity, net of tax	
	10% increase	10% decrease	10% increase	10% decrease
31 March 2020	43.71	(43.71)	28.44	(28.44)
31 March 2019	52.12	(52.12)	33.91	(33.91)

47. Lease liabilities

The following is the movement in lease liabilities during the year ended 31 March 2020:

Lease Liabilities	Amount
Balance as on 1 April 2019 (Transition balance)	**0.46**
Addition	-
Interest expenses	0.04
Payment	(0.04)
Balance as on 31 March 2020	**0.46**

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis:

Maturity analysis – contractual undiscounted cash flows

Particulars	Amount
Less than one year	-
After one year but not longer than five years	0.25
More than five years	1.21
Total	**1.46**

Lease liabilities included in the statement of financial position at 31 March 2020

Particulars	Amount
Current	-
Non-current	0.46
Total	**0.46**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

48. In respect of Okara Mills, Pakistan, (which remained with the Company as a result of transfer of textiles division of Sutlej Industries Limited with the Company) no returns have been received after 31 March 1965. Against net assets, amounting to Rs 2.32 of Okara Mills, Pakistan, the demerged /transferor Company received adhoc compensation of Rs. 0.25 from Government of India in the year 1972-73. These assets now vest with the Custodian of Enemy Property, Pakistan for which claim has been filed with the Custodian of Enemy Property in India. The Company shall continue to pursue its claim for compensation/ restoration of assets. Hence, further compensation, if any received, will be recorded in the year of receipt. In the financial year 2003-04, net assets of Rs. 2.07 (net of compensation received) as at 31 March 1965 were valued at pre-devaluation exchange rate, has been provided for.

49. Disclosure u/s 186(4) of the Companies Act, 2013 :

a) **Particulars of Investments made:-**

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
1 Investment in 8.5% Non-Convertible Cumulative Redeemable Preference Shares (NCRPS) fully paid in M/s Avadh Sugar & Energy Limited (Refer Note 5 C)		
Investment made during the year	-	-
Balance outstanding as at reporting date	-	25.74
2 Investment in 8.5% Non-Convertible Cumulative Redeemable Preference Shares (NCRPS) fully paid in M/s Palash Securities Limited (Refer Note 5 C)		
Investment made during the year	-	-
Balance outstanding as at reporting date	0.79	0.68
3 Investment in Equity shares of Sutlej Holdings Inc. (wholly owned subsidiary) (Refer Note 5 B)		
Investment made during the year	-	-
Balance outstanding as at reporting date	30.64	30.64

50. Capital management

The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility. The Board of directors regularly review the Company's capital structure in light of the economic conditions, business strategies and future commitments. For the purpose of the Company's capital management, capital includes issued share capital and all other equity reserves. Debt includes short term and long term borrowings. During the financial year ended 31 March 2020, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

(i) **Debt equity ratio:**

Particulars	As at 31 March, 2020	As at 31 March, 2019
Net debt*	860.64	916.94
Total debt (A)	**860.64**	**916.94**
Equity share capital	16.38	16.38
Other equity	954.62	930.45
Total equity (B)	**971.00**	**946.83**
Debt equity ratio (C=A/B)	**0.89**	**0.97**

*The Company includes with in net debt, interest bearing loans and borrowings less cash and cash equivalents and other bank balances.

Notes to the Standalone Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

(ii) Return on equity

Particulars	As at 31 March, 2020	As at 31 March, 2019
Profit after tax	36.12	65.70
Equity share capital	16.38	16.38
Other equity	954.62	930.45
Total equity	**971.00**	**946.83**
Return on equity ratio (%)	**3.72%**	**6.94%**

(iii) The Company's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.The weighted-average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 6.25% (31 March 2019: 6.17%).

51. At each reporting date, the Company evaluate whether there is objective evidence that the property, plant and machinery of the Cash generating unit "CGU" is impaired in terms of IND AS – 36 "Impairment of Assets". If there is such evidence, the carrying amount is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and impairment, if any, is recognized in the standalone financial statement of the Company.

On account of increased input costs, competitive pressure and unfavourable market conditions in Damanganga unit, particularly upholstery and curtains, the Damanganga ("CGU") incurred significant losses during the year. The Company carried out an impairment assessment of the aforesaid CGU using the fair value less cost to sell model which is based on the replacement value of plant and machinery and market value of land and building. Fair valuation is calculated using certain assumptions i.e. prevailing market dynamics. The Company has also involved independent valuer to carry out the fair value of the property, plant and equipment of CGU. As per the Company assessment, there is no impairment required to be recognized in the standalone statement of profit and loss account.

52 The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these standalone financial statements since the requirement does not pertain to financial year ended 31 March 2020.

Signatures to Notes 1 to 52

The notes referred to above form an integral part of the standalone financial statements

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Regn. No.: 101248W / W-100022

Rajiv Goyal
Partner
Membership No -094549

Place : Gurugram
Date: 12 June 2020

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Rajan Dalal
Director
DIN: 00546264

C. S. Nopany
Executive Chairman
DIN: 00014587

S. K. Khandelia
President & CEO
M.No. : 016336

Bipeen Valame
Whole time Director and CFO
DIN : 07702511

Manoj Contractor
Company Secretary
M.No. : A11661

Place : Mumbai
Date: 12 June 2020

Independent Auditors' Report

To the Members of

Sutlej Textiles and Industries Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sutlej Textiles and Industries Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditor on separate financial statements of such subsidiary and its step down subsidiary as were audited by the other auditor, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 consolidated state of affairs of the Group, as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Emphasis of matter

We draw attention to Note 43 in the consolidated financial statement, which describes uncertainties, the Group is facing as a result of COVID-19 which is impacting business operations. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the Key Audit Matters

The Key Audit Matter	How the matter was addressed in our audit
Impairment of Damanganga - a cash generating unit ('CGU') See notes 2.10 and 53 to the consolidated financial statements The Damanganga cash generating unit (which includes property, plant and equipment with a carrying value of Rs 132.93 Crore as on 31 March 2020) is incurring losses due to increased input costs, competitive pressure and unfavorable market conditions. There is a risk that the carrying value of CGU is higher than the recoverable value, thereby triggering impairment.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: – Assessed the appropriateness of accounting policy for impairment as per relevant accounting standard; – Evaluated the design and implementation of key internal financial controls with respect to the assessment of impairment of Damanganga CGU including determination of recoverable value and tested the operating effectiveness of such controls; – Evaluated the objectivity, independence and competence of the valuation specialist engaged by Group;

The Key Audit Matter	How the matter was addressed in our audit
The assessment process of impairment is complex as it involves significant judgement in estimating the recoverable value. The recoverable amount has been determined based on fair value less costs to sell model using work of independent valuer. This valuation model involves use of several unobservable inputs such as prevailing market rate and replacement cost. Given the significant level of judgement involved in making the above estimates and the quantitative significance of the CGU, we have determined this to be a key audit matter.	– Evaluated the impairment model. This included assessment of reasonableness of the valuation technique adopted and the estimates used in determination of fair value less cost to sell based on available market information. We also took assistance of our valuation specialist in assessing the valuation technique and key assumptions used in determining the recoverable amount; – Performed sensitivity analysis of the key assumptions used to determine the changes to such key assumptions, both individually and in aggregate, which would change the outcome of impairment assessment; – Assessed the adequacy of the disclosures relating to impairment of CGU.
Assessment of impairment of goodwill See notes 2.10 and 4 to the consolidated financial statements. As at 31 March 2020, the goodwill represents 0.75% of the total net assets. The Consolidated Financial Statements reflect goodwill on acquisition of business and on consolidation of subsidiary (including its step down subsidiary). The process of annual impairment testing of goodwill is complex as it involves significant judgement in in estimating the recoverable amount. The recoverable amount has been derived from discounted forecast cash flow model. This model uses several key assumptions, including estimates of future sales volumes, prices, operating margin, growth rates and the discount rate (generally based on weighted-average cost of capital). Given the significant level of judgement involved in making the above estimates and the quantitative significance of goodwill, we have determined this to be a key audit matter.	In view of the significance of the matter the auditor of the Holding company and auditor of the subsidiary applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: – Assessed the appropriateness of accounting policy for impairment of goodwill as per relevant accounting standard. – Evaluated the design and implementation of key internal financial controls with respect to impairment including determination of recoverable value and tested the operating effectiveness of such controls. – Tested the Group's budgeting procedures upon which the forecasts are based. – Evaluated the impairment model which is based on discounted cash flows. This included evaluating the appropriateness of key assumptions used, with particular attention to discount rate, revenue projections, the long-term growth rate and other assumptions based on historical data, our knowledge of the Group and the industry, and observable market data with assistance of our valuation specialist. – Performed sensitivity analysis of the key assumptions used to determine which changes to assumptions would change the outcome of impairment assessment; – Compared the recoverable amount of the cash generating unit to the carrying amount to determine impairment loss, if any; and – Assessed the adequacy of the disclosures relating to impairment of goodwill.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditor, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 control 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 the internal financial controls with reference to the consolidated financial statements 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 the Management and Board of Directors of the Holding Company.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditor. For the other entities included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

  We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditor referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 Matters

(a) We did not audit the financial statements of wholly owned subsidiary and its step down subsidiary, whose financial statements reflect total assets (before consolidation adjustments) of Rs. 61.89 Crores as at 31 March 2020, total revenues (before consolidation adjustments of Rs. 38.54 Crores and net cash inflow flows amounting to Rs.0.04 Crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss (and other comprehensive income) of Rs. 6.92 Crores for the year ended 31 March 2020, whose financial statements have not been audited by us. These financial statements have been audited by other auditor whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the audit reports of the other auditor.

Certain of these subsidiary and its step down subsidiary are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditor under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiary and its step down subsidiary located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary and its step down subsidiary located outside India is based on the report of other auditor and the conversion adjustments prepared by the management of the Company and audited by us

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditor on separate financial statements of such subsidiary (including step down subsidiary) as were audited by other auditor, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor.

   c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor on separate financial statements of the subsidiary and its step down subsidiary, as noted in the 'Other Matters' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 41 to the consolidated financial statements.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020.

   iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2020.

   iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2020.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

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

For B S R & Co. LLP
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN:20094549AAAAEI2845

Place: Gurugram
Date: 12 June 2020

Annexure A to the Independent Auditors' report on the consolidated financial statements of Sutlej Textiles and Industries Limited for the period ended 31 March 2020

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to consolidated financial statements of Sutlej Textiles and Industries Limited (hereinafter referred to as "the Holding Company"), as of that date.

In our opinion, the Holding Company, have in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Further, refer to Emphasis of Matter given in our auditor's report in respect of uncertainties, the Group is facing as a result of COVlD-19 which is impacting business operations.

Management's Responsibility for Internal Financial Controls

The Holding Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. 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 the Holding company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with 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 consolidated financial statements. 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 consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated financial statements, whether due to fraud or error.

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

Meaning of Internal Financial controls with reference to Financial Statements

A company's internal financial controls with reference to consolidated 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 consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN:20094549AAAAEI2845

Place: Gurugram
Date: 12 June 2020

Consolidated Balance Sheet as at 31 March, 2020

(all amounts are in Rupees crore, unless otherwise stated)
CIN No: L17124RJ2005PLC020927

Particulars	Notes	As at 31 March, 2020	As at 31 March, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	3A	1,028.57	1,053.73
Capital work-in-progress	3B	176.42	20.05
Right-of-use assets	3C	5.11	-
Goodwill	4	7.17	6.73
Other intangible assets	4	3.29	0.95
Intangible assets under development	4	0.41	0.78
Financial assets			
(i) Investments	5	0.79	26.42
(ii) Loans	6	8.59	12.16
Non-current tax assets (net)	7	5.75	0.20
Other non-current assets	8	18.44	6.88
Total non-current assets		**1,254.54**	**1,127.90**
Current assets			
Inventories	9	476.88	565.46
Financial assets			
(i) Trade receivables	10	262.47	304.78
(ii) Cash and cash equivalents	11	10.19	8.51
(iii) Bank balances other than (ii) above	12	1.71	1.78
(iv) Loans	13	0.01	0.21
(v) Other current financial assets	14	53.79	58.27
Other current assets	15	64.97	65.52
Assets classified as held for sale	16	0.21	0.24
Total current assets		**870.23**	**1,004.77**
Total assets		**2,124.77**	**2,132.67**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	16.38	16.38
Other equity	18	942.72	925.46
Total equity		**959.10**	**941.84**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	19	469.55	436.92
(ii) Lease liabilities	20	1.37	-
(iii) Other financial liabilities	21	13.96	10.63
Provisions	22	10.41	10.26
Deferred tax liabilities (net)	23A	38.24	29.12
Other non-current liabilities	24	7.74	8.88
Total non-current liabilities		**541.27**	**495.81**
Current liabilities			
Financial liabilities			
(i) Borrowings	25	291.43	380.85
(ii) Lease liabilities	20	0.14	-
(iii) Trade payables	26		
(a) Total outstanding dues of micro and small enterprises		2.13	1.93
(b) Total outstanding dues of creditors other than micro and small enterprises		121.37	118.63
(iv) Other financial liabilities	27	176.46	157.77
Other current liabilities	28	18.79	17.27
Provisions	29	14.08	16.55
Current tax liabilities (net)	30	-	2.02
Total current liabilities		**624.40**	**695.02**
Total liabilities		**1,165.67**	**1,190.83**
Total equity and liabilities		**2,124.77**	**2,132.67**
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Regn. No.: 101248W / W-100022

Rajiv Goyal
Partner
Membership No -094549

Place : Gurugram
Date: 12 June 2020

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Rajan Dalal
Director
DIN: 00546264

C. S. Nopany
Executive Chairman
DIN: 00014587

S. K. Khandelia
President & CEO
M.No. : 016336

Bipeen Valame
Whole time Director and CFO
DIN : 07702511

Manoj Contractor
Company Secretary
M.No. : A11661

Place : Mumbai
Date: 12 June 2020

Consolidated Statement of Profit and Loss for the year ended 31 March, 2020

(all amounts are in Rupees crore, unless otherwise stated)
CIN No: L17124RJ2005PLC020927

Particulars	Notes	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Revenue			
Revenue from operations	31	2,416.65	2,613.77
Other income	32	25.37	27.87
Total income		**2,442.02**	**2,641.64**
Expenses			
Cost of materials consumed	33	1,252.09	1,358.93
Purchase of stock-in-trade		112.65	164.05
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	(1.88)	17.67
Employee benefits expense	35	356.44	329.96
Finance costs	36	45.70	56.54
Depreciation and amortization expense	37	101.10	100.79
Other expenses	38	525.22	531.18
Total expenses		**2,391.32**	**2,559.12**
Profit before exceptional items and tax		**50.70**	**82.52**
Exceptional items	39	4.36	-
Profit before tax		**46.34**	**82.52**
Tax expense:	23B		
Current tax		9.53	17.48
Deferred tax		9.11	6.78
Tax expenses		**18.64**	**24.26**
Profit for the year		**27.70**	**58.26**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	23C	1.34	0.35
Tax relating to remeasurement of defined benefit plans		(0.45)	(0.12)
Items that will be reclassified subsequently to profit and loss			
Exchange differences on translation of operations into reporting currency		1.50	2.09
Total other comprehensive income for the year		**2.39**	**2.32**
Total comprehensive income for the year		**30.09**	**60.58**
Earnings per equity share of face value of Rs 1 each	40		
Basic and diluted (in Rs.)		1.69	3.56
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the consolidated financial statements.
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Regn. No.: 101248W / W-100022

Rajiv Goyal
Partner
Membership No -094549

Place : Gurugram
Date: 12 June 2020

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Rajan Dalal
Director
DIN: 00546264

C. S. Nopany
Executive Chairman
DIN: 00014587

S. K. Khandelia
President & CEO
M.No. : 016336

Bipeen Valame
Whole time Director and CFO
DIN : 07702511

Manoj Contractor
Company Secretary
M.No. : A11661

Place : Mumbai
Date: 12 June 2020

Consolidated Statement of Cash Flows for the year ended 31 March, 2020

(all amounts are in Rupees crore, unless otherwise stated)

CIN No: L17124RJ2005PLC020927

Particulars		For the year ended 31 March, 2020	For the year ended 31 March, 2019
A.	**Cash flow from operating activities**		
	Profit before tax	46.34	82.52
	Adjustments for :-		
	Depreciation and amortization expense	101.10	100.79
	Profit on sale/discard of property, plant and equipment (net)	(0.23)	(2.61)
	Finance cost	45.70	56.54
	Dividend from preference shares	(4.05)	(6.03)
	Interest received	(9.97)	(10.62)
	Deferred government grants	(0.98)	(1.05)
	Net fair value gain on financial assets measured at FVTPL	1.28	-
	Provision for doubtful debts	3.06	0.10
	Fair value (gains)/ loss on derivatives	11.31	(2.36)
	Sundry credit balances written back (net)	(0.73)	(0.59)
	Operating profit before working capital changes	**192.83**	**216.69**
	Net change in		
	Inventories	88.58	(51.30)
	Trade receivables	39.25	30.17
	Other financial assets	6.47	(58.08)
	Other assets	0.55	68.95
	Trade payables	3.67	20.04
	Other financial liabilities	1.74	(0.49)
	Provisions	0.52	3.84
	Other liabilities	2.82	4.25
	Cash generated from operations	**336.43**	**234.07**
	Income tax paid (net of refund)	(17.55)	(17.57)
	Net cash from operating activities	**318.88**	**216.50**
B.	**Cash flow from investing activities**		
	Increase/ (decrease) in deposits with banks	0.07	0.03
	Interest received	10.09	10.61
	Purchase of right-of-use of assets	(2.52)	-
	Dividend received from preference shares	4.05	6.03
	Proceeds from redemption of preference shares	24.35	24.55
	Purchase of property, plant and equipment	(243.41)	(60.14)
	Proceeds from sale of property, plant & equipment	0.23	4.76
	Grants/ subsidy from government	(1.44)	-
	Net cash used in investing activities	**(208.58)**	**(14.16)**

Consolidated Statement of Cash Flows for the year ended 31 March, 2020

(all amounts are in Rupees crore, unless otherwise stated)
CIN No: L17124RJ2005PLC020927

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
C. Cash flow from financing activities		
Net proceeds /(repayment) of long term borrowings	40.66	(67.32)
Net proceeds /(repayment) of short term borrowings	(89.42)	(57.26)
Finance costs (net of interest subsidies)	(46.02)	(56.37)
Repayment of lease liabilities	(1.01)	-
Dividend paid (including dividend distribution tax)	(12.83)	(25.68)
Net cash used in financing activities	**(108.62)**	**(206.63)**
Net increase /(decrease) in cash and cash equivalents	**1.68**	**(4.29)**
Cash and cash equivalents at the beginning of the year	8.51	12.80
Cash and cash equivalents at the end of the year *	10.19	8.51
	1.68	**(4.29)**

* Refer note 11 for details.

Notes:

1. The Cash flow statement has been prepared in accordance with 'Indirect Method' as set out in Ind AS-7- 'Statement of Cash Flows', as notified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder.

2. **Changes in liabilities arising from financing activities**

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Opening balance of borrowings		
Term loan (including current maturities)	538.99	606.20
Current borrowings	380.85	438.11
Cash Flows		
Repayment of term loan	(105.47)	(100.41)
Proceeds from term loan	146.13	33.20
Change in current borrowings (net)	(89.42)	(57.26)
Closing balance of borrowings		
Term loan (including current maturities)	579.65	538.99
Current borrowings	291.43	380.85

The accompanying notes are an integral part of the consolidated financial statements
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Regn. No.: 101248W / W-100022

Rajiv Goyal
Partner
Membership No -094549

Place : Gurugram
Date: 12 June 2020

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Rajan Dalal
Director
DIN: 00546264

C. S. Nopany
Executive Chairman
DIN: 00014587

S. K. Khandelia
President & CEO
M.No. : 016336

Bipeen Valame
Whole time Director and CFO
DIN : 07702511

Place : Mumbai
Date: 12 June 2020

Manoj Contractor
Company Secretary
M.No. : A11661

Consolidated Statement of Changes in Equity for the year ended 31 March, 2020

(all amounts are in Rupees crore, unless otherwise stated)
CIN No: L17124RJ2005PLC020927

(a) Equity share capital

Particulars	For the year ended 31 March, 2020		For the year ended 31 March, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the begining of the year	16,38,28,620	16.38	16,38,28,620	16.38
Change in equity share capital during the year	-	-	-	-
Balance at the end of the year	**16,38,28,620**	**16.38**	**16,38,28,620**	**16.38**

(b) Other equity

Particulars	Reserves and surplus			Total
	General reserve	Retained earnings	Other comprehensive income	
Balance as at 1 April 2018	178.06	710.06	2.44	890.56
Profit for the year as per statement of profit and loss	-	58.26	-	58.26
Other comprehensive income for the year	-	-	2.32	2.32
Total comprehensive income for the year	**-**	**58.26**	**2.32**	**60.58**
Transfer to general reserve	7.00	(7.00)	-	-
Dividend paid	-	(21.30)	-	(21.30)
Dividend distribution tax	-	(4.38)	-	(4.38)
Balance as at 31 March 2019	**185.06**	**735.64**	**4.76**	**925.46**
Profit for the year as per statement of profit and loss	-	27.70	-	27.70
Other comprehensive income for the year	-	-	2.39	2.39
Total comprehensive income for the year	**-**	**27.70**	**2.39**	**30.09**
Transfer to general reserve	4.00	(4.00)	-	-
Dividend paid	-	(10.64)	-	(10.64)
Dividend distribution tax	-	(2.19)	-	(2.19)
Balance as at 31 March 2020	**189.06**	**746.51**	**7.15**	**942.72**

The accompanying notes are an integral part of the consolidated financial statements
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Regn. No.: 101248W / W-100022

Rajiv Goyal
Partner
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Company Secretary
M.No. : A11661

Place : Mumbai
Date: 12 June 2020

Notes to the Consolidated Financial Statements for the year ended 31 March, 2020

1. COMPANY INFORMATION

Sutlej Textiles and Industries Limited (herein after referred to as "the Parent Company/Holding Company/ Company") is domiciled in India with its registered office situated at Pachpahar Road, Bhawanimandi - 326502, Rajasthan. The Holding Company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) Limited.

The Holding Company had incorporated a wholly owned subsidiary namely Sutlej Holdings Inc. in the state of Delaware on 28 September 2017. Sutlej USA, LLC, a wholly owned subsidiary of Sutlej Holdings Inc. was also incorporated on 28 September 2017 in the state of Delaware. Pursuant to a business combination, the name of Sutlej USA, LLC was changed to American Silk Mills, LLC. The American Silk Mills is primarily engaged in the design, manufacture and distribution of textiles to wholesalers, manufacturers and retailers for the home furnishing industry.

Sutlej Textiles and Industries Limited along with its subsidiary and step-down subsidiary is hereinafter referred to as the "Group".

The Group deals primarily in cotton and man-made fibre yarn and home textiles products.

The particulars of subsidiary company and step down subsidiary of Holding Company, which are included in consolidation and the parent company's holding therein, is as under:

Name	Country of incorporation	Percentage holding as at 31 March 2020	Percentage holding as at 31 March, 2019
Sutlej Holdings Inc. (Subsidiary Company)	USA	100 %	100 %
American Silk Mills (Step Down Subsidiary)	USA	100%	100%

2. SIGNIFICANT ACCOUNTING POLICIES

The Group has applied the following accounting policies to period presented in the consolidated financials..

2.1 Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

These consolidated financial statements were authorised for issue by the Board of Directors on their meeting held on 12 June 2020.

2.2 Basis of consolidation:

The Company consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company and its subsidiary (including its step down subsidiary). Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiary are consolidated from the date control commences until the date control ceases. The financial statements of the Group is consolidated on a line-by-line basis and intra-group balances and transactions are eliminated upon consolidation. Consolidated financial statements are prepared using uniform accounting policies for the like transactions and other events in similar circumstances.

Consolidation procedure

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the

Notes to the Consolidated Financial Statements *(contd.)*

parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

2.3 Business combination

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Group. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

2.4 Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for the following items:-

- Defined benefit liability / (assets): Fair value of plan assets less present value of defined benefit obligation
- Certain financial assets and liabilities (including financial instrument):- Fair value;
- Other financial assets and liabilities- measured at amortised cost.

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except measurements that have some similarities to fair value but are not fair value, such as net realizable value in inventories or value in use in impairment of assets. The basis of fair valuation of these items is given as part of their respective accounting policies.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- **Level 2** inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability.

2.5 Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the consolidated financial statements are prudent and reasonable. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about the judgements made in

Notes to the Consolidated Financial Statements *(contd.)*

applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements have been given below:

- whether the Group has de facto control over an investee (refer note 1).

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the consolidated financial statements for the every period ended is included below:

- Measurement of defined benefit obligations: key actuarial assumptions; (note 45)
- Recognition of deferred tax assets: availability of future taxable profit against which Minimum Alternative Tax (MAT) credit can be used (note 2.21)
- Useful life and residual value of property, plant and equipment, and intangible assets
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources (note 41)
- Impairment of financial assets: key assumptions used in estimating recoverable cash flows (note 47)
- Impairment of non-financial assets: key assumptions used in estimating recoverable amount (note 4 and 53)

2.6 Classification of assets and liabilities as current and non-current

The Group presents consolidated assets and liabilities in the consolidated balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

An liability is treated as current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period..

All other liabilities are classified as non-current.

Deferred tax liabilities are classified as non-current liabilities.

The operating cycle is the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

2.7 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost of an item of property, plant and equipment comprises its purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred up to the date when the assets are ready to use.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate item (major components) of property, plant and equipment.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation on property, plant and equipment is calculated on straight line method and is recognized in the statement of profit and loss. The rates are arrived at based on the estimated useful lives given

Notes to the Consolidated Financial Statements *(contd.)*

in schedule II of the Companies Act, 2013 or re-assessed by the Group on basis technical assessment, as given below:-

Related to parent Company:

Assets	Useful life as per Technical Certificate	Useful life as per Companies Act
Non factory buildings	58 years	60 years
Factory buildings	30 years	30 years
Plant and equipment	18 years and 4 months /20 years / 15 years/ 3 years and 6 years	15 years/ 3 years and 6 years
Office equipment	5 years	5 years
Furniture and fixtures	5-10 years	10 years
Vehicles	8 years and 10 years	8 years and 10 year

Related to subsidiary and step down subsidiary of the parent Company:

Assets	Useful lives
Plant and equipment	3 to 6 years
Office equipment	3 to 6 years
Furniture and fixtures	3 to 6 years

Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions to or on disposal of assets is calculated on pro-rata basis. Leasehold land is being amortised over the period of lease tenure. Additions on rented premises (offices and guest houses) are being amortised over the period of rent agreement.

Individual assets costing below Rs. 5000 are fully depreciated in the year of purchase as these assets have no significant useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Capital work-in-progress

Capital work-in-progress includes assets in the course of construction for production and supply of goods or services or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalized.

2.8 Intangible assets

Intangible assets acquired separately are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method basis over the estimated useful life. Estimated useful life of the software's are considered from 5 years to 12 years against useful life of 4 years as per Companies Act, 2013.

Amortisation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the consolidated statement of profit and loss when the asset is derecognised.

Goodwill that arises on the acquisition of a business is presented as an intangible asset.

The difference between fair value of consideration and net assets acquired is treated as goodwill on consolidation. The goodwill on consolidation is

Notes to the Consolidated Financial Statements *(contd.)*

tested for impairment annually.

2.9 Non-current assets (or disposal groups) held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

2.10 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs (cash generating units).

The Group's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the statement of profit and loss.

2.11 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use or sale.

The loan origination costs directly attributable to

Notes to the Consolidated Financial Statements *(contd.)*

the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the effective interest rate (EIR) method over the term of the loan.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

2.12 Foreign currency transactions

The Group's consolidated financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All amounts have been rounded off to the nearest crores, except share data and as stated otherwise.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of following:-

a. Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in the statement of profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in Other Comprehensive Income (OCI). These exchange differences are reclassified from equity to the statement of profit or loss on disposal of the net investment.

b. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.13 Employee benefits

a. Short term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Parent Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Parent Company makes specified monthly contributions towards Government administered provident fund scheme and also towards superannuation scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Notes to the Consolidated Financial Statements *(contd.)*

c. **Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Parent Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

For defined benefit plan, the cost of providing benefits is determined annually by qualified actuary using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income (OCI) is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment. Net interest are recognised in OCI. The Parent Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement of net defined benefit liability

The Parent Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item employee benefits expense.

The defined benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Parent Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

d. **Other long-term employee benefits**

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in statement of profit and loss in the period in which they arise.

2.14 Revenue recognition

Group has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.

Ind AS 115 five step model is used to determine whether revenue should be recognised at a point in time or over time, and at what amount is as below:

- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations

Notes to the Consolidated Financial Statements *(contd.)*

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue from contract with customers

Revenue is measured at the fair value of the consideration received or receivable. Sales are recognised when the significant risks and rewards of ownership, which coincide with transfer of controls of goods, are transferred to the buyer as per terms of contract and are recognised. Amounts disclosed as revenue are excluding of taxes and net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Export entitlements in the form of duty drawback, Merchandise Export Incentive Scheme and other schemes are recognized in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Claim on insurance companies and others, where quantum of accrual cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

Interest is recognised using effective interest rate method on a time proportion basis.

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Income from sale of the scrap is measured at the fair value of the consideration received or receivable. Sales are recognised when the significant risks and rewards of ownership, which coincide with transfer of controls of goods, are transferred to the buyer as per terms of contract.

2.15 Government grants and subsidies

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants that compensate the Group for expenses incurred are recognised in the statement of profit and loss, as income or deduction from the relevant expense, on a systematic basis in the periods in which the expense is recognised.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to statement of profit and loss on a straight-line basis over the expected lives of the related assets to match them with the costs for which they are intended to compensate and presented within other income.

2.16 Inventories

i. **Inventories are valued as follows:**

Raw materials, Stock - in trade, dyes and chemicals, stores and spares and consumables	Lower of cost and net realisable value. Cost is determined on a weighted average basis. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition. Materials and other items held for use in the production of inventories are not written down below costs, if finished goods in which they will be incorporated are expected to be sold at or above cost.
Work-in-progress and finished goods	Lower of cost and net realisable value. Cost includes direct materials, labour, a proportion of manufacturing overheads and an appropriate share of fixed production overheads based on normal operating capacity.
Waste material	At net realisable value.

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

Notes to the Consolidated Financial Statements *(contd.)*

2.17 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the receivable is expected to be collected within a period of 12 months or less from the reporting date (or in the normal operating cycle of the business, if longer), they are classified as current assets otherwise as non-current assets.

Trade receivables are measured at their transaction price unless it contains a significant financing component in accordance with Ind AS 115 or pricing adjustments embedded in the contract.

Loss allowance for expected life time credit loss is recognised on initial recognition.

2.18 Provisions and contingent liabilities

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, 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 measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the consolidated financial statements unless the possibility of an outflow of economic resources is remote.

2.19 Measurement of fair value

a. Financial instruments

The estimated fair value of the Group's financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

b. Marketable and non-marketable equity securities

Fair value for listed shares is based on quoted market prices as of the reporting date. Fair value for unlisted shares is calculated based on market comparison techniques utilizing significant unobservable data, primarily cash flow based models.

The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee and the expected revenue and EBITDA of the investee. The estimate is adjusted for the effect of the non-marketability of the relevant equity securities.

If fair value cannot be measured reliably unlisted shares are recognized at cost.

c. Derivatives

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks and interest rate risk respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value provided by the respective banks. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

2.20 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 instruments also include derivative contracts such as foreign currency foreign exchange forward contracts and interest rate swaps.

Notes to the Consolidated Financial Statements *(contd.)*

a. **Financial assets**

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classifications

The Group classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at an instrument level because this best reflects the way the business is managed and information is provided to management.

A financial asset is measured at amortised cost only if both of the following conditions are met:

a. it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

b. the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

b. **Preference share**

All Preference share in scope of Ind AS 109 are measured at fair value. On initial recognition an Preference share that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value through profit and loss account. This election is made on an investment-by-investment basis.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

The rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Notes to the Consolidated Financial Statements *(contd.)*

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Group applies the simplified approach as permitted by Ind AS 109, financial instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

c. **Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when and only when there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.21 Income tax

Income tax expense comprises current and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income.

i. **Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimates of the tax amount expected to be paid on received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and liabilities are offset only if, the Group:

a) Has a legally enforceable right to set off the recognised amounts; and

b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. **Deferred tax**

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary

Notes to the Consolidated Financial Statements *(contd.)*

differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities 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 balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Minimum Alternative Tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset the said asset is created by way of credit to the statement of profit and loss and included in deferred tax assets. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal income tax during the specified period.

2.22 Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Notes to the Consolidated Financial Statements *(contd.)*

Group as a lessee

The Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception 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 less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group 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 Group uses incremental borrowing rate. For leases with reasonably similar characteristics, the Group, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The Group recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in statement of profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases, and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group has adopted Ind AS 116, effective annual reporting period beginning 01 April 2019 and applied the standard to its leases, using modified retrospective approach, on the date of initial application (01 April 2019). Accordingly, the Group has not restated comparative information. Refer note

Notes to the Consolidated Financial Statements *(contd.)*

2.22 – Significant accounting policies – Leases in the Annual report of the Group for the year ended 31 March 2019, for the policy as per Ind AS 17.

Group as a lessee

Operation leases

For transition, the Group has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis. The Group has also used the practical expedient provided by the standard when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17 and therefore, has not reassessed whether a contract, is or contains a lease, at the date of initial application, relied on its assessment of whether leases are onerous, applying Ind AS 37 immediately before the date of initial application as an alternative to performing an impairment review, excluded initial direct costs from measuring the right-of-use asset at the date of initial application and used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. With respect to operating leases, the transition doesn't have any impact on the financial position and profit for the period of the Group.

Finance leases

The Group has leases that were classified as finance leases applying Ind AS 17. For such leases, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of Ind AS 116 is the carrying amount of the lease asset and lease liability on the transition date as measured applying Ind AS 17. Accordingly, an amount of Rs. 3.90 Crores (gross block) and Rs.0.20 crores (accumulated depreciation) have been reclassified from property, plant and equipment to right-of-use assets and the Group recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use asset is recognized using modified retrospective approach, on the date of initial application (01 April 2019). Accordingly, a right-of-use asset of Rs.2.52 crore and a corresponding lease liability of Rs.2.37 crore has been recognized

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Group have been identified as being the chief operating decision maker by the Management of the Group. Refer note 42 for segment information presented.

2.24 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents is as defined above, net of outstanding bank overdrafts.

2.25 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.26 Dividend

The Group recognises a liability to make distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.27 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 01 April 2020.

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

3. Property, Plant and Equipments

3A. Property, Plant and Equipments

Particular	Freehold Land	Leasehold Land	Buildings (refer note 2)	Plant and equipments	Vehicles	Furniture and Fixtures	Office Equip-ments	Lease improve-ments	Total
Gross Block									
Balance as at 31 March 2018	38.53	3.90	448.92	858.79	10.50	11.37	6.90	-	1,378.91
Additions	-	-	14.18	30.00	1.29	1.05	1.08	0.16	47.76
Disposals	-	-	0.06	2.18	0.69	0.14	0.09	-	3.16
Balance as at 31 March 2019	**38.53**	**3.90**	**463.04**	**886.61**	**11.10**	**12.28**	**7.89**	**0.16**	**1,423.51**
Transition impact of Ind AS 116 (refer note 2.22)	-	(3.90)	-	-	-	-	-	-	(3.90)
Restated cost as at 1 April 2019	**38.53**	**-**	**463.04**	**886.61**	**11.10**	**12.28**	**7.89**	**0.16**	**1,419.61**
Additions	-	-	23.15	50.02	1.22	0.96	3.42	0.14	78.91
Disposals	-	-	-	1.06	0.12	0.03	0.02	-	1.23
Balance as at 31 March 2020	**38.53**	**-**	**486.19**	**935.57**	**12.20**	**13.21**	**11.29**	**0.30**	**1,497.29**
Accumulated Depreciation									
Balance as at 31 March 2018	-	0.15	30.09	229.27	3.45	3.77	3.49	-	270.22
Additions	-	0.05	13.50	82.94	1.39	1.40	1.28	0.01	100.57
Disposals	-	-	-	0.46	0.39	0.11	0.05	-	1.01
Balance as at 31 March 2019	**-**	**0.20**	**43.59**	**311.75**	**4.45**	**5.06**	**4.72**	**0.01**	**369.78**
Transition impact of Ind AS 116 (refer note 2.22)	-	(0.20)	-	-	-	-	-	-	(0.20)
Restated cost as at 1 April 2019	**-**	**-**	**43.59**	**311.75**	**4.45**	**5.06**	**4.72**	**0.01**	**369.58**
Additions	-	-	13.57	81.78	1.33	1.42	1.29	0.17	99.56
Disposals	-	-	-	0.36	0.06	-	-	-	0.42
Balance as at 31 March 2020	**-**	**-**	**57.16**	**393.17**	**5.72**	**6.48**	**6.01**	**0.18**	**468.72**
Net Block									
Balance as at 31 March 2019	**38.53**	**3.70**	**419.45**	**574.86**	**6.65**	**7.22**	**3.17**	**0.15**	**1,053.73**
Balance as at 31 March 2020	**38.53**	**-**	**429.03**	**542.40**	**6.48**	**6.73**	**5.28**	**0.12**	**1,028.57**

Notes

1. In case of Kathua leasehold land having carrying value as at 31 March 2020 and 31 March 2019 Rs.2.51 crore and Rs.2.55 crore respectively (Original cost Rs.2.92 crore) and in case of Baddi unit freehold land having carrying value as at 31 March 2020 and 31March 2019 Rs.0.08 crore (Original cost Rs.0.08 crore) are pending for registration in the name of the holding company.
2. Building, includes share of the holding company in a premises at Haridwar jointly owned with other corporates having carrying value as at 31 March 2020 Rs.0.64 crore and 31 March 2019 Rs.0.56 crore respectively (Original Cost Rs. 1.23 crore as at 31 March 2020 and Rs.1.12 crore as at 31 March 2019)
3. Borrowing cost capitalized amounting to Rs. 7.29 crore (31 March 2019 Rs.0.19 crore) under the head plant and equipment, building and capital work-in-progress (refer note 44)
4. Property, plant and equipment given as security for borrowings refer note 19 (a)
5. Refer note no 53

3B. Capital work-in-progress

Capital work-in-progress is amounting to Rs.176.42 crore (31 March 2019 Rs.20.05 crore)

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

3C. Right-of-use assets*

Particular	Gross Block				Depreciation				Net Block	
	As at 31 March, 2019	Transition impact of Ind AS 116 (refer note 2.22)	Additions	As at 31 March, 2020	As at 31 March, 2019	Transition impact of Ind AS 116 (refer note 2.22)	Additions	As at 31 March, 2020	As at 31 March, 2020	As at 31 March, 2019
Right-of-use assets	-	3.90	2.52	6.42	-	0.20	1.11	1.31	5.11	-
	-	3.90	2.52	6.42	-	0.20	1.11	1.31	5.11	-

*Refer note 20 for lease liability

4. Intangible Assets

Particular	Gross Block				Amortisation				Net Block	
	As at 31 March, 2019	Additions	Disposals	As at 31 March, 2020	As at 31 March, 2019	Additions	Disposals	As at 31 March, 2020	As at 31 March, 2020	As at 31 March, 2019
Goodwill	6.73	0.44	-	7.17	-	-	-	-	7.17	6.73
	6.73	0.44	-	7.17	-	-	-	-	7.17	6.73
Other Intangible assets										
Software	1.56	2.77	-	4.33	0.61	0.43	-	1.04	3.29	0.95
Intangible assets under development	0.78	0.32	0.69	0.41	-	-	-	-	0.41	0.78
	2.34	3.09	0.69	4.74	0.61	0.43	-	1.04	3.70	1.73

Particular	Gross Block				Amortisation				Net Block	
	As at 31 March, 2018	Additions	Disposals	As at 31 March, 2019	As at 31 March, 2018	Additions	Disposals	As at 31 March, 2019	As at 31 March, 2019	As at 31 March, 2018
Goodwill	6.40	0.33	-	6.73	-	-	-	-	6.73	6.40
	6.40	0.33	-	6.73	-	-	-	-	6.73	6.40
Other Intangible assets										
Software	1.50	0.06	-	1.56	0.41	0.20	-	0.61	0.95	1.09
Intangible assets under development	-	0.78	-	0.78	-	-	-	-	0.78	-
	1.50	0.84	-	2.34	0.41	0.20	-	0.61	1.73	1.09

Note:

Goodwill was recognised as excess cost over its investment at the time of acquisition and investment in subsidiary (including step down subsidiary), which is tested for impairment as on 31 March 2020 and 31 March 2019. As at 31 March 2020, the estimated cash flow for a period of 5 years were developed using internal forecasts using a growth rate of 4%, and a discount rate of 11.50%. These future cash flows has been determined after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions. The Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount. Accordingly, no impairments needs to be recognised.

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

5. Non current investments

		As at 31 March, 2020	As at 31 March, 2019
A.	**Investment in equity instruments (fully paid-up) valued at FVTPL**		
	Unquoted		
	50 (31 March 2019: 50) equity shares of The Jhalawar Nagrik Sahkari Bank Ltd (JNSB) of Rs. 100 each*	0.00	0.00
		0.00	0.00
	*The total amount of investments in absolute value is Rs. 5,000, but for reporting purpose rounded up to Rs. 0.0 crores.		
B	**Investment in preference shares valued at FVTPL (fully paid up) [refer note 47(I)]**		
	Unquoted		
	Nil (31 March 2019: 24,350,000) 8.5% Non-Convertible Cumulative Redeemable Preference shares of Avadh Sugar & Energy Limited of Rs 10 each	-	25.74
	1,300,000 (31 March 2019: 1,300,000) 8.5% Non-Convertible Cumulative Redeemable Preference shares in Palash Securities Limited of Rs 10 each	0.79	0.68
	Total investments measured at FVTPL	0.79	26.42
	Aggregate value of unquoted investment (A+B)	0.79	26.42
	Aggregate value of impairment in the value of investments	-	-
	Movement of investment in prefrense shares		
	Opening balance	**26.42**	**50.97**
	Change in fair value of preference shares	(1.28)	(0.20)
	Investment redeemed during the year of Avadh Sugar & Energy Limited	(24.35)	(24.35)
	Closing balance	**0.79**	**26.42**

6. Loans - Non Current

	As at 31 March, 2020	As at 31 March, 2019
Unsecured, considered good unless stated otherwise		
Security deposits	8.59	12.16
	8.59	12.16

7. Non current tax assets (net)

	As at 31 March, 2020	As at 31 March, 2019
Income tax receivable	5.75	0.20
	5.75	0.20

8. Other non-current assets

	As at 31 March, 2020	As at 31 March, 2019
Unsecured, considered good unless otherwise stated		
Capital advances	18.37	6.75
Prepaid expenses	0.07	0.13
	18.44	6.88

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

9. Inventories*

	As at 31 March, 2020	As at 31 March, 2019
(Valued at lower of cost or net realisable value)		
Raw materials	183.11	260.62
Dyes and chemicals	7.46	6.42
Work-in-progress	87.09	76.94
Finished goods	163.09	181.64
Stock-in-trade	15.16	8.32
Stores, spare-parts and consumables	16.95	28.27
Wastage material	4.02	3.25
	476.88	**565.46**
Goods in transit included in above inventories are as under :		
Raw materials	1.93	16.64
Stores,spare-parts and consumables	0.27	0.94
Finished goods	0.93	0.53

Inventories are hypothecated to secure borrowings (Refer note 19 and 25)

*Refer note no. 39

10. Trade receivables

	As at 31 March, 2020	As at 31 March, 2019
Trade Receivables considered good, Unsecured - Others	262.47	304.78
Trade Receivables credit impaired	4.54	1.56
	267.01	306.34
Less : loss allowance	(4.54)	(1.56)
	262.47	**304.78**

Note

(a) Trade receivables are hypothecated to secure current borrowings (Refer note 19 and 25)

(b) No trade or other receivables are due from directors or other officers of the Group, either severally or jointly with any other person. Further, no trade or other receivables are due from firms or private companies in which any director is a partner, or director or member.

(c) The Group's exposure to credit and currency risk, and loss allowances related to trade receivables is disclosed in Note 47.

11. Cash and cash equivalents

	As at 31 March, 2020	As at 31 March, 2019
Balance with banks:		
- In current accounts	9.68	8.33
Cash on hand	0.51	0.18
	10.19	**8.51**

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

12. Bank balances other than cash and cash equivalents

	As at 31 March, 2020	As at 31 March, 2019
Earmarked balances with banks:		
Unpaid dividend account	1.19	1.23
Deposits with remaining maturity for more than 3 months but less than 12 months	0.52	0.55
	1.71	**1.78**

13. Loans (Current)

	As at 31 March, 2020	As at 31 March, 2019
Unsecured, considered good unless otherwise stated		
Security deposits	0.01	0.21
	0.01	**0.21**

14. Other current financial assets

	As at 31 March, 2020	As at 31 March, 2019
Unsecured, considered good unless otherwise stated		
Export benefits/ claims receivable	21.41	36.34
Less: Provision for doubtful	-	(0.16)
	21.41	**36.18**
Government subsidies receivable	24.82	15.81
Advances recoverable in cash	7.48	4.42
Forward contract receivables	-	1.66
Interest accrued on deposits	0.08	0.20
	53.79	**58.27**

15. Other current assets

	As at 31 March, 2020	As at 31 March, 2019
Unsecured, considered good unless otherwise stated		
Balances with government authorities	46.72	54.41
Duty paid under protest	0.33	0.02
	47.05	**54.43**
Prepaid expenses	5.28	3.51
Advances to suppliers	12.64	7.58
	64.97	**65.52**

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

16. Assets classified as held for sale

	As at 31 March, 2020	As at 31 March, 2019
Plant and equipments held for sale	0.21	0.24
	0.21	**0.24**

The Parent Company decided to sell obsolete plant and equipments which were originally purchased for production and manufacturing. The Parent Company is actively searching for buyers to sell these assets. No liability is attached to these assets.

Non – current fair value measurements :

Assets classified as held for sale are measured at lower of their carrying amount and fair value less cost to sell at the time of reclassification. Fair value of the assets was determined using expected market realizable value using past trend and management assessment. Fair value measurement of assets held for sale is a level 3 measurement and key inputs under this approach are price per asset comparable for the machine in similar business and technology.

17. Equity Share capital

	As at 31 March, 2020	As at 31 March, 2019
Authorised:		
500,000,000 equity shares of Rs.1/- each (31 March 2019: 500,000,000 of Rs.1/- each)	50.00	50.00
Issued, subscribed and fully paid up:		
163,828,620 equity Shares of Rs.1/- each (31 March 2019: 163,828,620 of Rs.1/- each)	16.38	16.38
	16.38	**16.38**

a. **Terms and rights attached to equity shares**

Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. There is no restriction on distribution of dividend. However, same is subject to the approval of the shareholders in the Annual General Meeting.

b. **Reconciliation of number of shares outstanding at the beginning and end of the year :**

	As at 31 March, 2020		As at 31 March, 2019	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	16,38,28,620	16.38	16,38,28,620	16.38
Balance at the end of the year	**16,38,28,620**	**16.38**	**16,38,28,620**	**16.38**

c. **Shares held by holding company or its ultimate holding company or subsidiaries or associates of the holding company or the ultimate holding company in aggregate.**

There are no holding or ultimate holding company of the Company.

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

17. Equity Share capital *(contd*

d. Shareholders holding more than 5% shares in the company

	As at 31 March, 2020		As at 31 March, 2019	
	No. of shares	Percentage	No. of shares	Percentage
Uttar Pradesh Trading Company Limited.	3,04,16,970	18.57%	3,04,16,970	18.57%
Hargaon Investment & Trading Company Limited	1,71,13,960	10.45%	1,71,13,960	10.45%
New India Retailing and Investment Limited	1,70,63,040	10.42%	1,70,63,040	10.42%
Yashovardhan Investment and Trading Company Limited	1,48,68,360	9.08%	1,48,68,360	9.08%
Birla Institute of Technology and Science	1,12,86,580	6.89%	1,12,86,580	6.89%
Earthstone Holding (Two) Private Limited	98,03,690	5.98%	98,03,690	5.98%
Ronson Traders Limited	97,23,730	5.94%	97,23,730	5.94%

18. Other equity

	As at 31 March, 2020	As at 31 March, 2019
a. General reserve		
Balance at the beginning of the year	185.06	178.06
Add: Transferred from retained earnings	4.00	7.00
Balance at the end of the year	**189.06**	**185.06**
b. Retained earnings		
Balance at the beginning of the year	735.64	710.06
Profit for the year	27.70	58.26
Less: dividend on equity shares (including tax thereon)	(12.83)	(25.68)
Less: transferred to general reserve	(4.00)	(7.00)
	746.51	735.64
c. Other comprehensive income		
Balance at the beginning of the year	2.53	2.30
Addition during the year	0.89	0.23
Balance at the end of the year	**3.42**	**2.53**
d. Exchange differences on translation of operations into reporting currency		
Balance at the beginning of the year	2.23	0.14
Addition during the year	1.50	2.09
Balance at the end of the year	**3.73**	**2.23**
	942.72	925.46

e. There are no shares which are issued for consideration other than cash during the period of five years immediately preceding the reporting date.

Nature and purpose of reserves/ other equity

General reserve

The Group appropriates a portion to general reserves out of the profits voluntarily to meet future contingencies. The said reserve is available for payment of dividend to the shareholders as per the provisions of the Companies Act, 2013.

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

18. Other equity *(contd.)*

Retained earnings:

Retained earnings are the profit that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to investors.

Other comprehensive income

Remeasurements of defined benefit plans represents the following as per Ind AS 19-Employee Benefits:

(a) actuarial gains and losses;

(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

Exchange differences on translation of foreign operations

These comprise of all exchange difference arising from translation of financial statement of foreign operations.

Dividend

The following dividends were declared and paid by the Parent Company:

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Final dividend for the year ended 31 March 2019 Rs. 0.65 per equity share of Rs. 1 each (31 March 2018 Rs.1.3 per equity share of Rs. 1 each)	10.65	21.30
Dividend distribution tax on final dividend	2.19	4.38
	12.83	25.68

After the reporting date the following dividend was proposed by the board of directors of the Holding company subject to the approval of shareholders of the Holding company at its annual general meeting; Accordingly, the dividends have not been recognized as liabilities.

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Proposed final dividend for the year ended 31 March 2020 Rs.0.30 per equity share of 1 each **	4.91	10.65
Dividend distribution tax on final dividend	-	2.19
	4.91	12.84

** On 12 June 2020, the board of directors of the Parent Company has recommended a final dividend of Rs.0.30 per share (face value of Rs.1 per share) for the financial year ended 31 March 2020, subject to approval of the shareholders in the upcoming Annual General Meeting of the Parent Company.

19. Non - Current Borrowings

	As at 31 March, 2020	As at 31 March, 2019
Term loans (Secured)		
- From banks	469.55	436.92
	469.55	436.92

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

19. Non - Current Borrowings *(contd.)*

a. Securities

Term loans are secured by first equitable mortgage ranking pari-passu over the Parent Company's immovable properties situated at Bhawanimandi (Rajasthan), Kathua (Jammu & Kashmir), Baddi (Himachal Pradesh) and Daheli (Gujarat) and moveable assets (save and except book debts) both present and future, subject to prior charges created/to be created, in favour of bankers, on moveable assets including book debts to secure working capital borrowings.

b. Terms of repayment and interest are as follows :

Secured loan from	Repayment frequency	Year of maturity	Rate of interest p.a. (%)	As at 31 March, 2020	As at 31 March, 2019
Punjab National Bank, Kota	Quarterly	FY 2022 to 2025	8.05	67.18	87.39
Bank of Maharashtra, Jaipur	Quarterly	FY 2026	8.65	143.66	168.63
Jammu & Kashmir Bank, Kathua	Quarterly	FY 2022 to 2026	7.60 to 7.90	254.74	131.84
ICICI Bank, Kolkata	Quarterly	FY 2019	9.15	-	0.41
State Bank of India, Mumbai	Quarterly	FY 2023	9.80	6.63	9.13
United Bank of India, Delhi	Quarterly	FY 2024	8.75	7.10	9.61
HDFC Bank, Jaipur	Quarterly	FY 2023 to 2024	8.00 to 8.20	100.34	131.98
				579.65	**538.99**
Less : Current maturities of long term debt (refer note 27)				110.10	102.07
				469.55	**436.92**

c. The Group exposure to interest rate, foreign currency and liquidity risk is included in note 47.

20. Lease liabilities

The following is the movement in lease liabilities during the year ended 31 March 2020:

Lease Liabilities	Amount
Balance as on 1 April 2019 (Transition balance)	**2.37**
Addition	-
Interest expenses	0.14
Payment	(1.00)
Balance as on 31 March 2020	**1.51**

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis:

Maturity analysis – contractual undiscounted cash flows

Particulars	Amount
Less than one year	0.99
After one year but not longer than five years	0.34
More than five years	1.21
Total	**2.54**

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

20. Lease liabilities *(contd.)*

Lease liabilities included in the statement of financial position at 31 March 2020

Particulars	Amount
Non-current	1.37
Current	0.14
Total	**1.51**

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

21. Other Non Current Financial Liabilities

	As at 31 March, 2020	As at 31 March, 2019
Trade deposits	5.98	6.03
Retention money	4.22	-
Employee security deposits	0.04	0.11
Deferred payment liabilities	3.72	4.49
	13.96	10.63

22. Provisions

	As at 31 March, 2020	As at 31 March, 2019
Provision for employee benefits		
Provision for compensated absenses	10.41	10.26
	10.41	10.26

23. Deferred Tax Liabilities (Net)

A. Movement in deferred tax balances

Particulars	As at 31 March, 2019	Recognized during the year	Utilised during the year	As at 31st March, 2020
Deferred tax assets				
MAT credit entitlement @	65.30	-	(7.71)	57.59
Disallowance u/s 43B of Income Tax Act, 1961	13.89	-	(0.89)	13.00
Provision for doubtful debts and others	1.86	1.17	-	3.03
Total (A)	81.05	1.17	(8.60)	73.62
Deferred tax liabilities				
Property, plant and equipment	110.17	1.68	-	111.85
Total (B)	110.17	1.68	-	111.85
Net deferred tax liability (B)-(A)	29.12	0.51	8.60	38.24

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

23. Deferred Tax Liabilities (Net) *(contd.)*

Particulars	As at 31 March, 2018	Recognized during the year	Utilised during the year	As at 31st March, 2019
Deferred tax assets				
MAT credit entitlement @	70.82	-	(5.52)	65.30
Disallowance u/s 43B of Income Tax Act, 1961	14.00	-	(0.11)	13.89
Provision for doubtful debts and others	0.96	0.90	-	1.86
Total (A)	**85.78**	**0.90**	**(5.63)**	**81.05**
Deferred tax liabilities				
Property, plant and equipment	108.12	2.05	-	110.17
Total (B)	**108.12**	**2.05**	**-**	**110.17**
Net deferred tax liability (B)-(A)	**22.34**	**1.15**	**5.63**	**29.12**

@ Represents that portion of MAT credit, which can be recovered and set off in subsequent years as per provisions of Section 115JAA of the Income Tax Act, 1961. The management, based on the present trend of profitability and the future profitability projections, opines that parent Company would have sufficient taxable income in future to utilize MAT credit entitlements.

B. Amounts recognised in statement of profit and loss

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Current tax expense		
Current tax	9.53	17.48
	9.53	**17.48**
Deferred tax expense		
Origination and reversal of temporary differences	9.11	6.78
	9.11	**6.78**
Total Tax Expense	**18.64**	**24.26**

C. Amounts recognised in other comprehensive income

Particulars	Before tax	Tax (expense)/ income	Net of tax
For the year ended 31 March 2020			
Remeasurements of defined benefit liability	1.34	(0.45)	0.89
Exchange differences on translation of operations into reporting currency	1.50	-	1.50
	2.84	**(0.45)**	**2.39**
For the year ended 31 March 2019			
Remeasurements of defined benefit liability	0.35	(0.12)	0.23
Exchange differences on translation of operations into reporting currency	2.09	-	2.09
	2.44	**(0.12)**	**2.32**

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

23. Deferred Tax Liabilities (Net) *(contd.)*

D. Reconciliation of effective tax rate

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
(a) Profit before tax from Indian operations	54.66	89.85
Tax using the Parent Company's domestic tax rate @ 34.94% (31 March 2019: 34.94%)	19.10	31.39
Tax effect of:		
Non-deductible expenses	2.51	1.94
Tax on exempt income	(0.97)	(2.04)
Tax incentives	(0.75)	(6.73)
Others	(1.35)	(0.41)
Income tax expenses on Indian operations	**18.54**	**24.15**
Effective tax rate	**33.92%**	**26.88%**
(b) Profit before tax from foreign operations	(8.32)	(7.33)
Tax using the Company's foreign tax rate @21 %	(1.75)	(1.54)
Tax effect of:		
Non-deductible expenses	0.01	0.01
Effect of recognition of tax effect of previously unrecognised tax losses now recognised as deferred tax assets	0.15	0.01
Effect of current year losses for which no deferred tax asset is recognised	2.52	2.13
Changes in recognised deductible temporary differences	(0.15)	(0.01)
State taxes	(0.68)	(0.49)
Income tax expense on foreign operations	**0.10**	**0.11**
Total income tax expenses reported in the statement of profit and loss (a+b)	**18.64**	**24.26**
Effective Tax Rate	**40.23%**	**29.40%**

24. Other non-current liabilities

	As at 31 March, 2020	As at 31 March, 2019
Deferred government grant (refer note 41 B (2))		
Capital subsidies on specific plant and machineries	6.44	7.42
Non current portion of the gain on deferred payment liabilities	1.30	1.46
	7.74	**8.88**
Movement of deferred government grants is as below:		
Balance at the beginning of the year	7.42	8.47
Grant accrued during the year	(0.98)	-
Grant amortized and transferred to statement of profit and loss	-	(1.05)
Balance at the end of the year	**6.44**	**7.42**

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

25. Current Borrowings

	As at 31 March, 2020	As at 31 March, 2019
Loan repayable on demand (Secured)*		
- From banks	283.31	366.02
Bills discounted**	2.14	14.83
Others***	5.98	-
	291.43	380.85

* Working capital facilities from banks are secured/to be secured by hypothecation of moveable's including book debts, both present and future, of the unit, ranking pari-passu inter se.

** Bills discounted are secured against the book debts and inventory which have been discounted,

*** On April 2019, the Group entered into a credit agreement (the "Facility") with a finance company. The Facility provides revolving credit line of up to Rs. 2.03 Crores. The line of credit is pledged against subsidiary's accounts receivable and inventory. The facility bears interest upon the daily net balance of any monies remitted, paid or otherwise advanced to the Group which is as follows:

(i) not in excess of the receivables availability shall be charged at a rate per annum equal to receivable interest rate @ 6%.

(ii) In excess of receivables availability but not in excess of the receivables availability plus the inventory availability shall be charged at a rate per annum equal to the inventory interest rate @6.5%.

During the year ended 31 March 2020, factoring commission expenses of Rs.0.22 Crores and factoring interest expenses of Rs.0.34 Crores have been charged to consolidated statement of profit and loss.

26. Trade Payables

	As at 31 March, 2020	As at 31 March, 2019
Total outstanding dues of micro enterprises and small enterprises #	2.13	1.93
Total outstanding dues of creditors other than micro enterprises and small enterprises	121.37	118.63
Total	123.50	120.56
Total outstanding dues of Micro Enterprises and Small Enterprises		
Dues to micro enterprises and small enterprises (as per the intimation received from vendors):		
a. Principal and interest amount remaining unpaid	2.13	1.93
b. Interest paid by the Group in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day.	-	-
c. Interest due to payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	-	-
d. Interest accrued and remaining unpaid.	-	-
e. Interest remaining due to payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-
	2.13	1.93

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

27. Other Financial Liabilities

	As at 31 March, 2020	As at 31 March, 2019
Current maturities of long-term debt (refer note 19)	112.47	104.82
{Includes interest accrued and due on borrowings 31 March 20: Rs 2.37 (31 March 2019: Rs 2.75)}		
Unpaid dividend	1.19	1.23
Employees liabilities	39.76	41.49
Forward contract payables	9.65	-
Creditors for capital goods	6.16	4.39
Current portion of deferred payment liabilities	1.25	1.25
Security deposits	1.01	0.88
Director's commission	0.25	0.22
Others	4.72	3.49
	176.46	157.77

28. Other Current Liabilities

	As at 31 March, 2020	As at 31 March, 2019
Contract liabilities	9.24	11.64
Statutory dues	9.22	5.14
Current portion of the gain on deferred payment liabilities	0.33	0.49
	18.79	17.27

29. Provisions

	As at 31 March, 2020	As at 31 March, 2019
Provisions for employee benefit (refer note 45)		
Compensated absenses	3.77	3.79
Gratuity	2.55	-
Super annuation fund	0.45	-
Others		
Others - contingencies	7.31	12.76
	14.08	16.55

Others - Contingencies

Provision for disputed statutory matters have been made, where the Parent Company anticipates probable outflow. The amount of provision is based on estimate made by the Company considering the facts and circumstances of each case. The timing and amount of cash flow will be determined by the relevant authorities on settlement of cases.

The movement of provisions is presented below:

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Balance at the beginning of the year	12.76	12.60
Provision made during the year	0.96	0.16
Payment made/ provision reversed during the year	(6.41)	-
Balance at the end of the year	**7.31**	**12.76**

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

30. Current Tax Liabilities

	As at 31 March, 2020	As at 31 March, 2019
Provision for Income tax	-	2.02
	-	**2.02**

31. Revenue from Operations

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Sale of products (net of taxes)		
Manufactured goods	2,223.97	2,381.24
Traded goods	135.22	179.66
Total (i)	**2,359.19**	**2,560.90**
Sale of services		
Job processing	18.29	25.21
Others	19.07	8.91
Total (ii)	**37.36**	**34.12**
Total [(iii) = (i) + (ii)]	**2,396.55**	**2,595.02**
Other operating revenue		
Export incentives	20.10	18.75
Total (iv)	**20.10**	**18.75**
Revenue from operations [(iii) + (iv)]	**2,416.65**	**2,613.77**

32. Other Income

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Interest income from financial assets measured at amortised cost		
- from bank deposits	0.05	0.05
- from others	9.92	10.57
Dividend from preference share (refer note 46)	4.05	6.03
Profit on sale/discard of property, plant and equipment (net)	0.23	2.61
Sundry credit balances written back (net)	0.73	0.59
Insurance claims	0.21	0.33
Deferred government grants (refer note 24)	0.98	1.05
Miscellaneous income (including scrap sales)	9.20	6.64
	25.37	**27.87**

33. Cost of Materials Consumed

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Raw material consumed	1,158.41	1,260.64
Consumption of dyes and chemicals	93.68	98.29
	1,252.09	**1,358.93**

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

34. Changes in Inventories of finished Goods, Work-In-Progress and Stock In Trade

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Closing inventory		
Work-in-progress	87.09	76.94
Finished goods	163.09	181.64
Stock- in- trade	15.17	8.32
Wastage material	4.02	3.25
Total (A)	**269.37**	**270.15**
Opening inventory		
Work-in-progress	76.94	78.62
Finished goods	181.64	199.16
Stock- in- trade	8.32	10.39
Wastage material	3.25	3.01
Total (B)	**270.15**	**291.18**
Less : Foreign currency translation difference	0.92	-
Less : Insurance claim against Work-in-progress lost by fire .	(0.26)	(1.84)
Less: Write down of finished goods to Net realisable value transfer to exceptional item (refer note 39) (Previous year Insurance claim against Finished goods lost by fire) .	(3.32)	(1.52)
Total (C)	**(2.66)**	**(3.36)**
Total (B-A+C)	**(1.88)**	**17.67**

35. Employee Benefits Expense

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Salaries and wages	320.08	294.13
Contribution to provident and other funds	32.38	32.02
Staff welfare expenses	3.98	3.81
	356.44	**329.96**

36. Finance Costs @

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Interest expenses ##	41.31	52.14
Exchange difference on the principal amount of foreign currency borrowing*	3.56	2.97
Other borrowing costs	0.83	1.43
	45.70	**56.54**

@ Net of amount capitalized refer note 44.

Net of interest subsidies under various schemes amounting to Rs. 14.40 (31 March 2019 Rs. 17.21).

* Exchange differences on the principal amount of the foreign currency borrowings to the extent that exchange differences are regarded as an adjustment to borrowing costs have been disclosed as "Finance costs".

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

37. Depreciation and Amortisation Expense

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Depreciation on property, plant and equipment (refer note 3A)	99.56	100.59
Amortisation on intangible assets (refer note 4)	0.43	0.20
Depreciation on right-of-use assets (refer note 3C)	1.11	-
	101.10	**100.79**

38. Other Expenses

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Processing and job charges	3.47	8.47
Consumption of stores and spares	75.25	73.86
Power, fuel and water charges	243.49	256.28
Rent	1.19	2.31
Insurance	7.75	6.06
Rates and taxes	0.54	0.42
Repairs and maintenance:		
Buildings	6.67	6.27
Plant and machinery	31.16	33.31
Others	2.60	2.64
Freight and forwarding expenses	62.18	65.86
Selling commission and brokerage	23.61	23.99
Auditor's remuneration #	0.68	0.72
Charity and donation ##	3.01	2.38
Foreign currency transactions and translation (net)	8.77	2.18
Bad debts	0.13	-
Loss allowance for doubtful debts / write off	3.06	0.10
Directors' commission and fees	0.56	0.50
Travelling expenses	8.33	7.93
Vehicle expenses	5.97	4.93
Legal and professional expenses	6.31	6.03
Corporate social responsibility expenses	2.79	2.44
Net fair value loss on financial assets measured at FVTPL	1.28	0.20
Miscellaneous expenses	26.42	24.30
	525.22	**531.18**
#Auditor's remuneration (net of taxes)		
As auditor:		
Statutory audit fee	0.42	0.39
Tax audit fee	0.04	0.04
For limited review	0.12	0.12
Certification fees and other matters	0.01	0.05
Re-imbursement of expenses	0.09	0.12
	0.68	**0.72**

Includes Rs.3.00 given to Samaj Electoral Trust Association. (31 March 2019 Rs. 2.00)

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

38. Other Expenses *(contd.)*

Note: Details of corporate social responsibility expenses

As per Section 135 of Companies Act,2013, a Company needs to spend at least 2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities. A CSR Committee has been formed by the Parent Company as per act. The CSR Committee and Board had approved the projects with specific outlay on the activities as specified in Schedule VII of the act, in pursuant of the CSR policy.

		For the year ended 31 March, 2020	For the year ended 31 March, 2019
(i)	Gross amount required to be spend during the year	2.71	3.29
(ii)	Amount spent during the year		
	(a) Construction/ acquisition of any asset	0.65	2.21
	(b) On purpose other than (a) above	2.14	0.23
		2.79	2.44

39. Exceptional Items

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Exceptional items*	4.36	-
	4.36	-

* Exceptional items amounting to Rs.4.36 for the year ended 31 March 2020 includes following in view of outbreak of COVID-19 and resultant lockdown by the Government:

a. Write down of finished goods to net realizable value amounting to Rs.3.32 due to sharp decline in raw material prices.

b. Mark to market loss (MTM) of forward contracts due to non-execution of export orders amounting to Rs.0.69.

c. Interest and employee's costs capitalization for ongoing projects suspended due to lockdown amounting to Rs.0.35.

40. Earning per share

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Profit for the year	27.70	58.26
Weighted average number of equity shares of Rs. 1/- each	16,38,28,620	16,38,28,620
Basic and Diluted (per share in Rs.)	**1.69**	**3.56**

41. Contingent Liabilities and Commitments

A. Contingent liabilities (to the extent not provided for) in respect of:

		As at 31 March, 2020	As at 31 March, 2019
1.	Claim against the Parent Company not acknowledged as debts:		
	Labour matters (including matter in respect of which stay granted by respective Hon'ble High Court), except for which the liability is unascertainable	4.91	4.47
2.	Other matters for which the Company is contingently liable:		
	a) Demand raised by excise department for various matters	0.10	1.88
	b) Demand raised by the income tax authorities	0.22	0.19
	c) Demand for Entry tax (penalty and interest) [Net of Rs. Nil (31 March 2019 Rs 5.74) provided in accounts/ paid] (refer note 28)	-	10.20
	d) Liability for non receipt of C form from customers excluding interest and penalty liability	-	0.25

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

41. Contingent Liabilities and Commitments *(contd.)*

3. Liability of customs duty towards export obligation undertaken by the Parent Company under "Export Promotion Capital Goods Scheme (EPCG)" amounting to Rs 31.23 (31 March 2019: Rs.8.49).

   The Parent Company had imported Capital goods under EPCG and saved the custom duty. As per the EPCG terms and conditions, Parent Company needs to export Rs. 166.64 (31 March 2019: Rs.50.94) i.e. 6 times (25% of 6 times in case of Jammu & Kashmir) of duty saved on import of Capital goods on FOB basis within a period of 6 years. If the Parent Company does not export goods in prescribed time, then the Parent Company may have to pay interest and penalty thereon.

Note: (i) Pending resolution of the respective proceedings, it is not practicable for the Parent Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgments/ decisions pending with various forums/ authorities.

Note: (ii) The group has reviewed all its pending litigation and proceeding and has adequately provided for where provision required and disclosed as contingent liabilities where applicable, in its financial statements. The group does not expect the outcome of these proceeding to have a materially adverse effect on its financial position . The group does not expect any reimbursements in respect of the above contingent liabilities.

B. Commitments

		As at 31 March, 2020	As at 31 March, 2019
1	Estimated amount of contracts remaining to be executed on capital account [net of advances] not provided for	52.13	118.78

2 The Parent Company has availed certain government subsidies/ grants. As per the terms and conditions, the Parent Company has to continue production for specified number of years and others conditions failing which amount of subsidies availed alongwith interest, penalty etc. will have to be refunded.

42. Segment Information

A. Description of segments and principal activities

Segment information is presented in respect of the Group's key operating segments. The operating segments are based on the Group's internal reporting structure. The board of directors have been identified as the chief operating decision maker ('CODM'), since they are responsible for all major decision w.r.t. the preparation and execution of business plan, preparation of budget, planning, expansion, alliance, joint venture, merger and acquisition, and expansion of any facility. The Group's board examines the Group's performance both from a product and geographic perspective and have identified two reportable segments of its business:

a) **Yarn:** It comprises of cotton and man made fibres yarn;

b) **Home textiles :** It comprises of home furnishing and fabric processing.

The Group's board reviews the results of each segment on a quarterly basis. However, of subsidiary company it review on annual basis. The Group's board of directors uses earning before interest, tax and depreciation ('EBITDA') to assess the performance of the operating segments.

B. Information about reportable segments

Information related to each reportable segment is set out below. Segment EBITDA is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

42. Segment Information *(contd.)*

Reportable Segments	Yarn	Home Textiles	Total
	For the year ended 31 March, 2020	For the year ended 31 March, 2020	For the year ended 31 March, 2020
External revenues	2,265.55	151.30	2,416.85
Les: Inter-segment revenue	-	(0.20)	(0.20)
Segment revenue	**2,265.55**	**151.10**	**2,416.65**
Segment result	213.75	(18.00)	195.75
Finance costs			(45.70)
Depreciation and amortisation			(101.10)
Exceptional items			(4.36)
Add: Unallocated corporate income (net of expenses)			1.75
Profit before tax			**46.34**
Tax expense			(18.64)
Profit after tax			**27.70**

Reportable Segments	Yarn	Home Textiles	Total
	For the year ended 31 March, 2019	For the year ended 31 March, 2019	For the year ended 31 March, 2019
External revenues	2,439.59	174.64	2,614.23
Less: Inter-segment revenue	-	(0.46)	(0.46)
Segment revenue	**2,439.59**	**174.18**	**2,613.77**
Segment result	257.38	(24.02)	233.36
Finance costs			(56.54)
Depreciation and amortisation			(100.79)
Add: Unallocated corporate income (net of expenses)			6.49
Profit before tax			**82.52**
Tax expense			(24.26)
Profit after tax			**58.26**

Other information

	Total assets			Total liabilities		
	Segment assets	Unallocated corporate assets	Total assets	Segment liabilities	Unallocated corporate liabilities	Total liabilities
As at 31 March 2020						
Yarn	1,872.66	-	1,872.66	876.29	-	876.29
Home textiles	242.58	-	242.58	116.24	-	116.24
Unallocated	-	9.53	9.53	-	173.14	173.14
Total	**2,115.24**	**9.53**	**2,124.77**	**992.53**	**173.14**	**1,165.67**

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

42. Segment Information *(contd.)*

	Capital expenditure	
	Segement capital expenditure	Total capital expenditure
As at 31 March 2020		
Yarn	201.96	201.96
Home textiles	35.33	35.33
Total	**237.29**	**237.29**

	Total assets			Total liabilities		
	Segment assets	Unallocated corporate assets	Total sssets	Segment liabilities	Unallocated corporate liabilities	Total liabilities
As at 31 March 2019						
Yarn	1,878.54	-	1,878.54	929.16	-	929.16
Home textiles	224.16	-	224.16	101.47	-	101.47
Unallocated		29.97	29.97	-	160.20	160.20
Total	**2,102.70**	**29.97**	**2,132.67**	**1,030.63**	**160.20**	**1,190.83**

	Capital expenditure	
	Segement capital expenditure	Total capital expenditure
As at 31 March 2019		
Yarn	54.26	54.26
Home textiles	4.88	4.88
Total	**59.14**	**59.14**

C. Geographic information

The Yarn and Home Textile segments are managed on a worldwide basis, but operate manufacturing facilities primarily in India. The geographic information analyses the Group's revenue by the Group's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets..

a) Revenues from different geographies

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Domestic	1,632.02	1,684.22
E xport *	764.53	910.80
	2,396.55	**2,595.02**
Other operating income	20.10	18.75
Segment revenue	**2,416.65**	**2,613.77**
***Export**		
Turkey	147.49	231.43
Bangladesh	92.58	127.47
Rest of the World	524.46	551.90
	764.53	**910.80**

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

42. Segment Information *(contd.)*

b) Non-current assets**

	As at 31 March, 2020	As at 31 March, 2019
India	1,237.71	1,092.97
Rest of the world	10.29	8.31
	1,248.00	**1,101.28**

** Non-current assets exclude investments and tax assets

43. The outbreak of COVID-19 and resultant lockdown by Government in the month of March 2020 had significantly affected normal working of the Group due to temporary shutdown of all our manufacturing facilities. The Group's Management is monitoring the situation closely and has started operating its manufacturing facilities from 3rd week of April, 2020 onwards with partial capacity and same is being ramped up gradually and is presently operating at around 50% capacity.

The Group made assessment of possible effect that may result from pandemic basis internal and external information available up to the date of approval of these consolidated financial statements on the carrying amount of Property, Plant and Equipment, Investments, Inventories, Accounts Receivables and reassessed the realisability of Minimum Alternative Tax (MAT) credit as at 31 March 2020 amounting to Rs.57.59. The actual results may differ from such estimates depending on future developments. The management is confident that it will be able to utilise MAT Credit against future tax liability.

The Group has on a prudent basis recorded write down of finished goods to Net realisable value amounting to Rs.3.32 considering possible impact on realization due to sharp decline in raw materials prices and same is shown under head "Exceptional items". The Group does not anticipate any challenge in its ability to continue as a going concern or meeting its financial obligations.

The Group will continue to closely monitor any material changes in future economic conditions vis-à-vis its business operations..

44. Borrowing cost

During the year, Group has capitalized borrowing cost amounting to Rs. 7.29 (31 March 2019: Rs. 0.19) under head plant and equipment and building (including capital-work-in-progrees). The capitalisation rate used to determine the amount of borrowing cost for capitalisation purpose is weighted average interest rate to the company i.e. 6.25% (31 March 2019 8.30%).

45. Employee benefits

The Parent Company contributes to the following post-employment defined benefit plans in India.

(i) Defined contribution plans:

The Parent Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of specified employment benefit expenses to the benefit plans.

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
Contribution to provident fund	20.58	16.73
Contribution to employee's state insurance	5.01	6.12
Contribution to superannuation scheme	0.57	0.57

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

45. Employee benefits *(contd.)*

(ii) Defined benefit plan:

The Holding Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972 (as amended). Employees in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of completed years of service. Gratuity liabilty (other than for Baddi unit) is being contributed to the gratuity fund formed by the Parent Company and in case of Baddi unit, company makes contributions to Group Gratuity cum Life Assurance Schemes administered by the LIC of India.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2020. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the projected unit credit method..

A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Reconciliation of present value of defined benefit obligation:

Particulars	As at and for the year ended 31 March, 2020			As at and for the year ended 31 March, 2019		
	Present value of the obligation	Fair value of the planned Assets	Total	Present value of the obligation	Fair value of the planned Assets	Total
Balance at the beginning of the year	46.00	46.00	-	42.59	42.59	-
<u>Amount Recognised in profit and loss</u>						
Current service cost	6.22	-	6.22	5.75	-	5.75
Past service cost including curtailment gain/loss	-	-	-	-	-	-
Interest cost	3.56	(3.56)	-	3.36	-	3.36
	9.78	**(3.56)**	**6.22**	**9.11**	**-**	**9.11**
<u>Remeasurement</u>						
Actuarial loss (gain) arising from:						
- Changes in financial assumptions	(1.18)	-	(1.18)	(0.61)	-	(0.61)
- Changes in experience adjustment	(1.57)	-	(1.57)	-	-	-
- Return on plan assets recognised in OCI	-	1.41	1.41	-	0.26	0.26
Total amount recognised in OCI	**(2.75)**	**1.41**	**(1.34)**	**(0.61)**	**0.26**	**(0.35)**
Contributions paid by the employer	-	2.15	-	-	5.39	-
Adjustment for previous year	-	0.18	-			
Benefits paid	(5.43)	(5.43)	-	(5.09)	(5.09)	-
Interest income	-	2.15	-	-	3.09	-
Closing balance	**47.60**	**45.05**	**2.55**	**46.00**	**46.00**	**-**

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

45. Employee benefits *(contd.)*

B. Plan assets

For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the total plan assets:

Particulars	Amounts		% Composition	
	As at 31 March, 2020	As at 31 March, 2019	As at 31 March, 2020	As at 31 March, 2019
State/ Govt. of India securities	16.93	16.94	38%	37%
Corporation bonds/ fixed deposits with banks	1.93	2.18	4%	5%
Special deposit scheme with Bank	3.51	3.51	8%	8%
HDFC group unit linked plan-option B	15.42	12.85	34%	28%
Other investments -UTI master shares	2.26	2.83	5%	6%
LIC fund	3.51	4.20	8%	9%
Others	1.49	3.49	3%	8%
	45.05	**46.00**	**100%**	**100%**

C. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

Particulars	As at 31 March, 2020	As at 31 March, 2019
Discount rate	7.00%	7.75%
Expected rate of future salary increase	5.50%	6.50%
Mortality	100% of IALM (2012 - 14)	100% of IALM (2006 - 08)
Attrition at ages:-		
-Upto 30 years	3%	3%
-From 31 to 44 years	2%	2%
-Above 44 years	1%	1%

Assumptions regarding future mortality have been based on published statistics and mortality tables.

The Holding Company expects to pay Rs. 7.48 (31 March 2019: Rs. 7.11) in contribution to its defined benefit plans in the next year

D. Sensitivity analysis

Considered good.

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (50 basis points movement)	(2.70)	1.86	(2.71)	1.68
Expected rate of future salary increase (50 basis points movement)	1.88	(2.74)	1.65	(2.71)

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

45. Employee benefits *(contd.)*

Sensitivities due to mortality and withdrawals are insignificant, hence ignored. Sensitivities as regards rate of inflation, rate of increase in payment of pensions, rate of increase in payment of pensions before retirement and life expectancy are not applicable being a lump sum benefit payables on retirement. Although, the analysis does not take account the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions disclosed above.

Maturity profile of defined benefit obligation

Year	As at 31 March, 2020	As at 31 March, 2019
0 to 1 year	6.69	6.83
1 to 2 year	0.74	0.62
2 to 3 year	0.74	0.89
3 to 4 year	2.62	1.09
4 to 5 year	2.13	1.05
5 to 6 year	2.13	1.19
6 year onwards	32.53	33.71

E. Description of risk exposures:

Defined benefit plans expose the Company to below actuarial risks :

Changes in bond yields:	Decrease in bond yields will increase plan liabilities, although this will partially be offset by the increase in value of the plan assets.
Life expectancy:	Defined benefit obligaitons are to provide benefits for the life of the members of the plan, so increase in life expectancy will result in increase in plan's liabilities. This is particularly significant where inflationary increase results in higher sensitivity to the changes in life expectancy.
Asset Volatility	Asset volatility is the risk when assets underperform in comparison to the bond yield, then this create asset deficit.

46. Related Parties

A. Related parties and their relationships

i Key Managerial Personnel (KMP)

Name	Relationship
Mr. C. S. Nopany	Executive Chairman
Mr. U. K. Khaitan	Non-executive Director
Mr. Amit Dalal	Non-executive Director
Mr. Rajan Dalal	Non-executive Director
Mr. Rajiv K.Podar	Non-executive Director
Smt. Sonu Bhasin	Non-executive Director
Mr. Ashok Mittal	Non-executive Director
Mr. Rohit Dhoot	Non-executive Director
Mr. Bipeen Valame	Whole Time Director and Chief Financial Officer
Mr. S.K. Khandelia	President and Chief Executive Officer

ii Entity in which KMP has significant influence (where transactions have taken place):

Avadh Sugar & Energy Limited

iii Post employment benefit entity:

Sutlej Textiles and Industries Employee Gratuity Fund

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

46. Related Parties *(contd.)*

B. Transactions with the above in the ordinary course of business

	For the year ended 31 March, 2020	For the year ended 31 March, 2019
a) Remuneration to Key Managerial Personnel		
Mr. C S Nopany		
- Short-term employee benefits	2.75	3.00
- Commission	-	1.72
Mr. S.K.Khandelia		
- Short-term employee benefits	6.19	6.14
- Post-employment benefits *	0.02	0.17
Mr. Bipeen Valame		
- Short-term employee benefits	1.11	1.14
- post-employment benefits *	0.06	0.07
b) Director sitting fees		
Mr. C S Nopany	0.03	0.02
Mr. U.K. Khaitan	0.04	0.04
Mr. Amit Dalal	0.05	0.05
Mr. Rajan Dalal	0.04	0.03
Mr. Rajiv K. Podar	0.04	0.05
Ms. Sonu Bhasin	0.03	0.03
Mr. Rohit Dhoot	0.03	0.03
Mr. Ashok Mittal	0.02	-
c) Director commission		
Mr. U.K. Khaitan	0.04	0.04
Mr. Amit Dalal	0.04	0.04
Mr. Rajan Dalal	0.04	0.04
Mr. Rajiv K. Podar	0.04	0.04
Ms. Sonu Bhasin	0.04	0.04
Mr. Rohit Dhoot	0.04	0.04
Mr Ashok Mittal	0.04	-
d) Rent expenses		
Mr. C S Nopany	0.05	0.05
e) Transactions with Avadh Sugar & Energy Ltd		
Redemption of investment in preference shares	24.35	24.35
Reimubersement of expenses	0.33	-
Dividend income	4.05	6.03
f) Contribution to Post employment benefit entity		
Sutlej Textiles and Industries Employee Gratuity Fund	2.15	5.39

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

46. Related Parties *(contd.)*

C. Balances outstanding

	As at 31 March, 2020	As at 31 March, 2019
Investments		
Avadh Sugar & Energy Limited	-	25.74
Payables		
Mr. C S Nopany		
Rent	0.01	0.01
Commission	-	1.72
Avadh Sugar & Energy Limited	0.33	-
Post employment Benefit payables		
Mr. S.K.Khandelia	1.49	1.47
Mr. Bipeen Valame	0.25	0.19
Director Commission Payables		
Mr. U.K. Khaitan	0.04	0.04
Mr. Amit Dalal	0.04	0.04
Mr. Rajan Dalal	0.04	0.04
Mr. Rajiv K. Podar	0.04	0.04
Ms. Sonu Bhasin	0.04	0.04
Mr. Rohit Dhoot	0.04	0.04
Mr Ashok Mittal	0.04	0.01
Payables		
Sutlej Textiles and Industries Employee Gratuity Fund	2.55	-

47. Financial instruments – Fair values and Risk Management

I. Fair value measurements

A. Financial instruments by category

Particulars	Note	As at 31 March, 2020		As at 31 March, 2019	
		FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets					
Investments					
Equity shares of JNSB*	5A	0.00	-	0.00	-
Preference shares	5B	0.79	-	26.42	-
Non-current loans	6	-	8.59	-	12.16
Trade receivables	10	-	262.47	-	304.78
Cash and cash equivalents	11	-	10.19	-	8.51
Bank balances other than cash and cash equivalents	12	-	1.71	-	1.78
Loans	13	-	0.01	-	0.21
Other current financial assets	14	-	53.79	1.66	56.61
		0.79	**336.76**	**28.08**	**384.05**

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

47. Financial instruments – Fair values and Risk Management *(contd.)*

Particulars	Note	As at 31 March, 2020		As at 31 March, 2019	
		FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial liabilities					
Borrowings	19	-	469.55	-	436.92
Other non-current financial liabilities	21	-	13.96	-	10.63
Lease liabilities	20	-	1.51	-	-
Short terms borrowings	25	-	291.43	-	380.85
Trade payables	26	-	123.50	-	120.56
Other current financial liabilities	27	9.65	166.81	-	157.77
		9.65	**1066.76**	**-**	**1106.73**

*The total amount of investments in absolute value is Rs. 5,000 (31 March 2019: Rs. 5000), but for reporting purpose rounded up to Rs. 0.0 crores

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents and other bank balances are considered to be the same as their fair values, due to their short-term nature.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

There are no transfers between level 1 and level 2 during the year

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments

- the fair value of forward foreign exchange contracts is determined as per values provided by banks

- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities and preference shares, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

B. Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value, and

(b) measured at amortised cost and for which fair values are disclosed in the consolidated financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

47. Financial instruments – Fair values and Risk Management *(contd.)*

Financial assets and liabilities measured at fair value - recurring fair value measurements

	Level 1	Level 2	Level 3	Total
As at 31 March 2020				
Financial assets				
Financial investments at FVTPL				
Investments				
Equity shares of JNSB*	-	-	0.00	0.00
Preference shares	-	-	0.79	0.79
Total financial assets	**-**	**-**	**0.79**	**0.79**
Derivative liabilities	-	9.65	-	9.65
Total financial liabilities	**-**	**9.65**	**-**	**9.65**
As at 31 March 2019				
Financial assets				
Financial Investments at FVTPL				
Investments				
Equity shares of JNSB*	-	-	0.00	0.00
Preference shares	-	-	26.42	26.42
Derivative assets	-	1.66	-	1.66
Total financial assets	**-**	**1.66**	**26.42**	**28.08**
Total financial liabilities	**-**	**-**	**-**	**-**

*The total amount of investments in absolute value is Rs. 5,000, but for reporting purpose rounded up to Rs. 0.0 crores

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted securities.

Fair value measurements using significant unobservable inputs (level 3)

Particulars	Unlisted equity shares*		Unlisted preference shares	
	As at 31 March, 2020	As at 31 March, 2019	As at 31 March, 2020	As at 31 March, 2019
Balance at the beginning of the year	0.00	0.00	26.42	50.97
Redemption of Preference shares	-	-	(24.35)	(24.35)
Gain/(losses) recognised in statement of profit or loss	-	-	(1.28)	(0.20)
Balance at the end of the year	**0.00**	**0.00**	**0.79**	**26.42**

*The total amount of investments in absolute value is Rs. 5,000, but for reporting purpose rounded up to Rs. 0.0 crores.

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

47. Financial instruments – Fair values and Risk Management *(contd.)*

Valuation inputs and relationships to fair value

Type of Financial Instruments	Fair Value as at 31 March, 2020	Fair Value as at 31 March, 2019	Significant unobservable inputs	Probability-weighted range	Sensitivity
Unquoted preference shares in Avadh Sugar & Energy Limited	-	25.74	Risk-adjusted discount rate	Nil (31 March 2019: 8.32% to 10.32%)	Nil (31 March 2019: Change of (+)100/ (-) 100 basis points - Fair value would change by Rs (-) 0.91 and Rs. (+)0.95 respectively
Unquoted preference shares in Palash Security Limited	0.79	0.68	Non dividend paying shares hence higher discount rate considered as per RBI Guideline	16% (31 March 2019: 16%)	-
Unquoted equity shares (in equity shares of Co-operative Bank: The Jhalawar nagrik Sahkari bank Ltd. Bhawanimandi)*	0.00	0.00	0.00	-	-

*The total amount of investments in absolute value is Rs. 5,000 (31 March 2019: Rs. 5000), for reporting purpose rounded up to Rs. 0.0 crores. Sensitivity analysis of unlisted equity shares has been ignored being not material.

Valuation process

The Group involves independent valuer to carry out the valuation of the investments, required for financial reporting purposes, including level 3 fair values. The main level 3 inputs for unlisted preference shares used by the Group are derived and evaluated as follows:

- Risk adjusted discount rates are estimated based on expected cash inflows arising from the instrument and the entity's knowledge of the business and how the current economic environment is likely to impact it.

Changes in level 2 and 3 fair values are analysed at the end of each reporting year.

C. Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Other non current loans	8.59	8.59	12.16	12.16
Trade receivables	262.47	262.47	304.78	304.78
Cash and cash equivalents	10.19	10.19	8.51	8.51
Bank balances other than cash and cash equivalents	1.71	1.71	1.78	1.78
Current loans	0.01	0.01	0.21	0.21
Other current financial assets	53.79	53.79	58.27	58.27
	336.76	336.76	385.71	385.71

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

47. Financial instruments – Fair values and Risk Management *(contd.)*

Particulars	As at 31 March, 2020		As at 31 March, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Borrowings	469.55	469.55	436.92	436.92
Lease liabilities	1.51	1.51	-	-
Other non-current financial liabilities	13.96	13.96	10.63	10.63
Short term borrowings	291.43	291.43	380.85	380.85
Trade payables	123.50	123.50	120.56	120.56
Other current financial liabilities	176.46	176.46	157.77	157.77
	1,076.41	**1,076.41**	**1,106.73**	**1,106.73**

II. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk and
- Market risk

i. Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the processes to ensure that executive management controls risks through the mechanism of property defined risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and responsibilities..

ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure. The Group monitor credit risk very closely both in domestic and export market. The Management impact analysis shows credit risk and impact assessment as low.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group's management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes market check, industry feedback, past financials and external ratings, if such information is available, and in some cases bank references. Credit limits are established for each customer and reviewed quarterly. Any Credit limit exceeding those limits require approval from the President of the Group.

About 50 % of the Group's customers have been transacting with the Group for over four years, and no

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

47. Financial instruments – Fair values and Risk Management *(contd.)*

significant impairment loss has been recognized in respect of these customers. To monitor customer credit risk, customers are reviewed according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry and existence of previous financial difficulties.

The Group establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables

The carrying amount net of loss allowances of trade receivables is Rs. 262.47 (31 March 2019 Rs. 304.78)

Ageing of trade receivables is as below:

Particulars	Less than 6 months	6-12 months	More than 12 months	Total
As at 31 March 2020	255.17	6.92	0.38	262.47
As at 31 March 2019	295.02	7.28	2.48	304.78

During the year, the Group has made no write-offs of trade receivables, it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off. The Group management also pursue all legal options for recovery of dues wherever necessary based on its internal assessment.

Reconciliation of loss allowance provision – Trade receivables

Particulars	As at 31 March, 2020	As at 31 March, 2019
Balance at the beginning of the year	(1.56)	(1.52)
Less: Provision for doubtful debts written back	-	-
Add: Provision for doubtful debts made	(3.06)	(0.10)
Changes in loss allowance	0.08	0.06
Balance at the end of the year	**(4.54)**	**(1.56)**

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected future cash flows. This is generally carried out at unit level and monitored through corporate office of the Group in accordance with practice and limits set by the Group. These limits vary by location to take into account requirement, future cash flow and the liquidity in which the entity operates. In addition, the Group's liquidity management strategy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

47. Financial instruments – Fair values and Risk Management *(contd.)*

(a) Financing arrangements

The Group had access to the following undrawn borrowing facilities as at reporting date:

Particulars	As at 31 March, 2020	As at 31 March, 2019
Floating rate		
Expiring within one year (credit limit and other facilities)	145.53	180.33
Expiring within one year (Term loans)	-	-
	145.53	**180.33**

The credit limit facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in Rupees (Rs.) and have an average maturity of 3 years and 9 months as at 31 March 2020 (31 March 2019 - 4 years and 4 months).

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and the impact of netting agreements.

Particulars	Carrying Amounts	Contractual cash flows				
		Total	2 months or less	2–12 months	1–5 years	More than 5 years
As at 31 March 2020						
Non-derivative financial liabilities						
Borrowings	469.55	469.55	-	-	396.80	72.75
Lease liabilities	1.51	1.51	0.04	0.10	1.06	0.31
Other non-current financial liabilities	13.96	13.96	-	-	9.11	4.85
Short term borrowings	291.43	291.43	74.27	217.16	-	-
Trade payables	123.50	123.50	71.72	51.78	-	-
Other current financial liabilities	166.81	166.81	29.60	137.21	-	-
Total non-derivative liabilities	**1066.76**	**1066.76**	**175.63**	**406.25**	**406.97**	**77.91**
Derivative financial liabilities						
Foreign exchange forward contracts	9.65	9.65	1.21	8.44	-	-
Total derivative liabilities	**9.65**	**9.65**	**1.21**	**8.44**	**-**	**-**
Total finanancial liabilities	**1,076.41**	**1,076.41**	**176.84**	**414.69**	**406.97**	**77.91**
As at 31 March 2019						
Non-derivative financial liabilities						
Borrowings	436.92	436.92	-	-	379.54	57.38
Other non-current financial liabilities	10.63	10.63	-	-	5.24	5.39
Short term borrowings	380.85	380.85	319.47	61.38	-	-
Trade payables	120.56	120.56	85.70	34.86	-	-
Other current financial liabilities	157.77	157.77	27.43	130.34	-	-
Total non-derivative liabilities	**1,106.73**	**1,106.73**	**432.60**	**226.58**	**384.78**	**62.77**

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

47. Financial instruments – Fair values and Risk Management *(contd.)*

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group uses derivatives like forward contracts to manage market risks on account of foreign exchange and various debt instruments on account of interest rates. All such transactions are carried out as per guidelines of the Management.

a. Currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD , EUR, CHF and GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (Rupees). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the Rupees cash flows of highly probable forecast transactions by hedging the foreign exchange inflows on regular basis. The Group also consults external experts for their views on the currency rates in volatile foreign exchange markets.

Currency risks related to payables and recievables denominated in foreign currencies have been partially hedged using forward contracts taken by the Group.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates whenever, necessary, to address short-term imbalances.

(i) Exposure to currency risk

The quantitative data about the Group's exposure to currency risk as reported by the management of the Group is as follows:

Particulars	USD	EUR	GBP	CHF
31 March 2020*				
Financial assets/ liabilities				
Trade receivables	1.77	0.00	0.00	-
Advances to suppliers	0.01	0.00	-	0.00
Foreign currency working capital borrowings	(2.02)	-	-	-
Trade payables	(0.20)	(0.00)	-	(0.00)
Contract liabilities	(0.10)	(0.00)	-	-
Net statement of financial position exposure	**(0.54)**	**(0.00)**	**0.00**	**0.00**
31 March 2019*				
Financial assets/liabilities				
Trade receivables	2.17	0.01	0.00	-
Advances to suppliers	0.01	0.02	-	-
Foreign currency working capital borrowings	(3.47)	-	-	-
Trade Payables	(0.10)	(0.00)	-	-
Contract liabilities	(0.17)	(0.01)	0.00	-
Net statement of financial position exposure	**(1.56)**	**0.01**	**0.00**	**-**

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

47. Financial instruments – Fair values and Risk Management *(contd.)*

(ii) Unhedged foreign currency exposure

Particulars	USD	EUR	GBP	CHF
31 March 2020*				
Financial assets/ liabilities				
Trade receivables	0.02	0.00	0.00	-
Advances to suppliers	0.01	0.00	-	0.00
Foreign currency working capital borrowings	(2.02)	-	-	-
Trade payables	(0.20)	(0.00)	-	(0.00)
Contract liabilities	(0.10)	(0.00)	-	-
Net statement of financial position exposure	**(2.29)**	**0.01**	**0.00**	**0.00**
31 March 2019*				
Financial assets/ liabilities				
Trade receivables	-	0.02	(0.00)	-
Advances to suppliers	-	0.01	-	-
Foreign currency working capital borrowings	-	-	-	
Trade payables	-	-	-	-
Contract liabilities	(0.17)	(0.01)	-	-
Net statement of financial position exposure	**(0.17)**	**0.02**	**(0.00)**	**-**

*The total amount in absolute value is less than 100,000, but for reporting purpose rounded up to Rs. 0.0 crores

(iii) Derivative instruments

Particulars	USD	EUR	GBP
31 March 2020*			
Forward contract for export trade receivables outstanding	2.77	-	-
31 March 2019*			
Forward contract for export trade receivables outstanding	0.97	0.01	0.00

The following significant exchange rates have been applied

Particulars	Average Rates		Year end spot rates	
	As at 31 March, 2020	As at 31 March, 2019	As at 31 March, 2020	As at 31 March, 2019
USD 1	71.02	69.89	75.32	69.17
EURO 1	78.92	80.92	82.98	77.70
GBP 1	90.17	91.74	93.51	90.48
CHF 1	78.18	70.69	78.38	69.42

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

47. Financial instruments – Fair values and Risk Management *(contd.)*

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Rupees (Rs.) against foreign currencies as at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Profit or loss*		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2020*				
USD (10% movement)	(0.05)	0.05	(0.03)	0.03
EURO (10% movement)	(0.00)	0.00	-	-
GBP (10% movement)	0.00	(0.00)	-	-
CHF (10% movement)	0.00	(0.00)	-	-
31 March 2019				
USD (10% movement)	(0.16)	0.16	(0.10)	0.10
EURO (10% movement)	-	-	-	-
GBP (10% movement)	-	-	-	-
CHF (10% movement)	-	-	-	-

*The total amount in absolute value is less than 100,000, but for reporting purpose rounded up to Rs. 0.0 crores

b. Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. During financial year 2019-20 and financial year 2018-19, the Group's borrowings at variable rates were denominated in Rupees.

Currently the Group's borrowings are within acceptable risk levels, as determined by the management, hence the Group has not taken any swaps to hedge the interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

Particulars	Nominal Amount	
	As at 31 March, 2020	As at 31 March, 2019
Fixed-rate instruments		
Financial assets	-	-
Fixed deposits with Banks	0.52	0.55
Financial liabilities	-	-
	0.52	**0.55**
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	873.45	922.59
	873.45	**922.59**

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

47. Financial instruments – Fair values and Risk Management *(contd.)*

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and statement of profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Profit or loss		Equity, net of tax	
	50 basis points increase	50 basis points decrease	50 basis points increase	50 basis points decrease
31 March 2020				
Variable-rate instruments	(4.36)	4.36	(2.84)	2.84
Cash flow sensitivity	**(4.36)**	**4.36**	**(2.84)**	**2.84**
31 March 2019				
Variable-rate instruments	(4.60)	4.60	(2.99)	2.99
Cash flow sensitivity	**(4.60)**	**4.60**	**(2.99)**	**2.99**

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

c. **Commodity price risks**

The Group is exposed to the risk of price fluctuations of raw materials, dyes and chemicals, work-in-progress and finished goods. The Group manages its commodity price risk by maintaining adequate inventory of raw materials, dyes and chemicals, work in progress and finished goods considering anticipating movement in prices. To counter raw materials risk, the Group works with varieties of fibres (natural and manmade) with the objective to moderate raw material cost, enhance application flexibility and increase product functionality and also invested product development and innovation.

Inventory sensitivity analysis (raw materials, dyes and chemicals, work in progress and finished goods)

A reasonably possible change of 10% in prices of inventory at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Inventories (raw materials, dyes and chemicals, work in progress and finished goods)	Profit or loss		Equity, net of tax	
	10% increase	10% decrease	10% increase	10% decrease
31 March 2020	44.08	(44.08)	28.82	(28.82)
31 March 2019	52.56	(52.56)	34.37	(34.37)

48. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these consolidated financial statements since the requirement does not pertain to financial year ended 31 March 2020

49. In respect of Okara Mills, Pakistan, (which remained with the Group as a result of transfer of textiles division of Sutlej Industries Limited with the Group) no returns have been received after 31 March 1965. Against net assets, amounting to Rs 2.32 of Okara Mills, Pakistan, the demerged /transferor Company received adhoc compensation of Rs. 0.25 from Government of India in the year 1972-73. These assets now vest with the Custodian of Enemy Property, Pakistan for which claim has been filed with the Custodian of Enemy Property in India. The Group shall continue to pursue its claim for compensation/ restoration of assets. Hence, further compensation, if any received, will be recorded in the year of receipt. In the financial year 2003-04, net assets of Rs. 2.07 (net of compensation received) as at 31 March 1965 were valued at pre-devaluation exchange rate, has been provided for.

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

50. Disclosure u/s 186(4) of the Companies Act, 2013 :

a) Particulars of Investments made:-

Particulars	For the year ended 31 March, 2020	For the year ended 31 March, 2019
1 Investment in 8.5% Non-Convertible Cumulative Redeemable Preference Shares (NCRPS) fully paid in M/s Avadh Sugar & Energy Limited (Refer Note 5 B)		
Investment made during the year	-	-
Balance outstanding as at reporting date	-	25.74
2 Investment in 8.5% Non-Convertible Cumulative Redeemable Preference Shares (NCRPS) fully paid in M/s Palash Securities Limited (Refer Note 5 B)		
Investment made during the year	-	-
Balance outstanding as at reporting date	0.79	0.68

51. Capital management

The Primary objective of the management of the Group's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows. Management also monitors the return on equity. The board of directors regularly review the Group's capital structure in light of the economic conditions, business strategies and future commitments. For the purpose of the Group's capital management, capital includes issued share capital and all other equity reserves. Debt includes term loans. During the financial year ended 31 March 2020, no significant changes were made in the objectives, policies or processes relating to the management of the Groups capital structure.

(i) Debt equity ratio:

Particulars	As at 31 March, 2020	As at 31 March, 2019
Net debt*	859.18	909.55
Total debt (A)	**859.18**	**909.55**
Equity share capital	16.38	16.38
Other equity	942.72	925.46
Total equity (B)	**959.10**	**941.84**
Debt equity ratio (C=A/B)	**0.90**	**0.97**

*The Group includes with in net debt, interest bearing loans and borrowings less cash and cash equivalents and other bank balances.

(ii) Return on equity

Particulars	As at 31 March, 2020	As at 31 March, 2019
Profit after tax	27.70	58.26
Equity share capital	16.38	16.38
Other equity	942.72	925.46
Total equity	**959.10**	**941.84**
Return on equity ratio (%)	**2.89%**	**6.19%**

(iii) The Gorup's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The weighted-average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 6.25% (31 March 2019: 6.17%).

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

52. Additional information as required under Schedule III to the Companies Act, 2013, of enterpirses consolidated as subsidiaries.

Name of the enterprise	Net assets i.e. total assets - total liabilities share		Share in profit or loss for the year	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
31 March 2020				
1. Holding Company	98.20	941.87	130.40	36.12
2. Foreign subsidiary Company				
Sutlej Holdings, Inc. (including American Silk Mills. LLC)	1.80	17.23	(30.40)	(8.42)
	100.00	**959.10**	**100.00**	**27.70**
31 March 2019				
1. Holding Company	97.44	917.69	112.77	65.70
2. Foreign subsidiary Company				
Sutlej Holdings, Inc. (including American Silk Mills. LLC)	2.56	24.15	(12.77)	(7.44)
	100.00	**941.84**	**100.00**	**58.26**

Name of the enterprise	Other comprehensive income for the year		Total comprehensive income for the year	
	As % of consolidated other comprehensive income for the year	Amount	As % of consolidated other comprehensive income for the year	Amount
31 March 2020				
1. Holding Company	37.24	0.89	123.00	37.01
2. Foreign subsidiary Company				
Sutlej Holdings, Inc. (including American Silk Mills. LLC)	62.76	1.50	(23.00)	(6.92)
	100.00	**2.39**	**100.00**	**30.09**
31 March 2019				
1. Holding Company	9.91	0.23	108.83	65.93
2. Foreign subsidiary Company				
Sutlej Holdings, Inc. (including American Silk Mills. LLC)	90.09	2.09	(8.83)	(5.35)
	100.00	**2.32**	**100.00**	**60.58**

Notes to the Consolidated Financial Statements *(contd.)*

(all amounts are in Rupees crore, unless otherwise stated)

53. At each reporting date, the Group evaluate whether there is objective evidence that the property, plant and machinery of the Cash generating unit "CGU" is impaired in terms of IND AS – 36 "Impairment of Assets". If there is such evidence, the carrying amount is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and impairment, if any, is recognized in the consolidated financial statement of the Company.

On account of increased input costs, competitive pressure and unfavourable market conditions in Damanganga unit, particularly upholstery and curtains, the Damanganga ("CGU") incurred significant losses during the year. The Group carried out an impairment assessment of the aforesaid CGU using the fair value less cost to sell model which is based on the replacement value of plant and machinery and market value of land and building. Fair valuation is calculated using certain assumptions i.e. prevailing market dynamics. The Group has also involved independent valuer to carry out the fair value of the property, plant and equipment of CGU. As per the Group assessment, there is no impairment required to be recognized in the consolidated statement of profit and loss account.

Signatures to Notes 1 to 53

The notes referred to above form an integral part of the consolidated financial statements

For B S R & Co. LLP
Chartered Accountants
ICAI Firm Regn. No.: 101248W / W-100022

Rajiv Goyal
Partner
Membership No -094549

Place : Gurugram
Date: 12 June 2020

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Rajan Dalal
Director
DIN: 00546264

C. S. Nopany
Executive Chairman
DIN: 00014587

S. K. Khandelia
President & CEO
M.No. : 016336

Bipeen Valame
Whole time Director and CFO
DIN : 07702511

Manoj Contractor
Company Secretary
M.No. : A11661

Place : Mumbai
Date: 12 June 2020

sutlej
textiles and industries limited

Sutlej Textiles and Industries Limited