SUSTAIN. EMPOWER. GROW.

sutlej
textiles and industries limited

Sutlej Textiles and Industries Limited
Annual Report 2021-22

Contents

Highlights of FY 2021-22

Revenues (Rs.)

3,072.25 crore

EBIDTA (Rs.)

417.62 crore

PBDT (Rs.)

361.09 crore

PAT (Rs.)

155.68 crore

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 materialize, 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.

SUSTAIN.
EMPOWER.
GROW.

There is a bigger priority to sustain the integrity of our Balance Sheet, empower our people and grow through the challenges of the external world.

These demanding priorities are warranting strategic clarity, pan-organizational competence and a focused commitment down to the last person standing.

At Sutlej, we have responded with speed and sensitivity to the challenges of the world. The result was that the Company grew attractively during the last financial year, focused on Balance Sheet right-sizing, leveraged its backward integration and sustained its commitment to make innovative and value-added products.

The result is that the Company's revenue grew 62% and profit after tax 1537% during FY 2021-22.

Corporate snapshot

Sutlej Textiles and Industries Limited.

One of India's largest and most respected spun dyed yarn manufacturers.

One of India's largest cotton blended dyed and mélange yarn manufacturers.

One of India's respected manufacturers of home textiles addressing curtains, upholstery and made-ups.

One of few large Indian textile companies to have integrated backwards to the manufacture of 'green' fibre.

These investments weremde with the objective to enhance visibility, respectability, profitability and sustainability.

Our ethos

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 fibre to 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.

Background

Sutlej's roots date back to pre-Independence India (1934). The Company is one of the flagship companies of the multi-business conglomerate promoted by the visionary, the late Dr. K. K. Birla. Across the years, the Company has evolved as one of the largest integrated textile manufacturing companies in India, manufacturing synthetic, natural, mélange and blended yarns, all types of spun yarns and home textiles.

Our capacities

The Company has state-of-the-art spinning mills that are located in Rajasthan, Jammu & Kashmir, Himachal Pradesh and Gujarat. Through the years, the Company exponentially scaled its capacities across all units. The Company's total spinning capacity was nearly 4.21 lakh spindles at the close of FY 2021-22; daily effective production was 288 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.

Our manufacturing plants

Units	Location	Products manufactured		Capacity
Chenab Textile Mills	Kathua, Jammu & Kashmir			1,11,739 spindles of cotton blended mélange yarns 99,605 spindles of manmade fibre yarns
Rajasthan Textile Mills	Bhawanimandi, Rajasthan	Cotton yarns and manmade fibre yarns including mélange yarns		43,689 spindles of cotton blended mélange yarns 81,975 spindles of manmade fibre yarns
Birla Textile Mills	Baddi, Himachal Pradesh			26,747 spindles of cotton blended mélange yarns 56,485 spindles of manmade fibre yarns
Damanganga Home Textiles	Daheli, Gujarat	Home textiles		8.40 million metres per annum 116 shuttle-less looms
Sutlej Green Fibre	Baddi, Himachal Pradesh	Raw white, black and doped dyed recycled polyester fibre		120 metric tonnes per day

Product mix

The Company is a one-stop textile solution for all kinds of spun dyed yarns manufactured from natural or manmade fibres across any blend and any shade in the count range of 6s-50s.

Accreditations

The Company's quality standards conform to IS/ISO-9001:2008 norms. The Company was given the Usterised license by Uster Technologies, Switzerland, for the Kathua unit and OCS-IN (Organic Content Standard), GOTS-IN (Global Organic Textiles Standard) and Oeko-Tex Standard 100 certifications. Moreover, the other certifications of the Company comprised: ISO 9001:2015 - Quality Management System-Certified by Bureau of Indian Standard, SA8000:2014 - Social Accountability – Certified by SGS India, Fair Trade by FLOCERT, Better Cotton Innovative membership, Recycle Claim Standard by Control Union, Global Recycle Standard by Control Union, Cotton Made in Africa and INDITEX.

Esteemed clientele

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

Global presence

The Company seeks enduring relationships with an extensive network of agents and dealers in India and across the world. The Company is one of India's largest exporters of value-added synthetic and blended yarns, enjoying a presence across 62 nations. The Company has developed a strong reputation among textile fabric manufacturers in key markets such as USA, EU, UK, Turkey, Bangladesh, Latin America and Africa, among others.

Credit rating

The Company's short-term rating was upgraded from A1 to A1+ by India Ratings, signifying a strong degree of safety regarding the timely payment of financial obligations. Such facilities carry the lowest credit risk.

The long-term rating was been upgraded from A to A+ by India Ratings, signifying adequate degree of safety regarding the timely servicing of financial obligations and low credit risk.

The Company seeks enduring relationships with an extensive network of agents and dealers in India and across the world. The Company is one of India's largest exporters of value-added synthetic and blended yarns, enjoying a presence across 62 nations.

Our awards and recognitions

Synthetics and Rayon Textile Export Promotion Council (SRTEPC)

- **Gold Trophy:** Best Export Performance Synthetic & Rayon Dyed Yarn 2020-21
- Fourth Best Overall Export Performance SRTEPC Special Award 2020-21

The Cotton Textiles Export Promotion Council (TEXPROCIL)

- **Gold Trophy:** Highest Exports of Cotton Processed Yarn in 2019-20.
- **Gold Trophy:** Special Achievement Award in Export of Cotton Yarn 2019-20
- Rajasthan Energy Conservation Award - 2021, First Prize

Business verticals

Value-added yarns


Dyed yarns


Mélange yarns

Home textiles


Curtains

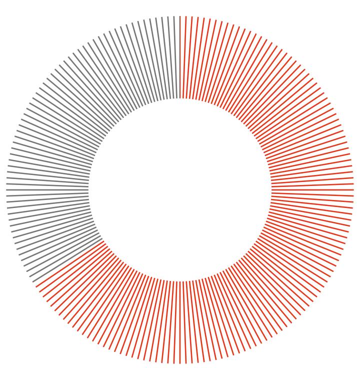

Upholstery


Made Ups

Recycled polyester staple fibre

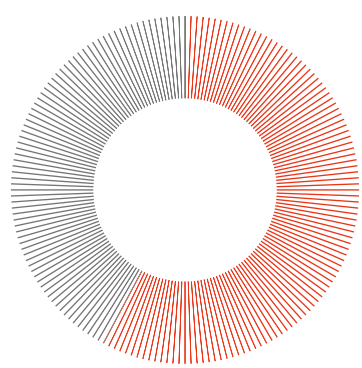
Raw white, black and doped dyed recycled polyester fibre

Revenue by geography, 2020-21



66% Domestic 34% International

Revenue by geography, 2021-22



58% Domestic 42% International

Key milestones

2006-07

- Entered the home textiles segment through Damanganga Home Textiles.
- Expanded Kathua and Bhawanimandi units by 35,400 spindles and 2,112 spindles respectively, with the objective to manufacture PV dyed yarn.

2008-09

- Expansion of the Bhawanimandi unit by 7,488 spindles to manufacture PV dyed yarn.
- 12,672 spindles added at Bhawanimandi for manufacturing cotton yarn.

2010-11

- Commenced commercial production with an expanded capacity of 31,104 spindles at Kathua to manufacture cotton mélange and cotton blended dyed yarn.
- Installed 12 MW thermal power plant at Bhawanimandi.

2014

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

2015-16

- Acquired of Birla Textile Mills, Baddi.
- 35,280 spindles added at Bhawanimandi for the manufacture of cotton blended dyed and mélange yarn.
- 9.6 mn mtr per annum expansion of the home textiles capacity at Bhilad.

2017

- Set up a 2.2 MW rooftop solar power project at Bhawanimandi.
- Acquired Design, Sales and Distribution (DS&D) business along with the brand of American Silk Mills, LLC.
- Installed 18 circular knitting machines at Bhawanimandi.

2021

- Backward integration with a capacity to manufacture 120 tonnes per day of Recycled polyester staple fibre.
- Modernization of the home textiles facility.
- Launched the home textiles brand called "NESTERRA".

5 big messages of this Annual Report

1

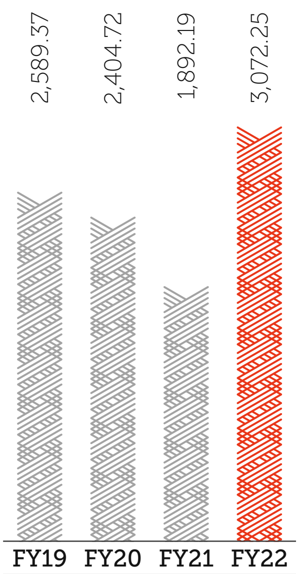
The Company demonstrated its business model that is resilient and responsive

2

The Company leveraged growing value from integration (backward and forward)

How we performed over the years

Revenues (Rs. crore)

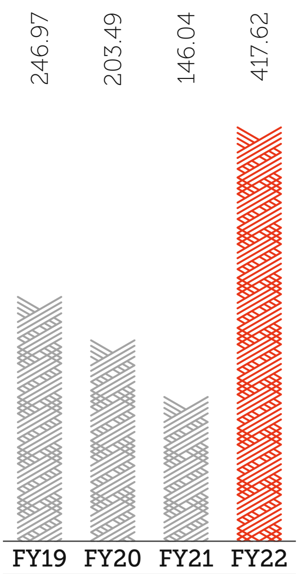


Definition
Sales growth after deducting indirect taxes.

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 revenue increased 62% to Rs. 3,072.25 crore in FY22 due to substantial increase in domestic and export sales. Exports contributed Rs. 1,265.86 crore, indicating the Company's global competitiveness.

EBIDTA (Rs. crore)



Definition
Earnings before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax).

Why we measure
It showcases the Company's ability to optimize costs despite inflation; helps compare with the Company's retrospective average and sectorial peers.

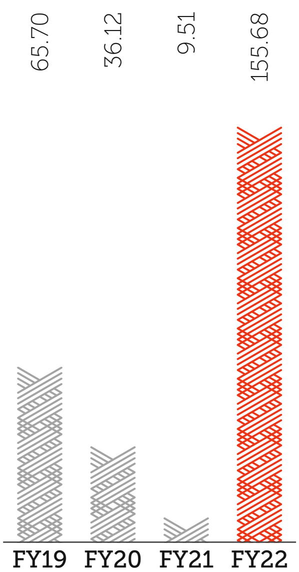
Performance
EBIDTA increased to Rs. 417.62 crore due to a substantial increase in domestic as well as exports revenue.

3
The Company moderated long-term debt, strengthening profitability

4
The Company is watching the global and Indian markets before embarking on the next capacity expansion

5
The Company will continue to focus on capacity expansion, value-addition, asset modernization and integration

Net profit (Rs. crore)

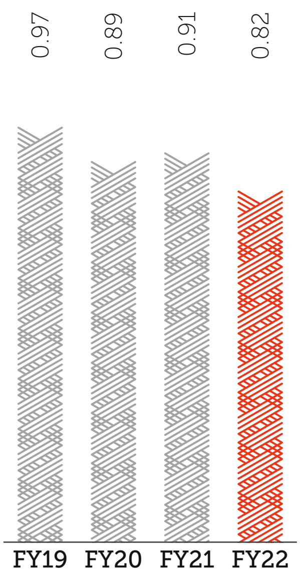


Definition
Profit earned during the year after deducting all expenses and provisions.

Why we measure
It highlights the strength of the business model in generating value for its stakeholders.

Performance
Net profit grew sharply to Rs. 155.68 crore due to substantial increase in domestic as well as export revenue.

Gearing (x)

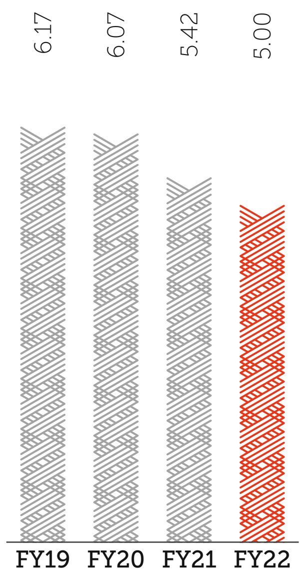


Definition
This is derived through the ratio of debt to net worth (less revaluation reserves).

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, better). In turn, it indicates the ability of the Company to sustain growth in profits, margins and shareholder value.

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

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 6.17% in FY19 to 5% in FY22. We recommend that this ratio be read in conjunction with our rising interest cover (rising, indicating higher liquidity) across the medium-term.

The Chairman's overview

The Company's philosophy is about patience and perseverance in the face of challenging market realities

The Company's performance in the last two years was in the face of unprecedented business realities that put a premium on seeking new ways to sustain and grow.

Overview

Our theme for the year - Sustain. Empower. Grow. - is an ethic that the Company has lived across the last nine decades of its existence.

The Company's philosophy is about growing patience and perseverance in the face of challenging market realities. It is about empowering employees to respond with initiatives that strengthen the business. It is about the coming together of sustenance and empowerment leading to sustainable growth.

The validation of this ethic is reflected in the longevity of our Company. The fact that we have survived and succeeded in this challenging space across political, economic and technology cycles is a vindication of our commitment to perpetually expand capacities and capitalize on economies of scale, invest in ongoing modernization to enhance operating efficiencies, and deepen a culture of innovation with the objective to bring differentiated products to consumers.

Seldom has this commitment been tested more than in the last two years, marked by a pandemic slowdown that translated into a decline in revenues, margins and profits in FY 2020-21 and a rebound in our financial and operating parameters in FY 2021-22. During the slowdown, the Company kept faith and focus on the core elements of its business. This focus was validated during the year under review when the Company reported a vigorous rebound. This rebound was marked by profitable growth: 62% growth in revenues was corresponded by a 186% increase in EBIDTA.

Economic background

The global economy grew from 3.3% to 5.9% in 2021. The Indian economy rebounded from a degrowth of 7.3% in FY2020-21 to a growth of 8.7% in FY 2021-22. The country's manufacturing sector grew 12.5% compared with a degrowth of 7.2%

in the previous financial year. The global textile sector grew 10.1% during the year under review.

The US sanctions on Xinjiang cotton in China opened a new market for India's export of spun-dyed yarns. The emergence of the China-plus-one factor turned serious global buyers towards India for long-term engagement. The announcement of long-term textile sector policies by the Indian government enhanced clarity. The benefits of RODTEP (WTO-compliant) strengthened the Indian textile sector. The Indian government entered into free trade agreements with countries. The extension of the production-linked incentive scheme extended to man-made fibres. The government announced the launch of mega textile parks.

It would appear that the Company's vigorous performance rebound was achieved in a conducive business environment. The reality was that the Company's performance in the last two years was in the face of unprecedented business realities that put a premium on seeking new ways to sustain and grow.

There was a sharp rise in cotton price, crude oil, other commodities and interest rates. The outbreak of the Ukraine-Russia war affected global business sentiment, affecting textile exports. There was a slowdown in the Chinese economy that moderated textile demand.

The BANI factor

So, what has transpired in the last couple of years that is different from previous slowdowns coupled with subsequent recoveries, one may ask. I believe that the VUCA (volatile-uncertain-complex-ambiguous) environment of the past has been replaced with BANI (brittle, anxious, non-linear and incomprehensible).

A new understanding of BANI is necessary to comprehend challenges of the Company's

operating environment. The brittle nature of the operating environment is reflected in its vulnerability to external shocks and unforeseen developments, affecting not just a country or two but becoming an extensive multi-country phenomenon. The brittleness of the modern world was highlighted when a pandemic outbreak exposed the fragility of the global social and economic environment.

The other visible feature of this new normal is a sense of anxiousness. This anxiety is affecting consumer purchase; in turn, this is influencing capital expenditure by companies. The one offshoot of this reality is that staggered capacity creation is resulting in a sharp increase in product and resource inflation, creating a second layer of anxiety related to the sustenance of trends and a preference for the status quo.

The third feature of BANI is a growing non-linearity of the modern world. The conventional relationship between cause and effect is no longer evident. What worked in the past is not working in the present and may not work in the future either. An entire eco-system of predictability has been threatened leading to a hesitation in decision-making.

The last dimension of BANI is the word 'incomprehensible'. An abundance of data is not necessarily leading to informed decision-making. A real-time understanding of range of global realities is overloading the mind with data that is putting a premium on detached and objective decision making. The answers coming out of the conventional shifting of data are not leading to clarity. The result is a decline in the understanding of our space, economy and global direction. What used to be simple is now complex; what required simple deduction is now guess work.

The bottom line of this new normal is that a mistake can set one back by years. Companies do not only need to be right; they need to be more right than ever. They need to be resilient during phases of uncertainty and be among the first to rebound during periods of economic recovery. They need to mitigate the impact of downtrends (however long that lasts); they need to maximize cash flows during periods of recovery (however brief).

Sustain. Empower. Grow.

At Sutlej, we believe that the new normal warrants a new way of doing business.

What worked for us in the past needs to be questioned; what was taken as the surest way to do things needs to be re-examined.

At Sutlej, our re-examination comprises three words that have been sequenced into a statement: 'Sustain. Empower. Grow.' This line has acquired a deeper relevance; it encapsulates a clarity of how companies like ours can negotiate external challenges and protect business sustainability.

The word 'sustain' draws on the Company's rich multi-decade culture of manufacturing excellence. The word draws on the Company's deep-rooted understanding of balanced risk and caution; it draws on the Company's institutionalized knowledge across roles and functions; it draws on good business practices. The bottom line is that 'sustain' is really the Company's shock absorber that is its most effective insurance against external volatility.

The word 'empower' draws attention to the need for informed collective action. This action is not about decisions taken in an ivory tower; it is about engaging the organization down to the last person standing, drawing on that person's knowledge, initiative and passion for organizational benefit. The competitive companies of the future will be those that engage their talent more productively. The effectiveness of 'empower' will be increasingly derived from talent recruitment and empowerment; it will be derived from the capacity to reappraise and adapt nimbly to the market environment. There will be a bigger premium on the need to learn and unlearn; on the need to harness talent for customer benefit; on the need to reorganize, train and share information; on the need to celebrate every small win and see failures as learning opportunities; on the need to strengthen the enumeration culture so that the organization speaks with data as a credible basis; on the need to make the Company a preferred place to work in.

The word 'grow' represents a predictable outcome of initiatives. The priority for our Company is to grow bottom-up, widen the portfolio, launch pioneering products, strengthen backward integration, deepen ecological relevance, strengthen the 'head to tail' alignment and see change as an opportunity. The priority will enhance organizational flexibility and responsiveness.

Enriching outcomes

Out of the uncertainties created by the pandemic and upheaval in the social-political environment, a new Sutlej is emerging.

This Sutlej is raising the bar across virtually all roles and functions. The Company is not just focusing on customer service; it is obsessed with customer delight. The Company engages periodically with customers to understand how Sutlej can help take their business ahead. The result is that Sutlej launched new products and attracted new customers, which generated around 15% revenues during the year under review, a sizeable share for an initiative that will now be rapidly scaled.

At Sutlej, we are cautiously optimistic of prospects even as the Company continues to wait and watch the unfolding scenario before committing any sizeable investment in manufacturing capacity. The Company will sweat manufacturing facilities, widening its value-addition and enhance stakeholder value.

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

C. S. Nopany
Chairman

The big picture

India's textile sector is estimated at US$ 44 billion against US$ 319 billion of China.

As the world looks to develop an alternative textile products supplier following the outbreak of the pandemic, an unprecedented opportunity appears to be opening out for India.

Even if a small part of the global supply chain shifts to India, the opportunity could be unprecedented for nimble textile companies like Sutlej.

As a forward looking player, Sutlej has invested in people, processes, plants and products.

This investment has been made with the objective to capitalize and enhance value for stakeholders in a sustainable way.

Sustain.
Empower.
Grow.

These three words encapsulate our response to an unpredictably volatile world

Sustain

The commitment to make the good even better

Building on the established direction, if only faster

Building on existing growth platforms

Building on a culture of product innovation

Building on the Company's rich knowledge bandwidth

Drawing on the Company's guarded risk appetite

Positioning the company as responsible and environment-friendly

Drawing on good business practices including governance

Desired outcome: Leverage these capabilities and competencies to enhance business profitability and sustainability

Empower

The commitment to build leaders at every level

Enhance collective engagement of the talent available with the Company

Empower and enhance a feeling of emotional ownership

Empower the team to manufacture complex yarns at lower cost

Inspire responsiveness, resulting in superior customer value

Empower through training, responsibility and accountability

Empower through team working in line with stretched targets

Empower through a culture of continuous improvement (kaizen)

Empower through reward and recognition, leading to outperformance

Desired outcomes: Shrinking deadlines, savings through improvements, enhanced talent productivity and collective outperformance

Grow

The commitment to grow value for all stakeholders

Grow our customer base, the bedrock of our profitability

Deliver customer growth through a neat product fit

Deepen our presence in niche dyed and spun yarn segments

Strengthen the ESG personality; focus on resource moderation

Enrich the careers of employees, strengthening their retention and productivity

Provide vendors stable and large engagements, strengthening procurement economies

Enhance value for shareholders through a better market valuation of their holdings and dividend outgo

Widen the value chain – from green fibre to yarn to home textiles

Desired outcomes: Enhanced value in the hands of our stakeholders, enhancing their engagement with the Company and strengthening our eco-system

Preparedness

Sutlej is prepared through its ‘Sustain. Empower. Grow’ positioning

Brand

The Company has sustained its respect for innovative niche and dyed yarn products, inspiring the recall that 'If it is Sutlej, it must be different'

Culture

The Company is being driven by a culture of 'There has to be a better way' resulting in initiative taking and outperformance

Secure

The Company has built a robust Balance Sheet, marked by a larger use of accruals in capital expenditure

People

The Company attracts talent from outside and also encourages the nurturing of talent from within

Digitalisation

The Company is replacing manual non-manufacturing interventions through digital technologies

'Green' mindset

The Company has deepened its investment in environment-friendly products and process, enhancing recall and respect

Financial overview

How Sutlej has created a financial foundation for a multi-year value-accretive journey

Overview

The principal message that the management seeks to communicate is that it secured its financial foundation during the year under review to be able to enhance stakeholder value in a sustainable way.

This financial foundation possesses the credentials for attractive value-creation: a predominant reliance on accruals, moderating long-term debt, longstanding customer relationships, increasing customer wallet share, moderated capital expenditure, backward integration and revenue headroom.

The Company built a complement of two businesses – spun/dyed yarns and home textiles - with the objective to broadbase risk, widen margins and strengthen sustainability. The Company's performance of FY 2021-22 was creditable on account of a surge in global demand, a demand shift from China to India (China + 1 factor) and higher realizations.

This improvement was achieved in the face of challenges (social, political and economical): the pandemic-induced slowdown, commodity inflation, shortage of shipping containers, rise in oil prices, increased logistics costs and the Ukraine-Russia war. These realities notwithstanding, the biggest achievement of the Company was its capacity to protect its brand and continue building its Balance Sheet during the year under review.

Clarity

The management possesses a strategic financial clarity that is expected to translate into sustainable value-accretive growth. The principal features of the Company's approach comprise the following:

- Improved credit rating
- Attractively under-borrowed Balance Sheet with declining long-term debt
- Balanced accruals/debt-funded capital expenditure
- Lower cost of debt (short-term and long-term)
- Sustained cost management

Revenue growth and mix

Sutlej reported profitable growth during the year under review. Revenues grew 62%, while EBIDTA grew 186% and profit after tax strengthened 1537%. The growth in revenues helped amortize fixed costs more effectively, strengthening profitability. The spun/dyed yarns segment accounted for 95.47% of revenues while the home textiles business accounted for 4.53% during the year under review. The spun/dyed yarns segment grew 62.86% while the home textiles business grew 78.12%.

Capital efficiency

At Sutlej, we aspire to generate a return higher than what our risk partners (shareholders) would generate if they invested in alternative asset classes. The Company enjoys a track record of maximizing capital efficiency by working in product niches, seeding the market, growing a consumption appetite, re-investing accruals and building a competitive advantage.

During the year under review, the Company reported a ROCE of 20.21%, which was higher than the average debt cost incurred by the Company of 15.21% and the prime lending rate of 12.86% within the Indian economy. The ROCE generated by the business was 1244 bps higher than in the previous year on account of an attractive increase in realizations. The Company strengthened EBIDTA margin by 587 bps during the year under review to 13.59%. Net profit margin strengthened by 457 bps to 5.07%.

Credit rating

At Sutlej, we demonstrated our commitment to enhance margins, strengthen gearing and moderate long-term debt during the year under review. However, the Company's short-term debt increased by Rs. 125.47 crore to finance working capital requirements. The average cost of this short-term debt was 3.77%, 29 bps lower than in the previous financial year. An important influence on the cost of this short-term debt was the sound credit rating of the Company (higher the rating, lower the cost).

Liquidity

At Sutlej, financial liquidity enhances our capacity to invest in capital expenditure largely through our earnings, negotiate better with vendors in exchange for immediate payment and showcase our liquidity to attract credible stakeholders. Given a choice between maximizing revenues with stretched liquidity or moderate-to-high revenues with enhanced liquidity, the Company will select the latter.

The Company measures liquidity by net cash on the books (cash less debt), interest cover (Earning before debt service, depreciation and tax divided by interest outflow) and the gearing ratio. Net worth was Rs. 1,130.18 crore and total debt was Rs. 936.49 crore as on 31st March, 2022 as against Rs. 980.02 crore and Rs. 899.74 crore respectively as on 31st March, 2021. Interest cover was 7.56 in FY 2021-22 as against 3.93 in the previous year. Debt-equity ratio remained attractive at 0.82 (including short-term debt) and 0.42 (excluding short-term debt), which improved from 0.91 and 0.57 respectively in 2020-21 (the Company increased net worth by Rs. 150.16 crore and reduced long-term debt by Rs. 88.72 crore during the year under review).

As a measure of the Company's liquidity, it possessed Rs. 1,130.18 crore in net worth, Rs. 477.99 crore in long-term debt and Rs. 458.50 crore in short-term debt as on 31st March, 2022. This visible reliance on net worth represented a buffer in a volatile world.

Revenue mix

At Sutlej, our objective is to blend our business (spun/dyed yarns and home textiles). The non-yarns business was introduced to enhance value-addition, widen the product basket, increase captive consumption and emerge as a respected textiles player. Yarns accounted for 95.47% of the Company's revenues during the year under review.

At Sutlej, our core focus is cotton and man-made fibre yarns for fabric makers; the Company's brand is that of a value-added solutions provider. The Company will deepen its core competence, increasing the proportion of revenues from this segment. Nearly 66.53% of the Company's Rs. 77.99 crore debottlenecking-based capital expenditure was directed towards existing yarn lines.

At Sutlej, we believe that the best margins lie in cotton-blended mélange yarns. In view of this, a disproportionately large proportion of the Company's capital expenditure is being directed towards the manufacture of cotton-blended mélange yarns. The proportion of spindles used for cotton-blended mélange yarns was 43% during the year under review but likely to rise in the next two years.

Capital expenditure

At Sutlej, we are committed to ongoing capital investment that comprises debottlenecking, normal maintenance expenditure and modernization initiatives.

The Company has proposed a greenfield project of 89,184 spindles comprising cotton mélange yarn and PC grey yarn along with a dye house in Jammu & Kashmir at an estimated project cost of Rs. 914 crore, which is expected to be completed by 2025.

By the virtue of the capital expenditure being allocated principally to cotton blended mélange yarns, the Company expects to grow profitably.

Debt moderation

At Sutlej, debt moderation is integral to our long-term profitability. In the past, when the Company invested in greenfield capital expenditure, it balanced the role of debt and net worth. Even in a challenging FY 2021-22, when the external environment proved challenging, the Company mobilised Rs. 31.41 crore out of internal accruals to fund its growing business. The Company moderated long-term debt during the year, selecting to grow the business largely through accruals.

Average cost of debt declined from 6.07% in 2019-20 to 5.42% in 2020-21 to 5% in 2021-22. As an index of the Company's treasury management, the average cost of short-term debt was 3.77% while the Company generated an average 13.77% return on equity.

Working capital hygiene

The Company enhanced its working capital hygiene by controlling its receivables cycle within tolerance limits through stable terms of trade with customers, marketing product variants enjoying strong offtake, marketing value-added products and increasing the proportion of cash-and-carry revenues.

Working capital cycle (days of turnover equivalent) decreased from 156 days in 2020-21 to 133 days in 2021-22. The Company's receivables were 55 days of turnover in FY 2020-21 and 54 days during the year under review; finished goods inventory decreased from 23 days of cost of sales equivalent to 19 days during the same period and raw material inventory decreased from 101 days of raw material consumption equivalent to 80 days during the same period.

Repeat customers

The Company's products attract repeat orders from customers who have been associated with the Company for years. The strength of this long-standing engagement was reflected in the ability of the Company to pass cost increases to customers with the lag of a couple of quarters.

Countering challenges

The Company suffered an increase in logistics costs that could not be completely passed on to customers. The Company leveraged long-standing relationships that made it possible to exercise a cost-plus formula that passed inflation to customers (and vice versa) with a reasonable lag.

The Company countered the challenge of a decline in shipping container availability with proactive planning. The result was that the Company delivered on-time and in-full to match customer production schedules. This service predictability during a challenging period strengthened the Company's brand as a dependable partner.

Operational upsides

The Company experienced positive upsides during a challenging FY 2021-22.

The Company's revenue visibility was protected by its de-risked 'sell and make' approach as opposed to its 'make-to-sell' business (which could have increased inventory). The predictability of the business was secured through a credible order book.

The Company strengthened the manufacture of 'green' fibre through a capacity utilization of 91.37%. Nearly 73% of the recycled fibre was consumed within the Company, strengthening value-addition, respect and resource security during a volatile market.

The Company moderated the cost of long-term debt by 4 bps from an average 6.22% to 6.18% during FY 2021-22; by the close of the year, the average long-term debt cost on the Company's books was 6.18% and the average short-term debt cost was 3.77%. The Company enjoyed the support of 6 banks for long-term debt access and 9 banks for short-term financing needs. By the close of the year, the Company had drawn only 76% of its sanctioned working capital.

Liquidity

The Company continued to prioritize financial liquidity in FY 2021-22. It finished the year under review with Rs. 2.32 crore in cash and Rs. 936.49 crore in total debt and an unutilized limit of Rs. 192.20 crore (long / short-term limit) on 31.03.2022.

The other measures of liquidity validated the Company's competitive position. Interest cover strengthened from 3.93 to 7.56; gearing (taking all debt into account) remained attractive; net worth increase during the year under review was Rs. 150.16 crore, a creditable achievement.

Capital allocation discipline

The Company will continue to grow its business through an increase in capacity utilization, manufacture of a larger proportion of value-added products and enhanced manufacturing capacity through debottlenecking. These relatively asset-light approaches are expected to strengthen capital efficiency.

Financial objectives

The Company will seek to grow revenues without stretching working capital management. It will strengthen backward integration through captive raw material sourcing. It will address the challenge of inflation through prudent procurement and inventory management. It will seek to leverage its A1+ credit rating to mobilize short-term debt at a lower cost.

Our financial discipline

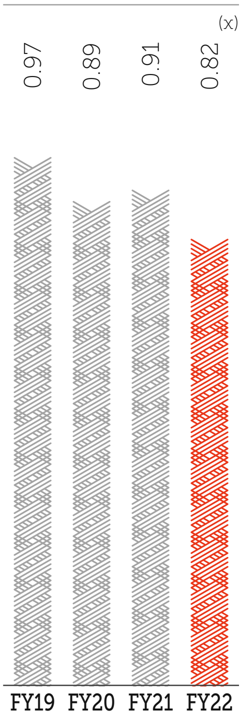
- Focus on debottlenecking
- Focus on asset-light growth
- Under-utilization of working capital sanctions
- Timely long-term debt repayment
- Backward integration into green fibre

How we strengthened our working

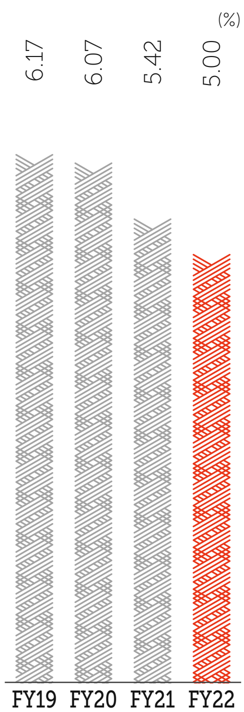
Clarity	Capital efficiency	Credit rating	Liquidity
Business mix	Revenue mix	Capital expenditure	Debt moderation
Locational focus	Working capital hygiene	Repeat customers	Countering challenges
Operational upsides	Liquidity	Capital allocation discipline	Financial objectives

Our financial hygiene

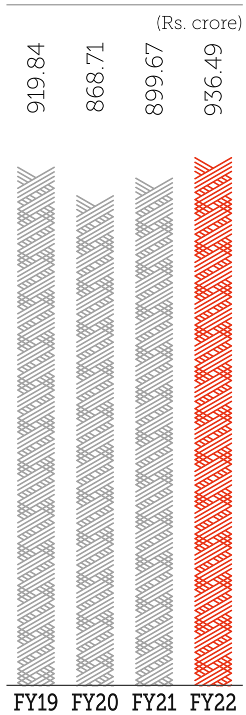
Our debt-equity ratio



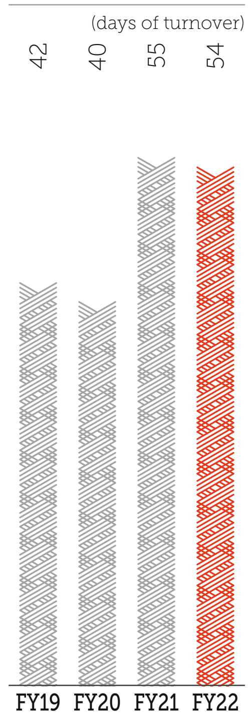
Our blended debt cost



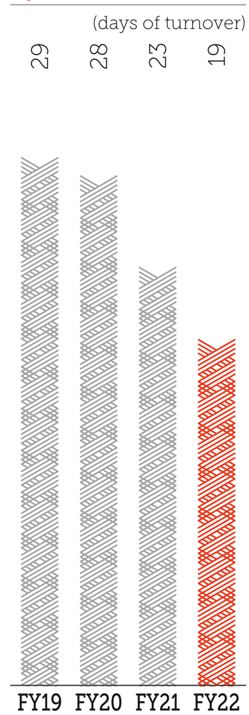
Our consolidated debt



Our receivables cycle



Our finished goods inventory cycle



The context

There is a subtle, yet powerful, shift transpiring in the global textile sector

...And how Sutlej is prepared to capitalize

Human rights

The US administration imposed trade sanctions on the export of Chinese yarn and garments that utilized cotton that had been grown in China's Xinjiang province. The trade sanction was on account of the perceived mistreatment by China's administration of its Uighur Muslim minority community, a human rights transgression.

Sutlej is competently placed to capitalize. Nearly 44% of the Company's product mix comprised cotton in FY 2021-22; the Company enjoyed a footprint across 61 countries; 8.34% of its export revenues were derived from USA; the Company employed responsible practices related to human dignity, equality, fairness and counter-child labour.

Environment friendly

There is a growing preference among consumers to buy apparel that is environment-friendly. This includes a preference for clothes made from yarn using recycled fibre. There is a growing movement toward certifications that validate environment responsibility and sustainability. This is strengthening a trend for consumer-facing labels to reach out to vendors with sustainable practices.

Sutlej is future-ready. The Company invested in a 120 TPD green fibre manufacturing plant that consumes PET waste. This is not only helping clear the world of non-biodegradable plastic waste that would otherwise have been landfilled; it is also transforming this waste into wealth and consumer utility.

Free Trade Agreements

The modern world is about trade agreements and inter-country collaborations whereby one country provides access to another for business investments in exchange for access to that country for trade opportunities. India signed Free Trade Agreements with some countries in the last few years and is likely to sign more, opening opportunities for the export of textile products from India.

Sutlej is attractively placed to capitalize by the virtue of its presence in niche dyed yarns and value-added fabric, providing the Company with an opportunity to export intermediary products (yarns) and value-added end products (fabric).

China + 1 factor

There is a growing movement of global textile sector supply chains to seek vendors alternative to China. This China + 1 factor does not seek to replace China as a long-term supplier; it seeks to moderate an excessive dependence on China in favour of countries like India, Vietnam and Bangladesh. India is attractively placed to capitalize by the virtue of its value-chain - starting from cotton or synthetic fibre and extending all the way to branded high fashion apparel.

Sutlej is competently placed to address this opportunity due to its longstanding exposure to global customers (exports were 41.20% of its revenues, in FY 22) and presence as a part of stable global supply chains with demonstrated on-time and in-full service capability.

Social media

The world is increasingly fashion-driven. An exposure to the social media means that individuals would prefer to be seen wearing clothes and accessories that are trendy and fashionable - and not be seen too often in them. This is increasing the number of fashion cycles; each fashion is shorter than the cycle that existed, say, a decade ago. This, in turn, is putting a premium on textile companies to adapt with speed.

Sutlej has established respect for the ability to launch innovative niche dyed yarns of various blends addressing the diverse universe of downstream applications. The speed of product innovation and launch has strengthened its linkage with the downstream supply chain of branded consumer-facing labels who are also being driven by youthfulness and vibrancy.

Digitalization

The manual and the mechanical is being replaced with the digital. As the world enters Industry 4.0, there is a premium on the need to professionalize forecasting, financial analysis and processes, which is where digital interventions come in.

Sutlej has been investing strategically in digital interventions comprising Enterprise Resource Package that makes it possible to record, automate, analyse and simulate. Besides, digitalization has helped minimize human interventions (and errors), enhanced process integrity, strengthened governance, strengthened controls, made decision-making informed and strengthened organization agility.

Change at Sutlej

In a sensitized world, we stabilized manufacture of 'green fibre'

Overview

The 'green' fibre product manufactured by Sutlej is positioned more than just value-addition designed to generate a superior margin.

The product has been positioned to transform the brand of the Company.

FY 2021-22 was the first full year of operations of the Company's 'green' fibre unit. The Company manufactured polyester fibre utilizing PET waste. Besides, the initiative addressed a growing consumer need to buy garments utilizing recycled fibre. As prominent garment labels the world over replace synthetic fibres with 'greener' alternatives, a wider market has emerged for green fibre.

Sutlej's manufacture of green fibre resulted in almost 97% capacity utilization by the end of the year under review; most of the fibre produced was consumed within, the Company strengthening value-addition and resilience to a challenging price environment. More importantly, the backward integration enhanced the Company's respect as a responsible and reliable manufacturer.

Big numbers

120
Tonnes per day, installed capacity of 'green' fibre at Sutlej

4.80
million, peak quantum of PET bottles that can be consumed by Sutlej a day

73
% of the Company's green fibre appetite serviced from within

91.37
% capacity utilization of the green fibre plant, FY 22

Change at Sutlej

Nesterra represents the apex of our value-addition pyramid

Overview

Sutlej launched Nesterra as a B2B and B2C initiative, the first retail brand in its existence, in 2020-21.

The Nesterra brand was positioned to achieve some derived outcomes.

One, the brand was directed towards attractive value-addition, strengthening realizations and margins.

Two, the brand was positioned as consumer-facing, which would create the traction for the Company to create an internal driver of yarn and fibre offtake.

Three, the brand would leverage and enrich the longstanding pedigree of the House of Sutlej.

The last financial year was the first full year of the Nesterra brand of home textiles to perform in the marketplace. The brand carved out respect for weaving excellence, quality consistency, design aesthetics and timely service.

By the close of the year under review, the brand was servicing almost 300 retailers; the Company launched eight collections comprising almost 1,100 SKUs.

During the current financial year, the Company intends to launch another eight collections, widening and deepening its presence across India and creating a platform for the Company to double sales throughput per day.

By FY2025, the home textiles business is expected to account for more than 10% of the Company's revenues.

Widening our Home Textiles portfolio, 2021-22

Drapery Fabrics	Upholstery Fabrics	Made-ups


CATALOGUE

Our digital framework

How technology has transformed the efficiency of the organization

Overview

One of the most decisive ways the Company is transforming its business is through digitalisation – with a difference. This digitization is cutting across the organization as opposed to being present in only an organizational pocket. This initiative is about aggregating the functions of the Company into a composite whole, integrating operations to derive holistic conclusions, strengthening one aspect of operations to extend upsides across other segments and wiring the organization to derive a larger data mass leading to superior analytics. These initiatives are expected to translate into enhanced agility and customer responsiveness.

Strengths

▪ The senior management's commitment towards sustained digitalisation	▪ A strong IT team at the corporate and unit levels to address all requirements from within the Company	▪ Strong business continuity plan with a robust back-up system
▪ Full-proof anti-virus system	▪ Comprehensive cyber policy to counter the possibility of business losses on account of unintended IT outcomes	

Challenges and counter-initiatives

With increasing dependence on IT platforms during the pandemic, cyber security emerged as a challenge in FY 21-22.

The Company adapted an operating model in which working from home became the 'new normal'. While working from home, reputational, operational, legal and compliance cyber security issues emerged. The Company embarked on measures to create a cyber-safe remote-working environment, which comprised the creation of a secured SSL-VPN for users working from home, implementation of SOPHOS UTM device – a Unify Threat Management System that prevents, detains and filters all threats and unauthorised persons at the gateway level - and the implementation of a Trend Micro Apex Central (anti-virus) protection for all units.

The Company initiated cyber risk insurance for enhanced security from cyber threats.

Outlook

The Company has outlined a vision to graduate its digital transformation to the next level (Industry 4.0). The Company intends to optimize its automation, predictive maintenance, efficiency and a new level of responsiveness for customers.

Our people competitiveness

How we reinforced our talent capital

Overview

The Company has invested in its human capital. Various initiatives have been undertaken to upgrade and upskill the talent pool available within the Company. Skill development programmes are undertaken at the shop floor level, which facilitates the adoption of new technologies by the Company.

HR priorities

- To hire, train and retain the employees of all cadres
- To prepare a talent pool to address talent requirements
- To offer compensation and benefits at par with industry standards
- To engage in periodic employee engagement across units
- To have a robust performance management system (PMS), resulting in a transparent performance management of employees
- To protect the health and well-being of employees and their families

Challenges and counter initiatives

During the year under review, the Company faced no challenges on account of efficient HR/IR teams across locations as it practically identified adequate manpower sources. Employee protection following COVID-19 outbreak was the primary objective; measures were taken to prevent people loss. All critical positions were plugged through effective recruitment and retention.

Outlook

The Company intends to focus on leadership development programs and enhancing skills across all functions. The Company plans to improve its existing Performance Management System.

Business segment# 1

Specialised yarn

2,905.89
Rs. cr revenue in 2021-22

1,784.32
Rs. cr revenue in 2020-21

437.48
Rs. cr EBIDTA in 2021-22

151.17
Rs. cr EBIDTA in 2020-21

295.70
Rs. cr Profit before tax & exceptional items in 2021-22

44.21
Rs. cr Profit before tax & exceptional items in 2020-21

92.82
% Effective capacity utilization in 2021-22

74.88
% Effective capacity utilization in 2020-21

Overview

The Company is present in two major yarn segments - cotton mélange and synthetic dyed yarn. Cotton mélange yarn is mostly marketed and sold to garment exporters for end use in knitting fabric. The Company is a major market player in the PV dyed yarn segment used for manufacturing suiting fabric. The Company also manufactures 100% poly dyed yarn for sweater making and PA dyed yarn for dress material and saree manufacture.

The Company produces multi-fiber (synthetic and natural) yarns across diverse applications (grey, dyed and mixed) and counts (6-50), a competitive edge that makes it possible to introduce unique products.

The Company is respected for using sustainable fibres in its manufacturing process; these comprise recycled Polyester, recycled Cotton, Organic / Fair Trade Cotton, Seacell / Smart Cell, Cupro, Hemp, Linen, Lenzing Modal, Tencil, Bamboo Fiber and Bamboo Charcoal fibers. The chemicals and dyes used in the Company's dye house are free of AZO, NPEO, APEO phenyles and formaldehyde.

The quality of Sutlej's spun yarn is benchmarked with the best quality in the domestic and international market. Over the years, the Company has been a trusted partner for fabric manufacturers, who have entered into long-term engagements for diverse blends and shares.

Capacity

The Company's manufacturing units are equipped with a robust supply-chain system with superior knowledge and experience. The Company has three manufacturing units, namely Rajasthan Textile Mills in Bhawanimandi (Rajasthan), Birla Textile Mills in Baddi (Himachal Pradesh) and Chenab Textile Mills in Kathua (Jammu and Kashmir). The Company's spindleage grew from 1,55,456 in 2005 to 4,20,240 in 2022.

Portfolio

The Company is not only one of the few manufacturers of specialty yarns (Lycra, Coolmax, Modal and Tencel yarns, among others) but is also one of the largest producers of Modal yarn (licensed from Lenzing, Austria). The Company strengthened its position as a single-point solution provider for a number 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 (supersoft 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

Challenges and counter-initiatives, FY2021-22

The resurgence of the pandemic in FY2021-22 resulted in poor sales of fabric and garments, as schools and offices remained shut, effectively shrinking the domestic market. The surge in the international cotton prices reflected in the domestic prices as well. The Company added fabric exporters to its clientele, who catered to markets in Europe, UK, US, Egypt and Afghanistan where there was a robust demand of PV dyed yarn.

The Company focused on the production of PC mélange-blended yarns, which are used to make comfort wear and was much in demand as a number of people were still working from home. With the addition of reputed customers like Welspun, Candor Textiles etc., the Company explored the technical textile market, where it supplied significant volumes with good margins. The Company also sold vast quantities of PC course count in North India markets.

Our export performance

The Company performed creditably in its spun-dyed yarn export business, leveraging its enduring brand of reliability, volumes and innovation. Exports accounted for 42.23% of the Company's spun-dyed yarn revenues in FY 2021-22 (34.36% in the previous year). Exports grew 100.16% to Rs. 1,227.30 cr (degrew 13% to Rs. 613.16 crore in the previous year). Export volumes climbed 49.80% in FY 2021-22 (compared to a de-growth of 12.10% in the previous year). The improvement in exports by revenues was possibly the largest in percentage terms by the Company in years. Average export realization per kg strengthened 33% to Rs. 274 from Rs. 206 in the previous year.

The improvement in exports was the outcome of a global shift. Following the pandemic outbreak in 2020 and disrupted global supply chains, most buyers of yarn, fabric and apparel began to exercise the China+1 option, warranting a broad basing of their supply chain beyond China. India, with a longstanding textile tradition, was one of the

largest to capitalize and the benefit of this was showcased during the year under review. The Company also addressed an increase in pent-up demand from manufacturers of knitted and woven fabric in Latin America and Turkey.

The Company capitalised on this demand shift through products addressing knitted fabric manufacturers, new spun-dyed yarn launches and new yarn blends. The Company continued to encounter robust demand from the dyed and mélange segments as well as sustained demand for synthetic yarn from Turkey.

The Company addressed a growing traction for environment-friendly apparel through the use of sustainable fibres (derived from its captive production of green fibre). The Company exported knitted fabric, which represented a value-addition on account of the captive manufacture of spun-dyed yarns. The Company addressed growing demand from the automotive, athleisure, apparel, upholstery and industrial segments through long-standing relationships.

The Company passed on a sharp increase in cotton cost to buyers.

Going ahead, the Company will continue evolving the portfolio with speed in line with market developments, pre-sell and manufacture, and match the volumes generated in FY 2021-22.

The outlook of the Company's exports is optimistic. If the broad basing of the supply chain away from China (accounting for 40% of the global textile output) sustains, even a small shift of that demand into India could transform prospects for most textile players.

Outlook, FY2022-23

With schools and corporate offices operational, there could be a significant demand growth for suiting fabric. The China+1 strategy could be beneficial for the emergence of India as an alternative manufacturing location to China.

As cotton prices are at all-time high, spinners are shifting towards PC, PV and 100% poly yarns. If cotton prices do not normalize in the new cotton season, product blends could change, challenging the product mix. The demand for PV segment could remain steady; there is a growing demand for stretch yarn in India after being used earlier in exported fabrics.

Our market share in 2021-22

50%
100% Poly dyed and Polyamide yarns (PA) for women clothing (dress material and sarees)

26%
Polyester Viscose (PV) dyed for suiting end-use applications

20%
100% Poly dyed yarns for sweaters

9-10%
Polyester cotton (PC) mélanges for knitting end-use applications

Big numbers

95.47%
of the Company's revenues accounted for by yarn

One of the leading Company by size among India's spun-dyed and cotton mélange yarn manufacturers

420,240
Dyed yarn spindles (as on 31st March, 2022)

43%
of spindles dedicated to cotton-dyed and cotton-blended mélange yarn

25.75
Average yarn count

Business segment# 2

Home Textiles

4.53
%, revenue share

25-30
% market share in the wholesale sector

Overview

The Company ventured into the home textiles segment in 2006. This was strategically beneficial as it widened the portfolio from yarn to a value-added end product. Moreover, the distribution network was the same, saving distribution costs.

From an industry perspective, venturing into the business of home textiles was attractive as there were few players in this growing segment at that time. The Company acquired American Silk Mills, a major supplier of reputed textile brands. The Company invested in the latest technology, complete with a back-end testing laboratory and cutting-edge equipment to manufacture quality products.

During 2020, the Company launched Nesterra, its first home textiles brand. Presently, Nesterra is sold from over 300 retail multi-brand outlets pan-India with 12 collections.

During 2021-22, the Company introduced a product line made of recycled, mélange and fancy yarn. Some 2,500 new SKUs were introduced for the domestic wholesale segment.

Challenges, 2021-22

The first quarter of FY22 witnessed the resurgence of the second wave of the Covid-19 pandemic, forcing a nationwide shutdown and affecting consumer sentiment in the domestic, UK and Europe markets. The launch of new product collections was also postponed. During this time, the Company focused on servicing repeat orders and improving service. When markets re-opened, sales revived.

The third wave of Covid-19 caused the cancellation of gatherings and exhibitions, leading to fewer client interactions and lead conversions. To counter this, the Company appointed representatives for each market and travelled to engage with customers once restrictions lifted.

Strengths			
▪ Drawing on the strength of the House of Sutlej	▪ Distinctive and competitive product range	▪ Strong design team customizing products as per respective choices	▪ Superior product longevity
▪ Good customer base	▪ Environment-friendly fibre; respect-enhancing	▪ Captive use of yarns and mélange yarns	

Branding activities, 2021-22

On-ground branding activities included out-of-home, Diwali campaign and visual merchandise across retail stores.

The out-of-home campaign covered nearly 100 locations across 5 States (including T2 Chhatrapati Shivaji International Airport, Mumbai).

Provided home décor pieces to passengers who interacted with the onsite brand team.

The campaign generated more than 1.5 million impressions within 15 days at the airport, more than 2,000 clicks on the brand pages on the internet and attractive store footfalls.

The Company generated influencer traction through reels, posts and stories through the brand launch (#FeaturingYou).

Outlook, FY22-23

The Company anticipates strong traction for Nesterra and the wholesale business. The Company will introduce 12 Nesterra collections, adding 800 SKUs, strengthening market share. The business seeks to widen its global footprint in United States, United Kingdom, Middle East and Asia.

Our product portfolio

Curtain fabric	Upholstery fabric	Readymade curtains	Cushion covers	Duvet cover set
Shams	Bed skirts	Quilts and quilting material	Wider width fabrics	Comforters

Our ESG commitment

At Sutlej, an Environment-Social-Governance (ESG) commitment resides at the core of our culture

Our foundation

- Environment compliance
- Robust Board
- Lower carbon footprint
- Process driven
- Safe work practices
- Audit and compliance driven
- Credible safety certifications
- Ethical framework

Overview

A growing number of companies are recognizing environmental, financial and reputational benefits from responsible engagement. Besides complying with environment norms, these companies are helping reduce resource depletion, water scarcity, pollution and harmful impacts coupled with process safety. Besides there is a growing emphasis on aligning business existence with United Nations' 10 principles that comprise manufacturing responsibility, environment sustainability, human rights, labour interests and anti-corruption initiatives. The result is that ESG represents a future-facing framework for business continuity.

Sutlej and ESG

At Sutlej, a commitment to Environment-Social-Governance (ESG) is integral to our existence. We believe that it is not enough to do the right things, but to do them in the right way as well. It is no longer important to focus on the needs of a limited number of stakeholders but to service all stakeholders.

The over-riding objective of our business is to enhance stakeholder trust. This objective defines why customers select our products, why employees engage with us, why vendors sell to us, why investors provide risk capital, why bankers lend and why communities support us.

Our environmental component

- Enrich and protect biodiversity
- Moderate the Company's carbon footprint
- Leverage the 5R's (replace, re-use, renewable, recycle, reduce)
- Graduate to a superior environment rating
- Conduct audits; invest in environment compliance
- Disclose environment performance transparently

Our social component

- Protect and ensure human rights
- Diversity & inclusion
- Focus on knowledge, experience and retention
- Investment in training
- Health, safety & well-being
- Community welfare
- Livelihood impacts

Our governance component

- Governance structure
- Board composition
- Board freedom to express
- Ethical framework
- Transparent reporting & assurance

The combination – environment, social and governance – represents a platform leading to secure, scalable and sustainable long-term growth.

How we enhanced our environment approach

At Sutlej, we believe that a low carbon approach is fundamental to businesses.

This commitment is universal, making it possible to mobilize debt quicker and at a lower cost; it enhances employee retention; it catalyses profitability.

Strong internal controls: There is a growing commitment to environmental management systems, conducting environmental due diligence and building disaster planning & response systems. The Board charts out a strategic direction and delegates day-to-day management to professionals who are guided by processes.

Resilience towards climate change: At Sutlej, there is a commitment to reduce energy intensity, reduce greenhouse gas emissions intensity and graduate to cleaner manufacturing fuels and processes.

Reduce our impact on environment and nature: The Company achieved zero waste to landfill and zero effluent discharge targets while moderating water consumption intensity in its operations.

How we have strengthened our social framework

Employees: We have invested in continuous cost management and sustainability across market cycles. The Company made investments in recruitment, retention and training to enhance efficiency and effectiveness. The Company also enhanced safety (training, protocols, investments and awareness-building).

Customers and vendors: The Company deepened relationships with vendors and primary customers.

Community: The Company engaged with the community around its manufacturing locations. The Company made relevant interventions in the areas of natural resource protection, environmental resilience, education equity and healthcare fortification in line with United Nations' Sustainable Development Goals.

How we have built a credible governance platform

Overview

At the heart of Sutlej's governance commitment is a strong one-tier Board system with Board of Directors who possess a disciplined orientation.

Ethics and integrity: The Board is committed to the highest standards of integrity. Directors commit to abide by the 'Code of Conduct', regulations and policies.

Responsible conduct: The Board prioritises the development of neighbourhoods, communities and societies in which it operates.

Accountability and transparency: The Board provides comprehensive financial and non-financial reporting and feedback. The Company is aligned with the best disclosure practices.

Board evaluation and compensation: The Board has a formal mechanism to evaluate performance of Committees and individual Directors, including the Chairman of the Board.

The Board was periodically apprised of emerging sectorial risks and trends. On a half-yearly basis, the Board members were presented a comprehensive assessment of risks with the potential to impact Sutlej's business and mitigation strategies.

The Board's role

The Board sets the direction; it reviews, assesses and approves initiatives. Besides this, it assesses issues, competing forces and business risks that define the Company's short-term performance and long-term viability. In its supervisory capacity, the Board monitors corporate performance and executive team behaviour. The holistic supervision includes strategy development, design and implementation. The Board periodically discusses the Company's ESG commitment from financial and other perspectives. The Board encourages the senior management to embark on initiatives beyond compliance in regulatory requirements and other matters.

Board independence

The Board comprises around 56% Independent Directors, who bring independent judgment to the table.

Board diversity

The Company's Board diversity harnessed differences and uniqueness in knowledge, skills, regional and industry experience, cultural and geographical backgrounds, ages, ethnicity, races and genders.

Ethics and integrity

The Company has formulated a 'Code of Conduct', setting out guidelines to be followed by the Board, senior management, employees and associates.

Board oversight

The various Board committees have been set up to carry out defined roles performed as articulated in their respective terms of engagement. The Board supervises committees and was responsible for their actions.

Skills and experience

The Sutlej Board aggregates knowledge, perspective, professionalism, thought diversity and experience. The Board members possesses a rich understanding of governance, technical, financial and non-financial issues. The Board possesses a rich experience of the textile sector, strategy, financial, counterparty negotiation, risks, legal, environment and social issues.

Our CSR Priority

Sutlej - Being Responsible

Overview

As a socially responsible Company, Sutlej is committed to playing a larger role in building a better, sustainable way of life for all sections of the society and raise the country's human development index.

As part of Corporate Social Responsibility (CSR), Sutlej believes in working for and supporting sustainable projects that contribute to social and economic development.

CSR is embedded in our long-term business strategy. Our community initiatives help elevate the quality of life of people, especially the disadvantaged sections of society. Our community-focused programmes aim at bringing about societal change and bridge developmental gaps through education, transformation of ecosystems, awareness towards environment and promoting sustainable development.

The Company invested Rs. 1.16 crore in CSR initiatives during the financial year under review. The Company continues its endeavour to improve the lives of people and provide opportunities for their holistic development through its different initiatives in the areas of education, health and sanitation, rural development, animal welfare, promotion of sport and others.

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) (till 11th June, 2022)
Mr. Rajib Mukhopadhyay (Wholetime Director and CFO) (w.e.f. 11th June, 2022)

Senior Management Executives

Mr. Updeep Singh Chatrath - President & CEO
Mr. Bipeen Valame - Wholetime Director and CFO (till 11th June, 2022)
Mr. Rajib Mukhopadhyay - Wholetime Director and CFO (w.e.f. 11th June, 2022)
Mr. Oscar Reig-Plaza - Business Head - Home Textiles
Mr. Manoj Contractor - Company Secretary & Compliance Officer

Unit Heads

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

Kathua Unit
Mr. Umesh Gupta - Executive President

Baddi Unit
Mr. Rajiv Gupta - Executive President (till 6th June, 2022)

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 400 083
Tel. (022) 4918 6270; Fax (022) 4918 6060
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
DCB Bank Limited
DBS Bank Limited
ICICI Bank Limited
Standard Chartered Bank
Federal Bank Limited
Axis Bank Limited

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

Sutlej Green Fibre
Baddi 173 205
Himachal Pradesh

Financial Highlights (Standalone)

(Rs. in crore)

Particulars	2021-22	2020-21	2019-20	2018-19	2017-18
Revenue from Operations	3,041.98	1861.08	2379.43	2561.64	2453.94
Total Income	3,072.25	1892.19	2404.72	2589.37	2487.53
Earnings Before Depreciation Impairment, Finance Cost and Taxes (EBDIT)	417.62	146.04	203.49	246.97	280.75
Depreciation, Impairment and Amortization	120.03	94.07	99.53	100.58	106.58
Profit before Tax and Exceptional Items	248.87	15.14	59.02	89.85	115.05
Exceptional Items	7.81	-	4.36	-	41.83
Profit before Tax	241.06	15.14	54.66	89.85	156.88
Profit after Tax	155.68	9.51	36.12	65.70	113.13
Equity Dividend (%)	185	30	30	65	130
Dividend Payout	30.31	4.91	4.91	12.83	25.63
Equity Share capital	16.38	16.38	16.38	16.38	16.38
Reserves and Surplus	1,113.80	963.64	954.62	930.45	890.20
Net worth	1,130.18	980.02	971.00	946.83	906.58
Gross Fixed Assets	2481.68	2414.44	2312.53	2085.65	2061.88
Net Fixed Assets	1187.13	1230.65	1210.79	1074.03	1118.88
Total Assets	2,442.49	2149.30	2117.52	2130.56	2181.75
Market Capitalization	1165.64	643.03	321.10	647.12	1164.82
Capital Employed	2,066.67	1879.76	1838.48	1869.42	1953.73

Key Indicators

(Rs. in crore)

Particulars	2021-22	2020-21	2019-20	2018-19	2017-18
Earnings Per Share (Rs.) $	9.50	0.58	2.20	4.01	6.91
Book Value per Share (Rs.)	68.99	59.82	59.27	57.80	55.34
Debt Equity Ratio	0.82:1	0.91:1	0.89:1	0.97:1	1.15:1
EBDIT / Gross Turnover (%)	13.73	7.85	8.55	9.64	11.44
Net Profit Margin (%)	5.12	0.51	1.52	2.56	4.61
Return on Net worth (%)	13.77	0.97	3.72	6.94	12.48
Return (PBDIT) to Capital Employed (%)	20.21	7.77	11.07	13.21	14.37

$ 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 Seventeenth Annual Report, together with the audited financial statements of your Company for the year ended 31st March, 2022.

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, 2022 as well as comparative figures for the year ended 31st March, 2021 are Ind AS compliant.

The financial highlights of your Company for the year ended 31st March, 2022 are summarized as follows:

(Rs. in crore)

Particulars	Standalone		Consolidated	
	Year ended 31st March, 2022	Year ended 31st March, 2021	Year ended 31st March, 2022	Year ended 31st March, 2021
Total Income	**3,072.25**	**1,892.19**	**3,112.20**	**1,915.15**
EBITDA	417.62	146.04	414.33	135.43
Less: Depreciation	120.03	94.07	121.03	95.58
EBIT	297.59	51.97	293.30	39.85
Less: Finance Cost	48.72	36.83	49.77	37.77
Profit before exceptional items and tax	248.87	15.14	243.53	2.08
Less: Exceptional items	7.81	0.00	7.81	0.00
Profit Before Tax	241.06	15.14	235.72	2.08
Less: Tax	85.38	5.63	85.49	5.74
Profit after Tax	**155.68**	**9.51**	**150.23**	**(3.66)**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between end of the financial year and the date of this report. There has been no change in the nature of business of the Company.

The Company has transferred Rs.16 crore to Reserves for the year ended 31st March, 2022.

2. DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 1.85 per share for the year ended 31st March, 2022, subject to shareholders' approval at the forthcoming 17th Annual General Meeting (AGM) of the Company. The total outgo on account of dividend to the shareholders will be Rs. 30.31 crore (subject to deduction of TDS as per Section 194 of the Income Tax Act, 1961).

3. COVID - 19

The operations of the Company at all its plants and corporate office resumed after restrictions were relaxed by the administrative authorities and were ramped up gradually. At present the Company is operating at 100% capacity.

All manufacturing facilities and offices are sanitized on a regular basis so that our people are safe and secure. All safety protocols like temperature sensing, wearing of safety gears, social distancing, sanitizing and washing of hands are being adhered to.

After being hit hard by COVID-19, India's textile industry is well on the course of recovery. Various Government initiatives to bolster the sector will also provide an impetus for growth of the sector.

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. IND A+ Outlook: Stable for term loan bank facilities.

ii. IND A+ / Stable / IND A1+ for fund based and non-fund based working capital limits.

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, 2022, there were no unclaimed / outstanding deposits or accrued interest with respect to deposits.

4.4 Particulars of Loans, Guarantees and 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. MODERNIZATION AND OTHER CAPITAL PROJECTS

During the financial year, your Company continued with various modernization and de-bottlenecking activities.

Your Company also proposes to set up a green field project for 89,184 Spindles comprising of Cotton Mélange Yarn and PC Grey Yarn along with Dye House at J&K at an estimated project cost of Rs. 914 crore.

Your Company has invested an amount of Rs. 30.40 crore on modernization, technology up-gradation and de-bottlenecking. This will result in further improvement in efficiency and sustaining plant utilization and 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. 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 2021 - 22 are disclosed in form AOC - 1, which forms part of Financial Statements. Your Company has also formulated a policy for determining material subsidiaries, which is available on the website of the Company at the web link:

https://www.sutlejtextiles.com/pdf/Policies%20&%20Codes/Material%20Subsidiary%20Policy.pdf

7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The detailed review of the operations, state of affairs, 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

a) Mr. Updeep Singh Chatrath was appointed as the President and Chief Executive Officer (KMP) of the Company w.e.f. 01st April, 2021.

b) Mr. Bipeen Valame resigned as the Wholetime Director and Chief Financial Officer of the Company w.e.f. 11th June, 2022.

c) Mr. Rajib Mukhopadhyay Mukherjee (DIN: 02895021) was appointed as the Wholetime Director and Chief Financial Officer (KMP) of the Company w.e.f. 11th June, 2022.

8.2 Re-appointment of Directors

a) Mr. C. S. Nopany (DIN: 00014587), a Director of the Company retires by rotation and being eligible offers himself for re-appointment.

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 Independent Directors have also confirmed that they have complied with Schedule IV of the Act and the Company's Code of Conduct.

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:

https://www.sutlejtextiles.com/pdf/csr/STIl-Familiarisation%20Programme.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:

https://www.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. Updeep Singh Chatrath, President & Chief Executive Officer;
- Mr. Bipeen Valame, Wholetime Director & CFO (upto 11th June, 2022);
- Mr. Rajib Mukhopadhyay, Wholetime Director & CFO (w.e.f. 11th June, 2022); 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. During the year, seven meetings of the Board were convened. 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 - 24 (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: https://www.sutlejtextiles.com/pdf/Policies%20&%20Codes/Policy-on-Related-Party-Transactions.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 organization'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 of accounting policies and procedures followed by the Company.

12. AUDITORS

12.1 Statutory Auditor

As per Section 139 of the Act, read with the Companies (Audit and Auditors) Rules, 2014, an audit firm can be appointed as Statutory Auditors for a maximum of two terms of five consecutive years.

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.

The first term of five years of M/s. BSR & Co. LLP will expire upon conclusion of the 17th Annual General Meeting of the Company.

The Board of Directors on the recommendation of the Audit Committee have considered and recommended the appointment of M/s. B S R & Co. LLP, Chartered Accountants (ICAI Firm Registration Number: 101248W/W-100022) as the Statutory Auditors of the Company for a second term of five (5) years, commencing from conclusion of the ensuing 17th AGM upto the conclusion of the AGM of the Company to be held in calendar year 2027.

The Company has received a certificate from the proposed Statutory Auditors to the effect that their appointment, if made, shall be in compliance with the provisions of Section 139 and 141 of the Act. As required under the Listing Regulations, 2015, the proposed auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India as required under Regulation 33 of Listing Regulations, 2015.

Necessary resolution seeking approval of the members for appointment of Statutory Auditors has been incorporated in the Notice convening the 17th AGM.

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, reporting of any fraud or disclaimer 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 2022 - 23.

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, 2023, at a remuneration as specified in the Notice convening the 17th 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 17th 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 Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer and is annexed to this Report.

In addition to the above and pursuant to SEBI circular dated 8th February, 2019, a report on Secretarial Compliance for the financial year 2021 - 22 has been submitted to stock exchanges.

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 undertaken by the Company. 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:

https://www.sutlejtextiles.com/pdf/Policies%20&%20Codes/CSR%20Policy2022.pdf

During the financial year 2021-22, your Company has spent Rs. 1.16 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 Whistle Blower Policy is available on the Company's website at the weblink :

https://www.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 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 Committee as per the requirement of the Act to redress complaints relating to sexual harassment at its workplaces. No complaints were received during the year under review.

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. ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, a copy of the Annual Return of the Company for the financial year ended 31st March, 2022 is uploaded on the website of the Company and can be accessed at www.sutlejtextiles.com

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 VI" 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. DIVIDEND DISTRIBUTION POLICY

As required under Regulation 43A of Listing Regulations, 2015, the Company has formulated a Policy on distribution of Dividend which can be accessed at the weblink: https://www.sutlejtextiles.com/pdf/Policies%20&%20Codes/Dividend-Distribution-Policy.pdf

26. 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, 2022, 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, 2022 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.

27. 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: 11th June, 2022

Annexure-I to the Directors' Report

Management discussion and analysis

Global economic overview

The global economy grew an estimated 5.9% in 2021 compared to a de-growth of 3.3% in 2020. This improvement was largely due to increased vaccination rollout the world over and a revival in economic activity based on catch-up consumption.

The global economy was affected by prohibitive shipping freight rates, a shortage of shipping containers and semiconductor chips in 2021, affecting global economic recovery. Inflation was at its highest since 2011, especially in the advanced economies, catalysed by a run up in commodity prices. Some emerging and developing economies were positioned to withdraw policy support to contain inflation even as the economic recovery was still incomplete.

The prominent feature of the global economic activity during the year under review was a sharp revival in commodity prices to record levels following the drop at the time of pandemic outbreak. The commodities that reported a sharp increase in prices comprised steel, coal, oil, copper, cotton, foodgrains, fertilisers and gold.

The global economy is projected to grow at a modest 2.6% in 2022 following the Russia-Ukraine crisis. A higher interest rate environment could affect emerging markets and developing economies with large foreign currency borrowings and external financing needs in 2022.

Indian economic overview

The Indian economy reported an attractive recovery in 2021-22, its GDP rebounding from a de-growth of 6.6% in 2020-21 to a growth of 8.9% in 2021-22. By the close of 2021-22, India was among the six largest global economies, its economic growth rate was the fastest among major economies (save China), its market size at around 1.40 billion the second most populous in the world and its rural under-consumed population arguably the largest in the world.

Y-o-Y growth of the Indian economy

	FY19	FY20	FY21	FY22
Real GDP growth (%)	6.1	4.2	(6.6)	8.9

Growth of the Indian economy, 2021-22

	Q1, FY22	Q2, FY22	Q3, FY22	Q4, FY22
Real GDP growth (%)	20.1	8.4	5.4	4.1

The Indian economy was affected by the second wave of the pandemic that affected economic growth towards the fag end of the previous financial year and across the first quarter of the financial year under review. The result is that after a growth of 1.6% in the last quarter of 2020-21, the Indian economy grew 20.1% in the first quarter of FY 2021-22 due to the relatively small economic base during the corresponding period of the previous year.

The country's manufacturing sector grew an estimated 12.5%, the agriculture sector 3.9%, mining and quarrying by 14.3%, construction by 10.7% and electricity, gas and water supply by 8.5% in FY 2021-22.

There were positive features of the Indian economy during the year under review.

India attracted highest annual FDI inflow of US$ 83.57 billion in FY 2021-22, a validation of global investing confidence in India's growth story. The government approved 100% FDI for insurance intermediaries and increased FDI limit in the insurance sector from 49% to 74% in Union Budget 2021-22.

In 2021, India was the largest recipient of global remittances. The country received US$ 87 billion during 2021, with the US being the largest source (20%). India's foreign exchange reserves stood at an all-time high of US$ 642.45 billion as on September 3, 2021, crossing US$ 600 billion in FOREX reserves for the first time.

India's currency weakened 3.59% from Rs. 73.28 to Rs. 75.91 to a US dollar through FY 2021-22. The consumer price index (CPI) of India stood at an estimated 5.3% in FY 2021-22. India reported improving Goods and Services Tax (GST) collections month-on-month in the second half of 2021-22 following the relaxation of the lockdown, validating the consumption-driven improvement in the economy. The country recorded its all-time highest GST collections in March 2022 standing at Rs. 1.42 lakh crore, which is 15% higher than the corresponding period in 2021.

India ranked 62 in the 2020 World Bank's Ease of Doing Business ranking. The country received positive FPIs worth Rs. 51,000 crore in 2021 as the country ranked fifth among the world's top leading stock markets with a market capitalisation of $3.21 trillion in March 2022.

The fiscal deficit was estimated at ~Rs. 15.91 trillion for the year ending 31st March, 2022 on account of a higher government expenditure during the year under review.

India's per capita income was estimated to have increased 16.28% from Rs. 1.29 lakh in 2020-21 to Rs. 1.50 lakh in 2021-22 following a relaxation in lockdowns and increased vaccine rollout.

(Source: Economic Times, IMF, World Bank, EIU, Business Standard, McKinsey, SANDRP, Times of India, Livemint, InvestIndia.org, Indian Express, NDTV, Asian Development Bank)

Indian economic reforms and Budget 2022-23 provisions

The Budget 2022-23 seeks to lay the foundation of the Indian economy over the 'Amrit Kaal' period of the next 25 years leading to 100 years of independence in 2047. The government is emphasizing the role of PM GatiShakti, Inclusive Development, Productivity Enhancement & Investment, Sunrise Opportunities, Energy Transition and Climate Action, as well as Financing of Investments.

An outlay of Rs. 1.97 lakh crore was announced for the Production Linked Incentive (PLI) schemes across 13 sectors.

Outlook

India's medium-term optimism is derived from the fact that three down cycles – long-term, medium-term and short-term – could well be reversing at the same time. The long-term downtrend, as a result of non-performing assets, scams and overcapacity could be over; the medium-term downtrend that was caused by the ILFS crisis, select banks collapse and weakening NBFCs could well be over; the short-term downtrend on account of the pandemic has weakened following the acceleration of the vaccine rollout.

The Indian economy is projected to grow by 8% in FY23 (World Bank estimate), buoyed by tailwinds of consistent agricultural performance, flattening of the COVID-19 infection curve, increase in government spending, favourable reforms and an efficient roll-out of the vaccine leading to a revival in economic activity.

Global textile and apparel industry overview

The global textile market was estimated at US$ 575.06 billion in 2022, catalysed by companies reviving from the COVID-19 impact. Besides, growing fashion apparel demand and growth in e-commerce platforms helped grow the market. The market is expected to grow to US$ 760.21 billion at a compound annual growth rate (CAGR) of 7.2% from 2022 to 2026.

Asia Pacific was the largest region in the global textile market in 2021, followed by Western Europe. The Asia-Pacific region, Western Europe and North America accounted for over 80% of the total retail sales, the world's largest apparel consumption markets. The abundance of natural fibers (cotton) in China, India and the United States contributed to global textile market growth.

In 2021, the global e-commerce fashion industry was estimated at US$ 668 billion, influenced sales and distribution of textile and apparel products. Online fashion could report 7.18% growth in five years, graduating the global e-commerce industry to $1.2 trillion.

The global smart textiles market was estimated at US$ 3.39 billion in 2022 and forecasted to reach US$ 13.6 billion by 2027, a CAGR of 29.1% during 2022-2027. An increasing awareness for health and hygiene grew medical textiles demand in the healthcare industry. Besides, a growing environment respect is growing the demand for sustainable and natural-fibers like cotton, hemp, linen and silk.

Given the scenario of vaccine rollout, growing e-commerce sales of apparel, resumption of global supply chains and increased positive consumer sentiment, the global textile industry is likely to sustain momentum. *(Source: grandviewreasearch.com, globalnewswire mordorintelligence.com, Statista, Research and Markets, Business wire)*

Global textile industry trends

Athleisure: Rising health and self-consciousness, desire to lead active lifestyles and to appear fit are encouraging consumers to extend sport and fitness into their lives, strengthening the offtake of athleisure products.

Natural fibre: The natural fibers market is estimated at US$ 68.44 billion by 2029, a CAGR of 5.50 % during the forecast period of 2022-2029. A growing appetite for natural fibres (lighter and stronger than conventional fibres) is evident. Plant-based and animal-based natural fibres include cotton, silk, linen, wool, cashmere, hemp and jute. These fibres are widely used to manufacture apparel, garments, construction materials and medical dressings, among others.

Green textiles: Global pollution and increased awareness are prompting consumers to seek responsible apparel options that moderate the use of energy, emissions and resource waste.

Shifting focus towards non-woven fabrics: The global non-woven fabrics market size is projected to grow from US$ 40.5 billion in 2020 to US$ 53.5 billion by 2025, at a CAGR of 5.73%. This is influenced by rising births and aging population through a growing demand for hygiene products (baby diapers, sanitary napkins and adult incontinence products). Low maintenance costs associated with non-wovens is expected to catalyse its demand in construction applications.
(Source: businesswire.com, databridgemarketresearch.com, marketresearch.com, study.com)

Global and Indian cotton industry overview

Cotton is plant-based and sustainable over synthetic fibres. Cotton accounts for around 55% fibre used in global clothing and textile production. Over 60% of the world's cotton is grown in developing countries, generating a livelihood for over 100 million farmers each year.

The global cotton market was estimated at US$ 69 billion in 2021 and expected to reach US$ 95.86 billion by 2026 at a CAGR of 6.72% from 2021 to 2026. Global cotton prices rose from July 2021; the surge was sustained through the rest of the year. Global cotton production is expected to rise due to better crop yields in Brazil, Australia and Pakistan. According to Fibre2Fashion's market analysis, global cotton production was estimated at 24.42 million metric ton in 2021 and expected to rise to 26.52 million metric ton by 2022, a growth of 8.60% on account of an increasing demand for comfortable and sustainable clothing and supply chain relaxation.

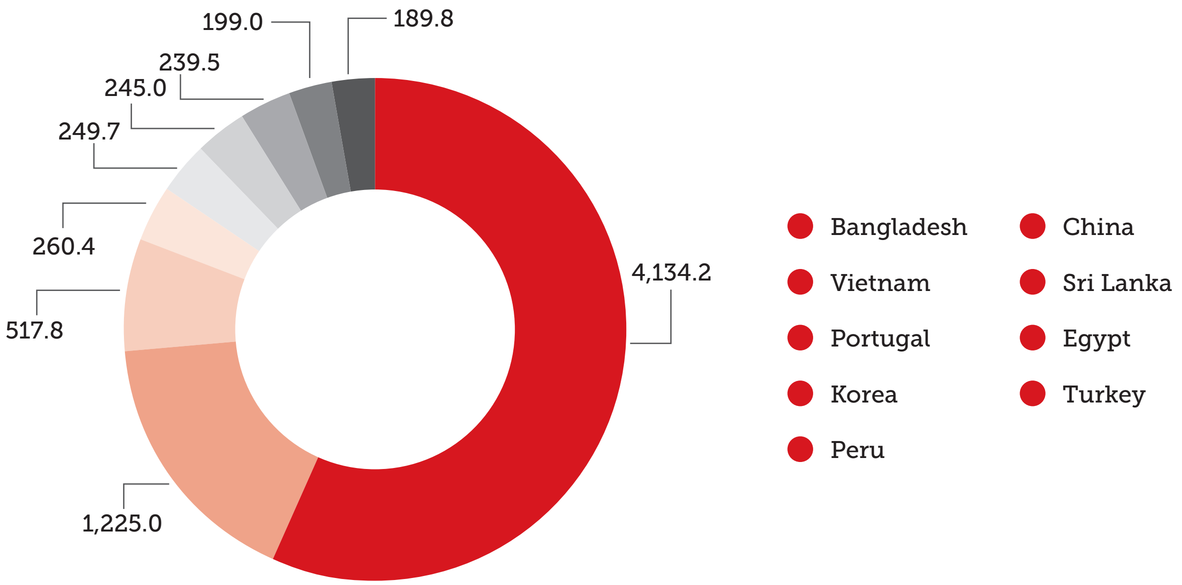
Global cotton consumption was expected to reach 27.02 million metric tonnes in FY 2021-22 (a surge of 2.66%) from 26.32 million metric tonnes in FY 2020-21. Cotton consumption is consistently on the rise due to increasing demand. *(Source: businesswire.com, fibre2fashion.com, USDA.gov, triplepundit.com)*

India is the second-largest producer of cotton and accounts for about 25% of the world's cotton production. India enjoys the distinction of possessing the largest area for cotton cultivation which is about 41% of the world area (between 12.5 million hectares to 13.5 million hectares). The yield per kgs hectare of cotton is 462 kgs/ha in 2021-22, lower than the world average yield of about 759 kgs/ha.

India's total production of cotton was estimated at 34.06 million bales (bales of 170 kg each) in 2021-22. According to Cotton Association of India, the opening stock of the season was estimated at 75 lakh bales and the carryover stock estimated at the end of the season was 62.13 lakh bales in 2021-22. Moreover, India's cotton production is projected to expand to 7.2 MT (around 43 million bales of 170 kg each) by 2030 and could contribute around 40% of the global cotton production during the forecasted period.

India is the third largest exporter of cotton, having exported cotton to over 159 countries in FY22. India's cotton exports rose to US$ 9.9 billion in FY22 compared to US$ 6.3 billion in FY21. The country will continue to be the one of the world's largest cotton producers with the increase in production resting mostly on relatively higher crop yields. *(Source: National Cotton Scenario, thehindubusinessline.com, Cotton Corporation of India, IBEF)*

Country-wise cotton exports (2021-22*) (US$ million)



(**Source:**Ministry of Commerce & Industry; April 2021- February 2022,
** October 2021-April 2022

(Source:IBEF)

Global yarn industry overview

The global cotton yarn market was expected to reach US$ 62.50 billion in 2022. Further, it is expected to grow at a CAGR of 7.11% to reach US$ 88.27 billion by 2027. The growth will be driven by a rising population, increasing disposable incomes, infrastructure and urban construction, widening applications, consumer awareness on the texture and preferential shift towards branded apparels.

Asia-Pacific is the leading region in the global textile yarn market. The global fancy yarn market was estimated at US$ 4020.7 million and projected to reach US$ 5176.2 million by 2027, growing at a CAGR of 4.3% during the forecasted period. Fancy yarn addressed the demand of women and children's clothing. Moreover, rising demand for end-products such as curtains, scarves, knitwear, party wear and clothes are growing the offtake of fancy yarn market the world over.

(Source: Research & Markets, marketwatch.com, marketresearch.com)

Indian yarn industry overview

India's yarn production was estimated at 4,762 million kgs in FY 2020-21. India fetched US$ 1.72 billion from cotton yarn export in 2021, a whopping 162.25% growth over 2020. According to the US Department of Agriculture (USDA) Report, 9,29,000 tonnes of cotton yarn was exported from India in 2019-20, which increased to 11,35,000 tonnes in the year 2020-21.

India reported a growing demand for mèlange yarns, produced with a mixture of raw and dyed fibres. Such yarns can be in cotton or blended and are prominent for their unique, rich and appealing fabric appearance, used in knitwear t-shirts, trousers, under garments, swim wear, socks, bed sheets, curtains, denims and towels. *(Source: apparelresources.com, fibre2fashion.com)*

Indian textiles and apparel industry

The textiles sector is one of the oldest in India. The domestic apparel and textile industry contributes 2.3% to the country's GDP, 7% of industry output in value terms and 12% of the country's export earnings. India's textile sector is the second largest employer in the country, providing direct employment to 45 million people and 100 million people in allied sectors.

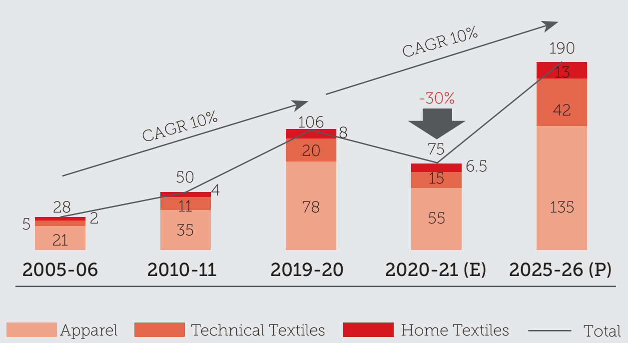
India's domestic textile and apparel market was projected at US$ 44 billion in 2021-22 and is expected to reach US$ 209 billion by 2029. Growing population, demographic advantage, urbanisation and consumer preference are the major growth drivers, strengthening sectorial demand. The textiles industry (including dyed and printed) attracted Foreign Direct Investment (FDI) worth US$ 3.93 billion from April 2000-December 2021.

In India, the textiles and apparel industry are divided into segments - yarn & fibre and processed fabrics & apparel. India is one of the largest producers of cotton and jute. India is also the second largest producer of silk; 95% of the world's hand-woven fabric comes from India. As per the Baseline Survey of technical textile industry by Ministry of Textiles, India's technical textiles market showed a promising growth of 20% from US$ 16.6 billion in 2017-18 to US$ 28.7 billion in 2020-21, owing to the growing demand in various sectors such as infrastructure, water, health & hygiene, defence, security, automobiles and aviation.

The domestic textiles and apparel export was estimated at US$ 82 billion by 2021. Exports of cotton and man-made yarn/fabrics/made-ups, readymade garments, jute products including floor covering, and carpets from India showed positive growth in 2021-22. Further, it is expected to reach US$ 100 billion in the next five years, growing at a CAGR of 11% during the forecasted period.

The post-Covid era has provided an opportunity for the online textile industry. The sales in the online textile industry witnessed a jump during the lockdown. Moreover, technology can play a role in rejuvenating the Indian textile industry. *(Source: IBEF, Invest India, Mint)*

India's Domestic Textile and Apparel Market Size (US$ billion)



(Source: Wazir Advisors)

Government initiatives

- The Indian government launched a production-linked incentive (PLI) scheme for the textile industry with an approved outlay of Rs. 10,683 crore for five years to promote the production of man-made fibre (MMF), MMF apparel and technical textile products.
- The Government of India announced the creation of 100 textile machinery champions in the country to promote it on the global market. The government aims to make India a global player in textiles machinery.
- The Government of India undertook measures like Amended Technology Upgradation Fund Scheme (A-TUFS), projected to generate employment for 35 lakh people and generate an investment worth Rs. 95,000 crore (US$ 14.17 billion) by 2022.
- The government aims to establish integrated textile parks and technology upgradation funds scheme to boost private investment in the Indian textile and apparel industry.
- The government proposed a National Technical Textiles Mission for a four-year implementation period from FY 2020-24 at an estimated outlay of Rs 1,480 crore (US$ 211.76 million).
  (Source: IBEF, Invest India)

Budgetary provisions, FY2022-23

The budgetary allocation (FY2022-23) for textile sector stands at Rs.12,382.14 crore, which is about 8.1% higher than the revised budgetary allocation of FY2021-22:

- The Indian government allocated about Rs. 133.83 crore for Textile Cluster Development Scheme; the total Budget allocation for research and capacity building in the textiles sector increased by 73.4% to about Rs. 478.83 crore in 2022-23, compared to the revised Budget allocation of Rs. 276.10 crore in 2021-22.
- The production-linked incentive (PLI) scheme and PM Mega Integrated Textile Region and Apparel (PM MITRA) scheme received an allocation of Rs. 15 crore each in Union Budget 2022-23.
- The government allocated Rs. 105 crore for 2022-23 towards Raw Material Supply Scheme, already approved for implementation from 2021-22 to 2025-26.
  (Source: Cotton Association of India)

Indian home textiles industry overview

India accounts for nearly 7% of global home textiles market. The growth in the Indian home textiles is supported by growing household income, increasing population, rising income levels, increase in organized retail and growth of end-use sectors like housing, hospitality, healthcare, and others.

India is a leading supplier of home textiles for the US. The country's home textile exports grew 9% in 2021 despite the pandemic. Quality improvement, innovation through R&D programs, and other preferential value-added features helped enhance visibility of India's home textile products. Home textile companies in India are also leveraging strategic partnerships to strengthen and expand their business operations across the globe. A rising demand for household products, growing fashion sensitivity towards household furnishings and consumer awareness have made home textiles an attractive segment. *(Source: IBEF)*

Demand drivers of the Indian textile industry

Growing population: India's population has grown from 555.2 million in 1970 to 1.39 billion in 2021, a 146% increase. Further, it is expected to reach 1.5 billion by 2030.

Raw material abundance: India represents the largest producer of jute and cotton, and the second largest producer of silk. Due to the high abundance of raw materials coupled by cheap labour costs, the cost of manufacturing textile and apparel is significantly lower than many other competing countries.

Increasing disposable incomes: At current prices, India's per capita income rose 18.3% to Rs. 1.5 lakh in FY22 from Rs. 1.27 lakh in FY21. Rising spending power of consumers are strengthening the apparel demand.

Youth Populace: India has one of the world's largest young population. Currently the median age of the country is estimated at around 28, younger than most large countries. This age group represents one of the biggest consumer groups of textiles and apparel and is expected to drive the spending over the next five years.

Digital penetration: Catalysed by increasing penetration of the internet, online retailing has witnessed strong growth in the country. Consumers are now looking for ease of shopping, multiple options, better offers and easy return policies. The growth of online sales has enabled the textile industry to reach consumers residing across every corner of the nation.

Preferential shift: With change in buying habits, consumers are now shifting from need-based clothing to aspiration-based and comfortable clothing. Buying clothes has become more than a basic need; it is now a reflection of aspiration, personality, and a status symbol. Though basic textiles continue to represent a part of the consumer's basket, the demand for aspirational and comfy clothing has increased significantly in recent years.

COVID-19 impact: The pandemic in a way turned out as an opportunity, the textile industry was active with the production of medical and technical textiles. Development of new products like anti-viral fabrics, PPE kits, masks and other goods catered to the recent boom in demand for hygiene products and uplifted the textile and apparel industry. *(Source: InvestIndia, fortuneindia.com, Imarc group, downtoearth.org)*

SWOT analysis

Strengths

Active sectorial support by the Indian government

Availability of abundant raw material; relatively lower costs and reduced supply lead time

Increased digitalization driving e-commerce growth

Availability of low cost and skilled manpower which in turn reduces the cost of production

Growing population, increased urbanization and high disposable incomes

Weaknesses

Rising competition from e-commerce

Competitive imports

Inflexible labour laws

High dependence on cotton

Technological obsolescence

Opportunities

Growing economy and domestic market

Value-added products to boost unit value realization

Higher investments and FDI opportunities

'Make in India' initiatives by the Government of India

Continuous innovation and technology advancements

Threats

Emergence of international brands

Outbreak of pandemic like COVID-19, affecting manufacturing and sales

International labour and environmental laws

Inventory pile ups due to COVID-19

Geographical disadvantages

Company overview

Sutlej Textiles and Industries Limited is one of the largest integrated textile manufacturing companies in India with a presence across the value chain – from yarn to home textiles. The Company is one of the flagship companies of the multi-business conglomerate promoted by late Dr. K.K. Birla. The Company's units are located in Rajasthan, Jammu & Kashmir, Himachal Pradesh and Gujarat with an aggregate spinning capacity of around 4.21 lakh spindles at the close of FY2021-22. The Company manufactures synthetic, natural and blended yarns, all types of spun yarns, home textile furnishings and manufactures fibres. Moreover, it is one of the largest manufacturers of spun-dyed yarn and value-added mélange yarn in India.

Key ratios

Particulars	FY22	FY21
Debt-equity ratio	0.83	0.92
Debtors' turnover (days)	54	55
Inventory turnover (days)	79	101
Debtors' turnover	6.78	6.69
Inventory turnover	4.62	3.61
Interest coverage ratio (x)	8.57	3.97
Current ratio (x)	1.38	1.30
EBIDTA margin (%)	13.73	7.85
Net Profit margin (%)	5.12	0.51

Profitability ratio is not comparable with previous year.

Outlook

In FY23, the Company expects the overall demand to remain soft to stable. With cotton prices touching newer heights, spinners are seeking a weak start to FY 23 and their profitability is highly dependent on the older low-cost inventories carried by them.

The pressure on margins is forcing textile players to either absorb or pass on the price hikes wherever possible. The geo-political situations and increased freight costs are likely to further adversely affect companies operating in the export markets.

Timing issues with cotton procurement, inability of garment manufacturers to incorporate timely price changes and fear of a decline in raw material prices are important risks in the current volatile price environment.

Though there are challenges but the textile and apparel sector is going to be benefitted in the longer run as India as a leading producer of textiles in the world is well positioned to :

- Fill the demand void created by the recent ban on Xinjiang cotton by US;
- Be a preferred supplier in the China + 1 Strategy by leading world brands; and

- Government support through policy measures, incentives, creation of quality infrastructure and proposed FTAs targeted at increasing the export push and enhance competitiveness of Indian exports.

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 Risk Management Committee is engaged in timely identification and mitigation of risks. 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.

Quality risk: Inadequate product quality and poor manufacturing efficiency could bring adverse impact to the business.

Mitigation: The Company has invested in cutting-edge technologies, enabling its manufacturing unit to run at the highest operating efficiencies and maintain quality.

Raw material risk: Volatile raw material costs could affect the business.

Mitigation: The Company works with numerous fibres (natural and man-made) to ensure moderate raw material costs and increased product functionality. The Company's raw material cost as a percentage of revenues was 51.87% in FY22 (56.20 % in FY21).

Trend risk: Inability to address consumer preferences could affect the business of the company.

Mitigation: The Company invests in product development and innovation consistently. The Company allocated 43% of spindles capacity for the production of value added yarn in FY2021-22 as compared to 40% in last financial year, assuring high technological relevance.

Pandemic risk: The COVID-19 pandemic waves could affect demand.

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

Competition risk: Emergence of new competitors could affect profitability.

Mitigation: The Company exports in ~61 countries. The Company also possesses extensive scale, innovative products, strong brand recall and operational efficiency, enabling the Company to become a strong competitor.

Customer attrition risk: Loosing customers could affect revenues and profits.

Mitigation: The Company has diverse product portfolio. The Company also addresses specialised yarns (cotton blended dyed yarn and cotton mélange) and specialty yarns (cotton mélange and blended yarns) - a one-stop textile solutions provider that builds loyalty. In FY2021-22, the Company sold 1,05,053 tonnes of yarns.

Internal control systems and adequacy

The Company has in place adequate and effective internal control systems and processes commensurate with the nature of its business and the size and complexity of its operations. The Company has implemented robust policies and procedures, which inter alia, ensure integrity in conducting its business, safeguarding of its assets, timely preparation of reliable financial information, accuracy and completeness in maintaining accounting records and prevention and detection of frauds and errors. These are tested and evaluated on a regular basis for improvement.

Human resources

The Company's prudent HR practices have helped reinforce its leadership. The Company's permanent workforce stood at 16,835 as at 31st March, 2022. 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 results 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 2021-22 with a view to reduce cost of energy and consequently, the cost of production:

A. Spinning

a. Installed

i. 17 energy efficient Motors at a capital cost of Rs. 13.39 lakhs resulting in saving 237 kWh/day and Rs. 6.02 lakhs per annum.

ii. 28 inverters on positive suction fan of Flexiclean machines at a capital cost of Rs. 6.00 lakhs resulting in saving of 470 kWh/day and Rs.5.90 lakhs per annum.

iii. Inverter on blower of equalization tank and maintaining required DOV at a capital cost of Rs. 0.90 lakhs resulting in saving of 86 kWh/day and Rs. 1.08 lakhs per annum.

iv. 7.5 kW VFD card on main motor at a capital cost of Rs. 3.00 lakhs resulting in saving of 40 kWh/day and Rs. 0.78 lakhs per annum.

v. 7 energy efficient Pump at a capital cost of Rs. 1.75 lakhs resulting in saving of 358 kWh/day and Rs. 9.10 lakhs per annum.

vi. Digital timer on Chiller Plant at worker house at a capital cost of Rs. 0.01 lakhs resulting in saving of 35 kWh/day and Rs. 0.89 lakhs per annum.

b. Optimised / converted

i. Optimised Humidification Plant to reduce the power consumption without cost resulting in saving of 1,704 kWh/day and Rs. 35.65 lakhs per annum.

ii. Arrested compressed air leakage at Auto Corner machine at a capital cost of Rs. 7.90 lakhs resulting in saving of 787 kWh/day and Rs. 20.00 lakhs per annum.

iii. Addition of Cable to reduce voltage drop at a capital cost of Rs. 3.00 lakhs resulting in saving of 219 kWh/day and Rs. 5.56 lakhs per annum.

iv. Removed 3 material transport fan from two way distributor and ran 10 cards instead of 5 cards on two way distributor in 3 blowrooms without any cost resulting in saving of 120 kWh/day and Rs. 1.50 lakhs per annum.

v. Removed negative suction fan and dust collector fan without any cost resulting in saving of 104 kWh/day and Rs.1.30 lakhs per annum.

vi. Arrested air leakages for increasing boiler efficiency without any cost resulting in saving of 284 tons pet coke and Rs. 45.48 lakhs per annum.

vii. Decreased use of steam in/kg dyeing ratio without any cost which is resulting in saving of 581.30 tons pet coke and Rs. 93.04 lakhs per annum.

viii. Converted 12 Ring Frames from variator to inverter drive at a capital cost of Rs. 39 lakhs resulting in saving of 131 kWh/day and Rs. 2.90 lakhs per annum.

c. Replaced

i. 99 disc type meters with electronic meters at a capital cost of Rs. 0.45 lakhs resulting in saving of 444 kWh/day and Rs. 11.28 lakhs per annum.

ii. 90 old street lights of 65W and 40W with 30W LED street lights at a capital cost of Rs. 1.11 lakhs resulting in saving of 23 kWh/day and Rs. 0.58 lakhs per annum.

iii. Old cables with new cables to reduce the voltage drop at Humidification Plant at a capital cost of Rs. 3.00 lakhs resulting in saving of 173 kWh/day and of Rs. 4.40 lakhs per annum.

iv. Old low efficiency pumps with high efficiency pumps in Humidification Plant at the cost of Rs. 16 lakhs resulting in saving of 1,200 kWh/day and Rs. 17.82 lakhs per annum.

v. Flood light 250W with 100W LED at Staff Club at a capital cost of Rs. 1.35 lakhs resulting in saving of 36 kWh/day and Rs. 0.71 lakhs per annum.

vi. 40W normal light with 22W LED in staff colony at a cost of Rs. 5.00 lakhs resulting in saving of 315 kWh/day and Rs. 6.24 lakhs per annum.

vii. 4 ring frames main motor of 45 kW with 55 kW and efficiency of 97.5% at a capital cost of Rs. 12.00 lakhs resulting in saving of 144 kWh/day and Rs. 2.86 lakhs per annum.

viii. Various other measures taken in earlier years are continuing.

B. Home Textiles

a) Increase of steam to fuel ratio of boiler from 5.2 to 5.7 by changing the quality of coal without any cost resulting in saving of 2.00 mt coal/day and Rs. 100.00 lakhs per annum.

b) Maintained humidity during winter by using supply air fan of 22kW instead of 68kW chiller without any cost resulting in saving of 960 kWh/day and Rs. 6.50 lakhs per annum.

FORM – A

(A) Power and Fuel Consumption:

Particulars	2021-2022	2020-2021
1. Electricity:		
(a) Purchased:		
Units (in lakhs)	4,501.95	3,228.06
Total Cost (Rs. in lakhs)	22,019.09	15,908.88
Rate/Unit (Rs.)	4.89	4.93
(b) Own Generation:		
(i) Through Diesel Generators		
Units (in lakhs)	10.18	11.48
Units per liter of Diesel Oil (Kwh/Ltr.)	3.55	3.52
Cost/Unit (Rs.)	25.42	19.78
(ii) Through Furnace Oil Generators		
Units (in lakhs)	1.81	0.49
Units per litre of Furnace Oil	4.08	3.34
Cost/Unit (Rs.)	9.00	8.98
(iii) Through Solar Power Plant		
Units (in lakhs)	39.37	38.46
Total Cost (Rs. in lakhs)	36.28	29.45
Cost/Unit (Rs.)	0.92	0.77
2. Coal - (a) Steam Coal		
Quantity (Tons)	27,691.76	18,248.78
Total Cost (Rs. in lakhs)	2,491.96	1,140.56
Average Rate (Rs.)/Ton	8,998.92	6,250.07
(b) Pet Coke		
Quantity (Tons)		
Total Cost (Rs. in lakhs)	2,682.51	1,011.65
Average Rate (Rs.)/Ton	16,362.95	11,364.90
3. Furnace Oil		
Quantity (Kilo Litres)	44.30	14.73
Total Cost (Rs. in lakhs)	16.28	4.42
Average Rate (Rs./Kilo Litre)	36,744.99	29,980.45
4. HSD Oil		
Quantity (Kilo Litres)	286.83	326.63
Total Cost (Rs. in lakhs)	258.81	227.09
Average Rate (Rs./Kilo Litre)	90,232.76	69,523.50

(B) Consumption per unit of production:

Particulars	2021-2022	2020-2021
Production :		
Electricity Per Ton of Yarn Production (Units) @	3038	3783
Electricity Per Ton of Knitting Fabric Production (Units) €	175	323
Coal per Ton of Yarn Production (Tons) #	0.347	0.370
Pet Coke per Ton of Yarn Production (Tons) #	0.143	0.146
Electricity per thousand meters of Processed fabrics (units) €	556	559
Electricity per thousand meters of Home Textiles (units) $	1351	1332
Coal per thousand meters of processed fabrics (Tons)	1.01	0.92

@ 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 2022-2023

A. Spinning

Following measures are contemplated to save energy consumption during the year 2022-2023:

Install:

Cable additions in plant to reduce line losses, new rotary drum filter at Humidification Plant, 3 Solar Water heater on YCP, Inverter at Humidification Plant and KTTM RF Machine to optmize frequency and reduce suction pressure, smart water system in worker's hostel and plant's toilet, back pressure turbine at new TPH, steam saving equipment, Inverter, all at an estimated capital cost of Rs. 418.50 lakhs which is expected to save 4,046 kWh/day, 50 kl/day and 2,705 tons coal/annum and Rs. 349.55 lakhs per annum.

Optimise / Convert:

Optimise suction pressure on auto corner and ring frame machine, reduce idle running of carding machine, reduce air leakage at carding suction blower, use transvector nozzles at cleaning point, reduce compressed air leakage in auto corner, reduce unburnt carbon in Fly Ash at TPH Boiler, control access air at TPH Boiler, optimise WRS, all at an estimated capital cost of Rs. 140.80 lakhs which is expected to save 6,804 kWh/day, 252 tons coal/ annum and Rs. 178.64 lakhs per annum.

Replace:

Old pumps with higher efficiency pumps, flat belt with timing belt on ring frame machine, 70 old motors with energy efficient motors, 11 nos. 55 Kw motors on ring frame machine with 97.5% efficiency, 28 old motors with higher efficiency motors, all at an estimated capital cost of Rs. 137.51 lakhs which is expected to save 3,354 kWh/day and Rs. 68.84 lakhs per annum.

B. Home Textiles

Install:

New power efficient compressor @ 600cfm at a capital cost of Rs. 26.00 lakhs which is expected to result in saving of 283 kWh/day and Rs. 14.40 lakhs per annum.

Replace:

Old insulation of thermopac and 8 TPH boiler with LBR insulation density 120 m3 at a cost of Rs. 15.00 lakhs which is expected to result in saving of 1.13 MT/ day and Rs. 23.00 lakhs per annum.

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. Specific area in which R&D carried out by the Company

a) Spinning

The Company has well equipped lab for testing from raw materials to finish goods, dyes, and all kind of packing material, etc. For the value addition in product our New Product Development team is also involved for new development with innovation on time to time based on market trend and their own skill. We have separate cell for product development samples to fulfill customer requirements on time to their satisfaction.

Our R&D has latest technological equipment like Uster - 6 Evenness Tester, HVI 1000, Tenso Jet-Advance Fibre Information System i.e. AFISPRO-LMNT, Uster Quantum 4 , Premier iQ2 & Premier Tensomaxx 7000, Classimat - 5 Yarn Fault Classifying System, Online monitoring system, Lab expert system all from Uster, Auto dispenser, Beaker Dyeing machines, etc. The Company is also having new version of quality standard ISO 9001-2015, Usterised, Oeko-Tex and GOTS/EKO, Organic Exchange and SA 8000 certificate. Recently, Shade Variation Channel was also installed on auto corner machine for further improvement in product quality.

The Company has launched synthetic woven shade card of Suiting and Shirting which contains 400 shades; Season based shade card, "Nature" containing 6 themes and autumn winter colour 2023; Shade book of all "Sustainable Fibre Products, Herbal dyed products (Nature wear)"; Shade book of "Linenworld" and "Recycle World"; All functional fibre products; New Melange Master shade book containing 720 shades in Cotton, 450 shades in Poly Cotton, 1250 shades in Poly Viscose and Double Yarn shade card "Ecowarm Wear".

b) Home Textiles

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, reduction of costs, 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 Eveness tester for all off line testing of material, One AFIS PRO 2 instrument for online monitoring of quality, 2 Cascade Wrapping Systems, one flat mounting machine for LC 636 cards, one machine for acid treatment on cots, Uster yarn cleaner Quantum III, Miniature Plant for synthetics section, Data Color Computer matching system, SS glycerin bath lab sample dyeing machine, PS winder for Classimate, Loom set for yarn, shade card winding machine. To enhance our product development cell, planning for a design studio will be made.

2) Expenditure incurred towards R&D

(Rs. in lakhs)

Particulars	2021-2022	2020-2021
a) Capital	387.84	140.69
b) Recurring	551.84	421.85
c) Total	939.68	562.54
d) Total R&D Expenditure as a percentage of Total Turnover	0.315%	0.307%

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 & upgradation of machines. The Company has installed latest technology Plant & Machinery in replacement of old technology machines to achieve higher productivity, efficiency & better quality, namely, 2 Tuft blenders Truetzschler make, 2 Finisher Draw frames LMW Make, 2 Savio Orion-L Autoconers splicers, 2 Muratec Qpro Plus EX 72 drums, 4 Ring frame machines of Old Compact Conversion.

For absorption, adoption and innovation, the following capital expenditure has been incurred during the year:

a) Incurred Rs. 1,286.92 lakhs on replacement of old technology, plant machinery and equipment.

b) Incurred Rs. 1,066.67 lakhs on addition and modifications of existing plant and machinery.

c) Incurred Rs 37.82 lakhs on purchase of machines and equipment for debottlenecking.

The Company has plan to install 3 ring frame replacement by Autodoffing Ring frame, One Tuft Blender 3 BOW, MXU-6, BOE with condenser, One LMW Blowroom & Chute feed line with 8 nos. LC 361 Cards, 4 nos. LMW Draw Frame LDF 3S, 1 LMW Speed Frame LF4280A (120 spindles machine), 12 nos. LMW Auto-doffing Ring frames LR9AXL, 7 Spinpact (Compact) Attachments, 29 nos. Rovo Stop Motion & Spindle Monitoring system, 4 Precision Cheese Winding machine, 1 SSM Cheese Winding machine with Lycra attachment, 3 nos. Autoconer Q-Pro+ (72 drums machine) in this direction.

B. Home Textiles

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

a) Incurred Rs. 40 lakhs on replacement of old technology, machinery and equipment.

b) Incurred Rs. 428 lakhs on addition of latest technology machines and equipment under Expansion Programme.

c) Incurred Rs. 180 lakhs on purchase of machines and equipment for debottlenecking.

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)

Particulars	2021-2022	2020-2021
i) Foreign Exchange Earned	1,111.70	620.56
ii) Foreign Exchange Used	68.21	25.40

ANNEXURE-III to the Directors' Report

Report on Corporate Governance

(As on 31st March, 2022)

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 Company's Code of Business Conduct and Code 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, 2022 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 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 judgment 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% of the Board's strength as against the minimum requirement of 50% 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 chairpersons 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, 2022. 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, 2022, 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
				Chair-person	Member	
Mr. C. S. Nopany (DIN: 00014587)	ED / PG	1,10,000	1. #Chambal Fertilizers & Chemicals Limited - Non-Executive Director 2. #SIL Investments Limited - Non- Executive Chairman 3. #New India Retailing & Investment Limited - Non-Executive Chairman 4. Yashovardhan Investment & Trading Company Limited - Director 5. Ronson Traders Limited - Non-Executive Director 6. #Magadh Sugar & Energy Limited - Non-Executive Chairman 7. #Avadh Sugar & Energy Limited - Non-Executive Co-Chairman 8. Morton Foods Limited - Director	1	0	Leadership 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.
Mr. U. K. Khaitan (DIN: 01180359)	I	Nil	1. #Modi Rubber Limited - Independent 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	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 - Independent Director 2. #Tata Investment Corporation Limited - Executive 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 - Independent Director	1	1	Financial management and accounting. Business strategies and innovations.

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
				Chair-person	Member	
Mr. Rajiv K. Podar (DIN: 00086172)	I	Nil	1. Podar Infotech & Entertainment Limited - Director 2. Sports Education Development India Limited - Director	0	0	Financial management and accounting. Knowledge and expertise of trade and economic policies and risk management.
Mrs. Sonu Bhasin (DIN: 02872234)	I	Nil	1. #Whirlpool of India Limited - Independent Director 2. #Berger Paints India Limited - Director 3. #Indus Towers Limited - Director 4. Max Life Pension Fund Management Limited - Independent Director 5. PNB MetLife India Insurance Company Limited - Independent Director 6. KFIN Technologies Limited - Director	1	4	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, 2022, 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 applicable provisions of Listing Regulations, 2015 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 its Committees and to evaluate the performance of the Chairman and the Executive Directors.

The maximum tenure of the Independent Directors is in compliance with the provisions of the Listing Regulations, 2015 and the Act. No Independent Director of the Company has resigned or was re-appointed during the financial year under review.

FAMILIARISATION OF BOARD MEMBERS

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

The provision of an appropriate induction programme for the Directors and ongoing training for existing Directors is a major contributor to the maintenance of high Corporate Governance standards of the Company. All new Directors inducted on 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 Directors are also kept informed about market and sectoral trends, changes in governing laws and regulations, etc.

The details of familiarisation programme is available on the website of the Company at the weblink: https://www.sutlejtextiles.com/pdf/csr/STIl-Familiarisation%20Programme.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 07th May, 2021; 30th July, 2021; 09th November, 2021; 18th January, 2022 and 01st February, 2022. 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 (through Video Conference and Other Audio Visual Means)
	Held	Attended	
Mr. C. S. Nopany	5	5	Yes
Mr. U. K. Khaitan	5	5	Yes
Mr. Amit Dalal	5	4	No
Mr. Rajan A. Dalal	5	4	Yes
Mr. Rajiv K. Podar	5	2	Yes
Mrs. Sonu Bhasin	5	5	Yes
Mr. Rohit Dhoot	5	5	Yes
Mr. Ashok Mittal	5	3	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. Video conferencing facilities are also made available to enable the participation of Directors at meetings of the Board / Committees. 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 / Committee meetings, 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 30th March, 2022 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.

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 financial year 2021 - 22. 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.

Directors and Officers Insurance ('D&O')

In line with the requirements of Regulation 25(10) of the Listing Regulations, 2015, the Company has taken D&O for all its Directors and members of the Senior Management for such quantum and for such risks as is commensurate with the size and nature of operations of the Company.

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 2021 - 22, the Audit Committee reviewed the financial statements of the subsidiary. Minutes of the Board meetings of the subsidiaries were regularly placed before the Board. The Board / Audit Committee 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 have constituted six Committees of Directors viz.:

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

The details of these Committees are as follows:

I. AUDIT COMMITTEE

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee comprises of three Independent and one Non-Executive Director 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 statements are 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 07th May, 2021; 29th July, 2021; 08th November, 2021 and 31st January, 2022.

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	3
Mr. Amit Dalal	Member	Independent	4
Mr. Rajiv K. Podar	Member	Independent	2
Mr. Rohit Dhoot	Member	Non - Executive	4

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 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 dematerialization and rematerialization 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 Private Limited, the Registrar & Share Transfer Agent (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. Mr. Manoj Contractor, Company Secretary designated as Compliance Officer 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 twice on 06th May, 2021 and 08th November, 2021. 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	2
Mr. Rajiv K. Podar	Member	Independent	1
Mr. Bipeen Valame	Member	Executive	2

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 two complaints from the shareholders which were duly attended. The average period of redressal of grievances is 7 (seven) days from the date of receipt of complaints. There were no unresolved complaints as on 31st March, 2022.

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 Executive Directors, President, Key Managerial Personnel 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 twice on 06th May, 2021 and 29th July, 2021. The attendance of the members of the Committee meeting was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. U. K. Khaitan	Chairman	Independent	2
Mr. Rajan A. Dalal	Member	Independent	2
Mr. Rajiv K. Podar	Member	Independent	-

IV. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

COMPOSITION

The Corporate Social Responsibility Committee (CSR) 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 CSR activities;
- Formulate and recommend to the Board, an annual action plan in pursuance of CSR policy; 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 twice on 06th May, 2021 and 06th October, 2021.

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	2
Mr. Amit Dalal	Member	Independent	2
Mrs. Sonu Bhasin	Member	Independent	2

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

V. RISK MANAGEMENT COMMITTEE

COMPOSITION

The Risk Management Committee comprises of Mr. Rajiv K. Podar, Independent Director as Chairman, Mr. Updeep Singh Chatrath, President and CEO and Mr. Bipeen Valame, Wholetime Director & CFO.

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.

MEETINGS AND ATTENDANCE

During the year under review, the Committee met twice on 28th July, 2021 and 24th January, 2022. The attendance of the members of the Committee meeting was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. Rajiv K. Podar	Member	Independent	2
Mr. Bipeen Valame	Member	Executive	2
Mr. Updeep Singh Chatrath	Member	President and CEO	2

VI. FINANCE & CORPORATE AFFAIRS COMMITTEE

COMPOSITION

The Finance & Corporate Affairs Committee 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.

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.

MEETINGS AND ATTENDANCE

During the year under review, the Committee met twice on 22nd September, 2021 and 21st December, 2021. The attendance of the members of the Committee meeting was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. C. S. Nopany	Chairman	Executive	2
Mr. U. K. Khaitan	Member	Independent	1
Mr. Rajiv K. Podar	Member	Independent	2
Mrs. Sonu Bhasin	Member	Independent	1
Mr. Bipeen Valame	Member	Executive	2

E. DETAILS OF REMUNERATION PAID TO DIRECTORS

The Executive Chairman receives salary, allowances, sitting fees, 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. 10,00,000/- 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 2021-22 will be Rs. 70,00,000/- 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, 2022 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 F. Y. 2021 - 22 is as follows:

Sr. No.	Name of Director	Commission (Rs.)	Sitting Fees (Rs.)
1.	Mr. U. K. Khaitan	10,00,000	3,75,000
2.	Mr. Amit Dalal	10,00,000	4,00,000
3	Mr. Rajan A. Dalal	10,00,000	3,25,000
4.	Mr. Rajiv K. Podar	10,00,000	2,75,000
5.	Mrs. Sonu Bhasin	10,00,000	3,25,000
6.	Mr. Rohit Dhoot	10,00,000	3,50,000
7.	Mr. Ashok Mittal	10,00,000	1,50,000
	Total	**70,00,000**	**25,00,000**

ii. **Remuneration paid / payable to the Executive Directors of the Company for the year ended 31st March, 2022 is as under:**

(in Rs.)

Executive Chairman and Wholetime Director	Salary etc.	Perquisites	Retirement Benefits	Sitting Fees	Total
Mr. C. S. Nopany	12,82,00,000	-	-	3,00,000	12,85,00,000
Mr. Bipeen Valame	1,10,77,120	16,25,969	-	-	1,27,03,089

F. COMPANY POLICIES

i. WHISTLE BLOWER POLICY

The Company is committed to adhere to high standards of corporate governance. 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:

https://www.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:

https://www.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 :

https://www.sutlejtextiles.com/pdf/Policies%20&%20Codes/Policy-on-Related-Party-Transactions.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 :

https://www.sutlejtextiles.com/pdf/Policies%20&%20Codes/CSR%20Policy2022.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:

https://www.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

Pursuant to the Listing Regulations, 2015, the Company has formulated a policy on Board Diversity to ensure diversity of the Board in terms of experience, knowledge, perspective, background, gender, age and culture. 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:

https://www.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, 2015 mandate top 1,000 listed entities based on market capitalization 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, the BRR forms part of the Annual Report. This policy is available on the Company's website at the weblink:

https://www.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 the Code of Internal Procedures and Conduct for regulating, monitoring and reporting of trading by insiders (Insider Trading Code) and the 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' in accordance with 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 (UPSI). The Insider Trading Code prevents misuse of UPSI and it also provides for periodical disclosures and obtaining pre-clearance for trading in securities of your Company by the Designated Persons.

The Board of Directors have also formulated a Policy for determination of 'legitimate purposes' as a part of the Code of Fair Disclosure and Conduct as per the requirements of the Prohibition of Insider Trading Regulations.

(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; and

d) Safety, Health and Environment Policy in each of the units.

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

(l) Prevention of Sexual Harassment at Workplace

Your Company has constituted Internal Complaints Committee as per the requirement of the Act to redress complaints relating to sexual harassment at its workplaces. No complaints were received by the Internal Complaints Committee.

(m) 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, 2022, was placed before the Board at its meeting held on 09th May, 2022.

(n) Remuneration to the Statutory Auditors

Details of the total fees paid to the Statutory Auditors by your Company are disclosed in Note No. 38 of the Annual Financial Statements in compliance with the Listing Regulations, 2015.

I. UNPAID / UNCLAIMED DIVIDENDS

As per 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 en-cashed / 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 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 31st August, 2021 (date of last AGM) and the list of shareholders whose shares have been transferred to the IEFP Authority on the Company's website: www.sutlejtextiles.com

J. SHAREHOLDER INFORMATION

(i) Means of communication

The Company follows a robust process of communicating with its stakeholders and investors. For this purpose, it provides multiple channels of communications through dissemination of information on the on-line portal of the Stock Exchanges, Press Releases, the Annual Reports and by placing relevant information on its website.

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. The same is also available on the website of the Company.

The presentations on the performance of the Company are placed on the Company's website for the benefit of the institutional investors, analysts and other shareholders after the financial results are communicated to the Stock Exchanges.

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

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.

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
16th	2020-21	31st August, 2021	3.00 p.m.	Through Video Conference/ Other Audio Visual means (Deemed venue): Registered Office: Pachpahar Road Bhawanimandi, Rajasthan	1. Ratification of remuneration paid to M/s. K. G. Goyal & Associates, Cost Auditors. 2. Re-appointment of Mr. C. S. Nopany as the Wholetime Director of the Company designated as Executive Chairman.
15th	2019-20	16th September, 2020	3.00 p.m.	Through Video Conference/ Other Audio Visual means (Deemed venue): Registered Office: Pachpahar Road Bhawanimandi, Rajasthan	1. Ratification of remuneration paid to M/s. K. G. Goyal & Associates, Cost Auditors. 2. Re-appointment of Mr. Bipeen Valame as the Wholetime Director of the Company. 3. Alteration of Articles of Association. 4. Payment of Commission to Non-Executive Directors of the Company.
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.

The 17th Annual General Meeting of the Company is proposed to be held on Tuesday, 30th August, 2022 at 3.00 p.m. at the Registered Office of the Company.

Postal Ballot:

During the financial year 2021 - 22, 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.

In compliance with the same, the Company has transferred 60,300 shares in the Unclaimed Suspense Account of the Company during the year under review.

The details of shares transferred to 'Unclaimed Suspense Account' of your Company during the year areas under:

Particulars	No. of folios	No. of shares
Aggregate number of shareholders and outstanding shares held in the Unclaimed Suspense Account as on 01st April, 2021	Nil	Nil
Shares transferred to Unclaimed Suspense Account during the year	30	60, 300
Number of shareholders / legal heirs to whom the shares were transferred from the Unclaimed Suspense account upon receipt and verification of necessary documents	Nil	Nil
Number of shareholders whose shares were transferred from the Unclaimed Suspense Account to IEPF authority MCA Demat Suspense Account	Nil	Nil
Aggregate number of shareholders and outstanding shares in the Unclaimed Suspense Account as on 31st March, 2022	30	60, 300*

*Voting Rights in respect of the aforesaid 60,300 shares held in the Unclaimed Suspense Account are frozen till the time such shares are claimed by the concerned shareholders and the shares are re-transferred in their names.

(iv) General Shareholders' information

a) 17th Annual General Meeting:

Date	30th August, 2022
Day	Tuesday
Time	3.00 p.m.
Mode	Through video conference / other audio video means Registered Office: Pachpahar Road, Bhawanimandi 326 502 (Raj.) [Deemed Venue]

b) Record Date

The record date for the purpose of entitlement of dividend will be Monday, 29th August, 2022.

c) Tentative financial calendar:

Next financial year	1st April, 2022 to 31st March, 2023
First Quarter Results & Limited Review	mid August, 2022
Second Quarter Results & Limited Review	mid November, 2022
Third Quarter Results & Limited Review	mid February, 2023
Audited Annual Results (2022-23)	mid May, 2023

(v) Dividend

Payment date (tentative): on or after 04th September, 2022.

The Board of Directors at their meeting held on 09th May, 2022, have recommended a Dividend of Rs. 1.85 per share for the year ended 31st March, 2022, subject to shareholders' approval at the forthcoming 17th AGM. If approved, the dividend will be paid to the shareholders on or after 04th September, 2022 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, C1, Bandra Kurla Complex, Bandra East, Mumbai – 400 051	SUTLEJTEX

Listing fees for the year 2022 - 23 has been paid to the Stock Exchanges within the stipulated time.

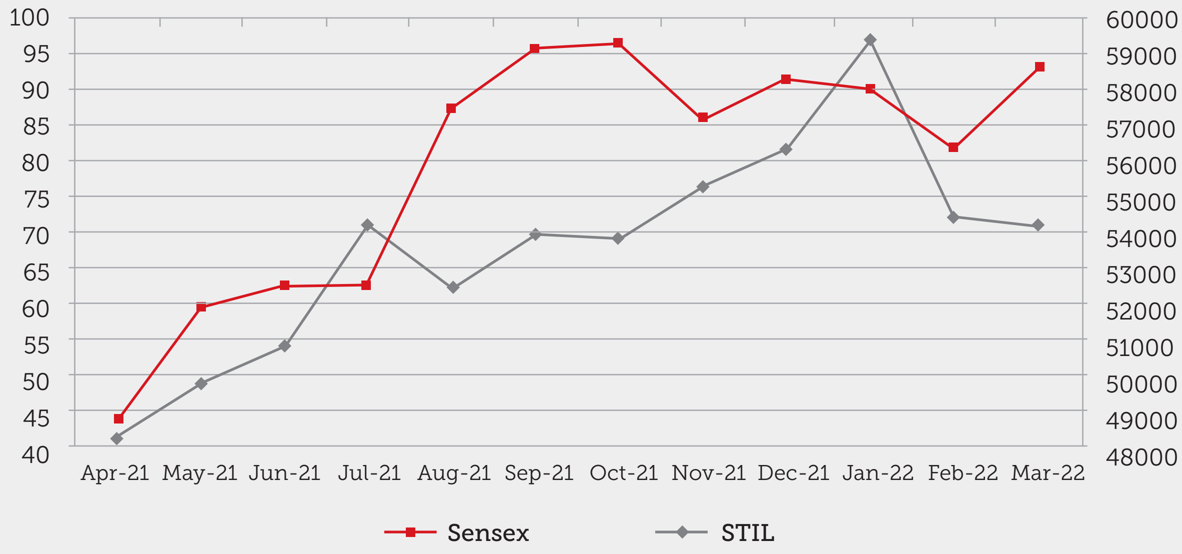
(vii) Corporate Identification Number

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, 2021	43.35	36.80	43.00	36.75
May, 2021	52.75	42.00	53.00	42.05
June, 2021	60.80	47.25	61.00	47.30
July, 2021	81.05	54.40	81.20	54.55
August, 2021	75.00	54.15	74.65	54.05
September, 2021	73.85	57.75	73.90	57.60
October, 2021	73.60	62.45	73.65	62.20
November, 2021	92.40	68.25	92.50	68.70
December, 2021	85.50	72.90	86.00	72.15
January, 2022	104.85	81.30	104.95	81.45
February, 2022	98.00	61.50	97.95	61.25
March, 2022	78.50	68.40	79.20	67.00



(ix) Distribution of shareholding:

The distribution of shareholding as on 31st March, 2022 was as follows:

Sr. No.	Number of equity Shares	Number of shares held	% of total Shares
1.	Up to 1000	38,76,740	2.37
2.	1001 to 5000	46,22,698	2.82
3.	5001 to 10000	26,71,451	1.63
4.	10001 to 50000	57,94,809	3.54
5.	50001 to 100000	37,70,006	2.30
6.	100001 to 1000000	93,73,967	5.72
7.	1000001 to 5000000	1,70,54,419	10.41
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, 2022 was as under:

Sr. No.	Particulars	As on 31st March, 2022	
		No. of shares	%
1.	Promoters / Promoter Group	10,47,78,660	63.96
2.	Financial Institutions / Banks / Mutual Funds / UTI / Insurance Cos. / NBFCs	40,300	0.02
3.	Central Government /State Government(s) / IEPF	12,74,430	0.78
4.	Indian Public :		
	a. Bodies Corporate - LLP	2,83,75,160	17.32
	b. Individuals / HUF / Trusts	2,65,30,853	16.19
	c. Stock Exchange / Clearing Members	1,34,458	0.08
5.	FIIs and FPIs	19,44,695	1.19
6.	NRI / Foreign Nationals	7,50,064	0.46
	TOTAL	**16,38,28,620**	**100.00**

(xi) Dematerialization 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 dematerialized mode. As a result, as on 31st March, 2022, 99.53% of the total equity share capital of the Company was held in dematerialized form. The Company has paid the requisite fees to all these authorities for the year 2021 - 22.

(xii) Communication to Members

The Company has sent individual letters to all the Members holding shares of the Company in physical form for furnishing their PAN, KYC details and Nomination pursuant to the SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated 03rd November, 2021.

Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated 25th January, 2022 has mandated the companies to issue securities in demat form only while processing service requests viz. Issue of duplicate securities certificate, Claim from Unclaimed Suspense Account; Renewal / Exchange of securities certificate; Endorsement; Sub-division / Splitting of securities certificate; Consolidation of securities certificates / folios; Transmission and Transposition. Accordingly, members are requested to make service requests by submitting a duly filled and signed Form ISR - 4, the format of which is available on the Company's website under the link :

https://www.sutlejtextiles.com/pdf/ISR/FORM-ISR-4-Request%20for%20issue%20of%20Duplicate%20Certificate.pdf

Members holding shares in physical form are requested to dematerialize their holding at the earliest to get inherent benefits of dematerialization and also considering that physical transfer of equity shares / issuance of equity shares in physical form have been disallowed by SEBI.

(xiii) 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.

(xiv) Share transfer system

To expedite share transfer, authority has been delegated to the Stakeholders Relationship Committee of the Board. The Committee considers requests for 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 year, the share transfer system is audited by a Company Secretary in practice and a certificate to that effect is issued by him. The Company Secretary of the Company has also been authorised to approve requests for transmission, effecting change of name, etc. to expedite requests from members.

As per provisions of Section 72 of the Act, facility for making nomination is available for the members in respect of shares held by them. Members holding shares in physical form may obtain a nomination form (Form SH-13), from the Company's RTA or download the same from the Company's website through the weblink:

https://www.sutlejtextiles.com/pdf/ISR/FORM-SH-13-Nomination%20Form.pdf

Members holding shares in dematerialized form should contact their Depository Participants (DP) in this regard.

(xv) Address for Shareholders' Correspondence

Members of the Company 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.

(xvi) 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 Private Limited

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

(xvii) 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 Steel Compound Jay Coach, Goregaon (East), Mumbai - 400 063.

Tel : 022 - 4219 8800

Fax : 022 - 4219 8830 / 31

E-mail ID: manojcontractor@sutlejtextiles.com

(xviii) 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.

(xix) The Company has managed the foreign exchange risk arising from foreign currency transactions, with appropriate hedging activities in accordance with policies of the Company. The aim of the Company's approach to manage currency risk is to leave the Company with no material residual risk. The Company uses forward exchange contracts to hedge against its foreign currency exposure relating to firm commitment. The Company is exposed to the risk of price fluctuations of its key raw materials, dyes and chemicals, etc. The Company manages its commodity price risk by maintaining adequate inventory of such raw materials, dyes and chemicals as per the polices of the Company. The Company does not undertake any commodity hedging activities.

K. COMPLIANCE

(i) Statutory Compliance, Penalties and Strictures

The Company continues to comply with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital market. 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 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 Agent to receive dividends, if declared, via 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 2014 - 15 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 31.03.2022 (Rs.)	Last date for claiming unpaid Dividend amount (on or before)	Date when amount becomes due for transfer to IEP Fund
31.03.2015	31.08.2015	19,04,240.00	07.10.2022	06.11.2022
31.03.2016	27.08.2016	22,97,984.00	03.10.2023	02.11.2023
31.03.2017	31.08.2017	22,80,070.00	07.10.2024	06.11.2024
31.03.2018	31.08.2018	14,18, 818.70	07.10.2025	06.11.2025
31.03.2019	22.08.2019	5,94,446.45	28.09.2026	28.10.2026
31.03.2020	16.09.2020	2,10,394.84	22.10.2027	22.11.2027
31.03.2021	31.08.2021	1,73,996.41	07.10.2028	06.11.2028

The members are once again requested to utilize this opportunity and get in touch with Company's RTA - Link Intime India Private Limited 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 dematerialized 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 '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, members 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 Private Limited.

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 Private Limited

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
Sutlej Green Fibres (Birla Textile Mills Unit II)	Baddi, Solan, 173 205 (Himachal Pradesh)	Recyled Polyester Staple fibre

CEO & CFO CERTIFICATE

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

Date: 27th April, 2022

To
The Board of Directors,
Sutlej Textiles and Industries Limited
Bhawanimandi - 326502 (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, 2022 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

Sd/-
(Updeep Singh Chatrath)
President
(Chief Executive Officer)

For Sutlej Textiles and Industries Limited

Sd/-
(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, 2022.

Place: Mumbai
Date: 27th April, 2022

Sd/-
Updeep Singh Chatrath
President & CEO

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

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

We have examined the compliance of conditions of Corporate Governance by Sutlej Textiles and Industries Limited ('the Company'), as stipulated under Regulations 17 to 27, clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the financial year ended 31st March 2022.

We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to the review of procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Regulations. 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 SEBI Listing Regulations for the financial year ended 31st March, 2022.

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)

Sd/-
RAJENDRA CHOUHAN - PROPREITOR
COMPANY SECRETARY IN PRACTICE
FCS No. 5118
C P No.: 3726

Place : JAIPUR
Date : 09th May, 2022

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C Sub-clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
Sutlej Textiles and Industries Limited
Pachpahar Road, Bhawanimandi
Jhalawar - 326502, Rajasthan.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Sutlej Textiles and Industries Limited** having **CIN - L17124RJ2005PLC020927** and having registered office at Pachpahar Road, Bhawanimandi, Jhalawar, Rajasthan (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para - C Sub-clause 10 (i) of the Securities Exchange Board of India (LODR) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications [including Directors Identification Number (DIN) status at the portal (www.mca.gov.in)] as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company given below for the F. Y. ending on 31.03.2022 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of Appointment in Company
1	Mr. Chandra Shekhar Nopany	00014587	19/09/2006
2	Mr. Umesh Kumar Khaitan	01180359	01/06/2006
3	Mr. Rajan Arvind Dalal	00546264	19/11/2008
4	Mr. Amit Dalal	00297603	01/06/2006
5	Mr. Rajiv Kanti Kumar Podar	00086172	21/07/2009
6	Mrs. Sonu Halan Bhasin	02872234	07/05/2015
7	Mr. Rohit Rajgopal Dhoot	00016856	25/10/2017
8	Mr. Ashok Mittal	00016275	05/02/2019
9	Mr. Bipeen Yashwant Valame	07702511	09/02/2017

Ensuring the eligibility of every Director on the Board for the appointment / continuity is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Place : JAIPUR
Date : 02.05.2022
UDIN: F005118D000255709

Sd/-
RAJENDRA CHOUHAN - PROPREITOR
COMPANY SECRETARY IN PRACTICE
FCS No. 5118
C P No.: 3726

Annexure-IV to the Directors' Report

ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

1. **Brief outline on CSR Policy of the Company:**

   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, conservation of environment, health and sanitation, animal welfare, promotion of sports and rural welfare.

   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.

2. **Composition of the CSR Committee:**

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. U. K. Khaitan	Chairman / ID	2	2
2.	Mr. Amit Dalal	Member / ID	2	2
3.	Mrs. Sonu Bhasin	Member / ID	2	2

   ID - Independent Director

3. The weblink where composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company.

   These details are disclosed on the Company's website at www.sutlejtextiles.com. The same can be accessed through the weblink : https://sutlejtextiles.com

4. Details of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014: N. A.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year: N. A

(Rs. in lakhs)

Sr. No.	Financial Year	Amount available for set-off from preceding financial years	Amount required to be set-off for the financial year, if any
-	-	1.12	-

6. Average net profit of the Company as per Section 135(5): Rs. 5,156 lakhs.

7. (a) Two percent of average net profit of the Company as per Section 135(5): Rs. 103.12 lakhs

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

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

   (d) Total CSR obligation for the financial year (7a + 7b - 7c): Rs. 103.12 lakhs

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

Total amount spent for the financial year (in Rs.)	Amount Unspent (in Rs.)				
	Total amount transferred to unspent CSR account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of Fund	Amount	Date of transfer
Rs. 115.72 lakhs	NIL	N. A.	N. A.	Nil	N. A.

(b) Details of CSR amount spent against ongoing projects for the financial year:

(Rs. in lakhs)

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

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

(Rs. in lakhs)

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Amount spent for the project	Mode of Implement-ation – Direct (Yes/ No)	Mode of Impleme-ntation - Through Imple-menting Agency	
				State	District			Name	CSR Registration number
1.	Conversion of existing hospital into Covid hospital.	Health Care and Sanitation	Yes	Kathua, J&K		8.39	Yes	N. A.	N. A.
2.	Set up Oxygen Plant at Public Health Centre of Chauhmala city.		Yes	Jhalawar, Rajasthan		36.43	Yes	N.A.	N.A.
3.	Provided ventilators to local hospital.		Yes	Baddi, Himachal Pradesh		7.35	Yes	N.A.	N.A.
4.	Provided oxygen regulators at Solan Covid Care Center.		Yes	Baddi, Himachal Pradesh		3.40	Yes	N.A.	N.A.
5.	Provided COVID care equipment to District Administration.		Yes	Baddi, Himachal Pradesh		1.40	Yes	N.A.	N.A.
6.	Provided a Dead Body Freezer Box to Municipal Corporation.		Yes	Kathua, J&K		1.15	Yes	N. A.	N. A.
7.	Constructed toilets at Govt. High School.		Yes	Baddi, Himachal Pradesh		4.41	Yes	N.A.	N.A.
8.	Construction of 2,400 sq. ft. Cow Shed at Gou Dham.	Animal Welfare	Yes	Kathua, J&K		11.50	Yes	N. A.	N. A.
9.	Construction of RCC Nallah at Chack Ram Singh.	Rural Develo-pment and Social Welfare	Yes	Kathua, J&K		15.60	Yes	N. A.	N. A.
10.	Construction of a passenger shed at Shiva Nagar Ward 19.		Yes	Kathua, J&K		0.74	Yes	N. A.	N. A.

(Rs. in lakhs)

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes / No)	Location of the project		Amount spent for the project	Mode of Implement-ation – Direct (Yes/ No)	Mode of Impleme-ntation - Through Imple-menting Agency	
				State	District			Name	CSR Registration number
11.	Installed solar lights.		No	Jaswan, Himachal Pradesh		1.92	Yes	N. A.	N. A.
12.	Distributed blankets to families of Martyrs.		Yes	Kathua, J&K		0.47	Yes	N.A.	N.A.
13.	Contribution for Cotton Development and Extension activities.		Yes	Jhalawar, Rajasthan		0.20	No	CITI Cotton Develop-ment and Research Association	CSR00006775
14.	Distributed food kits at Covid Care Center.		Yes	Baddi, Himachal Pradesh		1.70	Yes	N.A.	N.A.
15.	Constructed Synthetic Basketball Court at Govt. Senior Secondary School.	Promotion of Sports Activities	No	Jaswan, Himachal Pradesh		11.57	Yes	N. A.	N. A.
16.	Provided open gymnasium equipment.		No	Jaswan, Himachal Pradesh		1.16	Yes	N.A.	N.A.
17.	Contribution to Police Martyrs North Zone T-20 Cricket Tournaments.		Yes	Kathua, J&K		3.50	Yes	N.A.	N.A.
18.	Construction of cycle stand in Vidyalaya Vikas Management Samiti, Govt. Girls Upper Primary School.	Promotion of Education	Yes	Jhalawar, Rajasthan		0.51	Yes	N.A.	N.A.
19.	Provided Desks and Benches at Govt. High School.		Yes	Baddi, Himachal Pradesh		2.47	Yes	N.A.	N.A.
20.	Undertook repair work at Govt. High School, Bhatouli Kalan.		Yes	Baddi, Himachal Pradesh		1.53	Yes	N.A.	N.A.
21.	Conducted tree plantation drive.	Environ-ment Sustain-ability	Yes	Jhalawar, Rajasthan		0.32	Yes	N.A.	N.A.
	TOTAL					**115.72**			

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: N. A.

(f) Total amount spent for the financial year (8b + 8c + 8d + 8e): Rs. 115.72 lakhs

(g) Excess amount for set off, if any: Rs. 12.60 lakhs

(Rs. in lakhs)

Sr. No.	Particulars	Amount
(i)	Two percent of average net profit of the Company as per section 135(5)	103.12
(ii)	Total amount spent for the financial year	115.72
(iii)	Excess amount for the financial year [(ii)-(i)]	12.60
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.00
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	12.60

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

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135(6) (in Rs.)	Amount spent in the reporting financial year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in Rs.)
				Name of the Fund	Amount (in Rs.)	Date of transfer	
-	-	-	-	-	-	-	-

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

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

10. Details relating to the asset created or acquired through CSR spent in the financial year (asset-wise details) : N. A.

(a) Date of creation or acquisition of the capital asset(s): N. A.

(b) Amount of CSR spent for creation or acquisition of capital asset: N. A.

(c) Details of the entity or public authority or beneficiary under whose name capital asset is registered, their address: N. A.

(d) Details of the capital asset(s) created or acquired (including complete address and location of the capital asset): N. A.

11. Reason(s), if the Company has failed to spend two percent of the average net profit as per section 135(5): N.A.

Sd/-
Shri Updeep Singh Chatrath
Chief Executive Officer

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

ANNEXURE V

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: 2021 - 2022
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 melange yarn;
   - Synthetic and synthetic blended yarn;
   - Weaving fabrics - Home Textiles; and
   - Recycled Polyster Fibre (from PET bottles).
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 markets.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR): 16,38,28,620/-
2. Total Turnover (INR): Rs. 3,041.98 crore
3. Total profit after taxes (INR): Rs. 155.68 crore
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): The Company has spent Rs. 1.15 crore on CSR for the year ended 31st March, 2022 which is 0.74 % of the profit after tax for the financial year 2021 - 2022.
5. List of activities in which expenditure in 4 above has been incurred: Please refer Corporate Social Responsibility Report for the year at page nos. 93 to 96 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):

   No
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 viz. Suppliers, distributors etc. with whom the Company does business do not participate in the Business Responsibility initiatives 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

   i. DIN Number: 07702511

   ii. Name: Mr. Bipeen Yashwant Valame

   iii. Designation: Wholetime Director and CFO

   (b) Details of the BR head

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

2. **Principle-wise (as per NVG s) 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 being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
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. It has been signed by the Wholetime Director & CFO of the Company.								
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?	https://www.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 stakeholders and is an ongoing process and is also available on the website of the Company.								
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?	Yes								

(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 is 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 Report forms part of the Annual Report of the Company and 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 guides and governs the conduct of the Board of Directors and employees at Sutlej 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 Conduct and the Company's Code 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 during the year with regard to ethics, transparency and accountability.

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. Use of Recycled Polyester Staple Fibre (RPSF) which uses less water and energy than it would to produce virgin polyester. RPSF requires less energy and creates less CO2 emissions during production as compared to virgin polyester. RPSF lowers the demand of new petroleum extraction and reduces overall carbon footprint.

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 melange 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 3783 units per ton of yarn production to 3083 units per ton as compared to the previous year.
- Power consumption has been reduced from 323 units to 175 units per ton of knitting fabric production as compared to the previous year.
- The Company is recycling and using the entire treated sewage water in process house like boilers, humidification plants and flushing of toilets.

(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 745 units per ton of yarn production and 148 units per ton of knitting fabric production 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.

- We are 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.
- We ensure that the dyes and chemicals in dye house are Azo free, NPEO and APEO phenyls, formaldehyde free (Oeko-Tex and GOTS certified).

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 procures 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 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 a few varieties of Melange Yarn products, 15-20% usable waste is used, 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 some of our units.

- Waste water is treated and recycled back into process for resource conservation.
- The used machine oils and electronic wastes are sent to authroised recyclers for being recycled and the same is reused as may be found appropriate.

Principle 3

1. Please indicate the Total number of employees:
   - 16,835 permanent employees.
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis:
   - 3,393 contract workers.
3. Please indicate the Number of permanent women employees:
   - 2,279 permanent women employees.
4. Please indicate the Number of permanent employees with disabilities:
   - 12 differently abled persons.
5. Do you have an employee association that is recognized by management:
   - Yes, at three plant locations.
6. What percentage of your permanent employees is members of this recognized employee association?
   - Around 26%.
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 : 77.75
   (b) Permanent Women Employees : 80.18
   (c) Casual/Temporary/Contractual Employees : 4.20
   (d) Employees with Disabilities : 84.47

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 a 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 major complaints were received.

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 2021 - 22, the Company generated 39.37 lakh units of solar power. 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 scrubber 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 39.37 lakh units of solar power during the year 2021 - 22.
    - 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.
    - The Company uses high calorific value petcoke in boilers which generates very low ash as compared to coal and husk.
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 plants 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 contact 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

PARTICULARS OF EMPLOYEES

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2021-22, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2021-22 are as under:

Sr. No.	Name of Director / KMP	Remuneration of Director/ KMP for FY 2021-22 (Rs.in lakhs)	Designation	Percentage increase in Remuneration	Ratio of Remuneration of each Director to median remuneration of employees
1.	Mr. C. S. Nopany	1,268.00	Executive Chairman	745.33	838.49
2.	Mr. U. K. Khaitan	10.00	Non-Executive Director	150.00	6.61
3.	Mr. Amit Dalal	10.00	Non-Executive Director	150.00	6.61
4.	Mr. Rajan Dalal	10.00	Non-Executive Director	150.00	6.61
5.	Mr. Rajiv K. Podar	10.00	Non-Executive Director	150.00	6.61
7.	Mrs. Sonu Bhasin	10.00	Non-Executive Director	150.00	6.61
8.	Mr. Rohit Dhoot	10.00	Non-Executive Director	150.00	6.61
9.	Mr. Ashok Mittal	10.00	Non-Executive Director	150.00	6.61
10.	Mr. Bipeen Valame	127.03	Wholetime Director & Chief Financial Officer	33.58	84.00
11.	Mr. Updeep Singh Chatrath *	310.50	President & Chief Executive Officer	N.A.	205.33
12.	Mr. Manoj Contractor	85.40	Company Secretary & Compliance Officer	28.69	56.47

* Note: Mr. Updeep Singh Chatrath was appointed as President & Chief Executive Officer w.e.f. 01/04/2021.

2. In the financial year, there was increase of 19.13% in the median remuneration of employees.

3. There were 16,835 permanent employees on the rolls of Company as on 31st March, 2022.

4. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2021-22 was 35.96% whereas the increase in the managerial remuneration for the same financial year was 131.26%.

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 non-executive 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 2022 (Rs.)
1.	Mr. C. S. Nopany	Executive Chairman	12,68,00,000
2.	Mr. Updeep Singh Chatrath	Chief Executive Officer	3,10,50,418
3.	Mr. Bipeen Valame	Wholetime Director & CFO	1,27,03,089
4.	Mr. Umesh Gupta	Executive President	1,23,75,953
5.	Mr. H. M. Vashisth	Executive President	1,03,98,154
6.	Mr. Rajeev Gupta	Executive President	86,53,962
7.	Mr. Deepak Bhala	Sr. Vice President (Marketing)	85,78,041
8.	Mr. Manoj Contractor	Company Secretary and Compliance Officer	85,40,252
9.	Mr. Sushil Kumar Bhalothia	Sr. Vice President (Marketing)	85,30,582
10.	Mr. Dhiraj Banka	Sr. Vice President (Exports)	83,25,497

(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	12,68,00,000	C.A, Master Degree in Science of Industrial Administration from Carnegie Mellon University, Pittsburgh, USA 32 years	Regular	Executive Management	1st July, 2015	56	Chairman and Managing Director of Oudh Sugar Mills Ltd.
Mr. Updeep Singh Chatrath President & Chief Executive Officer	3,10,50,418	BSC, MBA (Mktg & HR) 34.5 years	Regular	Overall Management	24th January, 2018	57	ITEMA Weaving India Pvt. Ltd.
Mr. Bipeen Valame Whole-time Director and Chief Financial Officer	1,27,03,089	C.A., Executive MBA (PGPMAX), Advanced Diploma in Management Accounting (CIMA) 28 years	Regular	Overall Financial Management	25th October, 2016	53	Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.
Mr. Umesh Gupta Executive President	1,23,75,953	B.Text. (Textile Technology), Post Graduate Diploma in Marketing Management 39 years	Regular	Overall Management of Chenab Textile Mills, Kathua	04th March, 2019	59	Ginni International Limited
Mr. H. M. Vashisth Executive President	1,03,98,154	B.Tech, MBA 32 years	Regular	Overall Management of Rajasthan Textile Mills	15th March, 2018	53	RSWM 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 Employ-ment	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-VII to the Directors' Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended on 31st March, 2022

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration 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, 2022**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2022**, 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, 2013 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 / rematerialisation 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.

Place: JAIPUR
Date: 22nd April, 2022

For R. CHOUHAN & ASSOCIATES
(ICSI Unique Code:S2001RJ036300)
UDIN: F005118D000186354

RAJENDRA CHOUHAN - PROPREITOR
COMPANY SECRETARY IN PRACTICE
PEER REVIEW NO.: 868/2020
FCS No. 5118
C P No.: 3726

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.

Place: JAIPUR
Date: 22nd April, 2022
UDIN: F005118D000186354

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

RAJENDRA CHOUHAN - PROPREITOR
COMPANY SECRETARY IN PRACTICE
PEER REVIEW NO.: 868/2020
FCS No. 5118
C P No.: 3726

Annexure VIII 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, 2022, 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, 2022.

For and on behalf of the Board

C. S. Nopany
Executive Chairman
DIN: 00014587

Place : Kolkata
Dated: 11th June, 2022

Standalone Financial Statements

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 2022, 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 2022, and its 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.

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 key audit matter

The key audit matter	How the matter was addressed in our audit
Impairment of Damanganga - 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 150.28 Crore as on 31 March 2022) 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. 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 an independent valuer. This valuation model involves use of several unobservable inputs such as prevailing market rate and replacement cost.	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 engagement by the Company.

The key audit matter	How the matter was addressed in our audit
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.	– We discussed changes in key assumptions as compared to previous year with the management in order to evaluate whether the inputs and assumptions used in the valuation models by management's valuer are reasonable, including considerations due to current economic and market conditions; – 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 unquoted investment in wholly owned subsidiary (including step-down subsidiary) See notes 2.18(c) and 5 to the standalone financial statements. The Company has investment in wholly owned subsidiary amounting to Rs. 52.83 crore as at 31 March 2022 which has further invested in its wholly owned subsidiary. 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 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 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 obtaining and reading of impairment assessment memo prepared by subsidiary auditor, 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 board approved business plan, historical data, our knowledge of the Company and the industry, 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 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. The annual report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and report the fact.

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/loss 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 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, 2020 ("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 1 April 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 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 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 2022 on its financial position in its standalone financial statements - Refer Note 40 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 53 (v) to the standalone financial statements regarding investment in step down subsidiary, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (iv) (a) and (iv) (b) contain any material mis-statement.

v. The final dividend paid by the Company during the year, which was declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 18 to the standalone financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

(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's Registration No 101248W/W-100022

Place: Gurugram
Date: 09 May 2022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN : 22094549AIPSSJ6208

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 2022

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) 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 a regular programme of physical verification of its Property, Plant and Equipment (including right of use assets) by which all property, plant and equipment (including right of use assets) are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment (including right of use assets) were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, 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 immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company, except for the following which are not held in the name of the Company (also Refer note 3A to financial statements):

Description of property	Gross carrying value as at 31 March 2022 (Rs. in Crores)	Held in name of	Whether promoter, director or their relative or employee	Period held – indicate range, where appropriate	Reason for not being held in the name of the Company. Also indicate if in dispute
Leasehold land at Kathua*	2.92	Chenab Textiles Mills, Kathua (A unit of Company)	No	2004-05	Company submitted letter to SIDCO, Kathua for execution of lease deed for land allotted in its favour which is pending.
Freehold land at Baddi	0.08	Sh. Ashok Kumar & Sh. Ratna	No	2014-15	Revenue department requires fresh agreement with their land owners which could not be arranged due to death of land owners.

*disclosed as right of use assets as per relevant accounting standard

(d) 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 revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year. Accordingly, paragraph 3(i)(d) of the order is not applicable to the Company.

(e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder. Accordingly, paragraph 3(i)(e) of the order is not applicable to the Company.

(ii) (a) The inventories, except goods-in-transit, have been physically verified by the management during the year. For goods-in-transit subsequent evidence of receipts has been linked with inventory records substantially. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

(b) 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 been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company except as follows (also Refer note no 24 to standalone financial statements) -

(All amounts are in Rupees crore)

Quarter	Name of bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return/ statement	(Excess)/ Shortage	Whether return/ statement subsequently rectified
June'21	Punjab National Bank, Jammu & Kashmir Bank, HDFC Bank, DBS Bank, Standard Chartered Bank, DCB Bank, ICICI Bank, Federal Bank, Axis Bank	Inventory	534.38	601.20	(66.82)	Yes*
June'21		Trade Receivables	306.08	226.96	79.12	Yes*
September'21		Inventory	452.75	531.69	(78.94)	Yes*
September'21		Trade Receivables	357.66	264.06	93.60	Yes*
December'21		Inventory	574.69	601.81	(27.12)	Yes*
December'21		Trade Receivables	373.01	301.35	71.66	Yes*

*As informed, the Company submits provisional drawing power (DP) statements on monthly basis to Punjab National Bank (PNB) being the lead bank on 15th of the next month and also to other member banks, in which DP limit is computed as per the terms and conditions of the sanction letter. The difference between DP statement and financial statement arise since DP statements are prepared on a provisional basis after exclusion of certain items of inventory, debtors and valuation of FG/WIP is done as per the bank sanction letter. Further, the Company submit Quarterly Monitoring Statements (QMS) to PNB which is tallied with the books of accounts which could be different from the valuation method adopted for books of accounts. In FY21-22, the actual utilization of working capital remained within the bank sanction/DP limits.

(iii) 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 provided any guarantee or security or granted advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. The Company has made investment in a company and granted loans, in respect of which the requisite information is as below. The Company has not made any investments in firms, limited liability partnership or any other parties.

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has not provided loans or provided advances in the nature of loan, stood guarantee, or provided security to any entity except as mentioned below:

(All amounts are in Rupees crore)

Particulars	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount of loan given to employees	-	-	1.52	-
Balance outstanding of employee loan as at balance sheet date	-	-	1.02	-

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made and loans granted during the year are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in case of the loans given, the repayment of principal amount has been stipulated and the repayments of the receipts are regular. However, payment of interest has not been stipulated on account of loan being interest free. Further, the Company has not given any advance in the nature of loan to any party during the year.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

(f) 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 granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) 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 given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these 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, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employee's State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in few cases of Income Tax.

The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Provident fund, Employee's State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable except as mentioned below:-

Name of the statute	Nature of the dues	Amount Rs. In crores	Period to which the amount relates	Due date	Date of payment
Income Tax	Interest on Advance tax	0.22	2021-22	15 June 2021 and 15 September 2021	30 April 2022

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Services Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Statute/ Nature of dues	Nature of dues	Amount (net of paid) Rs. In crores*	Period to which the amount relates	Forum where the dispute in pending
Himachal Pradesh Tax on entry of goods in local area act, 2010	Entry Tax	5.43	F.Y. 2011-2017	High Court, Himachal Pradesh
The Central Excise Act, 1944	Excise duty	0.53	F.Y. 2010-2011	Central Excise & Service Tax Appellate Tribunal, New Delhi
		0.07	F.Y. 2009-2011	Central Excise & Service Tax Appellate Tribunal, Ahmedabad
		0.07	F.Y. 2004-2005	High Court, Jammu
		0.04	F.Y. 2003-2004	Central Excise & Service Tax Appellate Tribunal, Jammu
Income Tax, 1961	Income Tax	0.09	A.Y. 2016-2017	CIT (Appeal)
		0.02	A.Y. 2017-2018	CIT (Appeal)
		0.27	A.Y. 2018-2019	CIT (Appeal)
Urban Cess	Urban Cess	0.77	F.Y. 2014-2022	High Court, Jaipur

* Amount as per demand orders includes interest and penalty, wherever indicated in the order and is net of amount deposited.

(viii) 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 surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) 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 defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) 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 been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) 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 shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no material fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) Based on the information and explanations provided by the management of the Company, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has one CIC as part of the Group as detailed in note 53 (viii) to the financial statements. For reporting on this clause / sub clause, while we have performed audit procedures set out in the Guidance Note on CARO 2020, we have relied on and not been able to independently validate the information provided to us by the management of the Company with respect to entities outside the consolidated Group but covered in the Core Investment Companies (Reserve Bank) Directions, 2016.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year. Accordingly, paragraph 3(xvii) of the Order is not applicable to the Company.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) and (b) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm's Registration No 101248W/W-100022

Place: Gurugram
Date: 09 May 2022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN : 22094549AIPSSJ6208

Annexure B to the Independent Auditors' report on the standalone financial statements of Sutlej Textiles and Industries Limited for the year ended 31 March 2022

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 financial statements of Sutlej Textiles and Industries Limited ("the Company") as of 31 March 2022 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 financial statements and such internal financial controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

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 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").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to 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 financial statements.

Meaning of Internal Financial controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements 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 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 financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm's Registration No 101248W/W-100022

Place: Gurugram
Date: 09 May 2022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN : 22094549AIPSSJ6208

Standalone balance sheet as at 31 March 2022

(All amounts are in Rupees crore, unless otherwise stated)
CIN No: L17124RJ2005PLC020927

Particular	Notes	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3A	1,165.53	1,182.06
Capital work-in-progress	3B	15.65	42.11
Right-of-use assets	3C	3.99	4.04
Intangible assets	4	1.96	2.44
Financial assets			
(i) Investments	5	53.90	40.40
(ii) Loans	6	-	-
(iii) Other non-current financial assets	6A	11.38	5.67
Non-current tax assets (net)	7	6.06	6.03
Other non-current assets	8	18.07	6.15
Total non-current assets		**1,276.54**	**1,288.90**
Current assets			
Inventories	9	596.45	452.91
Financial assets			
(i) Trade receivables	10	441.78	275.34
(ii) Cash and cash equivalents	11	2.32	8.36
(iii) Bank balances other than (ii) above	12	2.60	1.46
(iv) Loans	13	-	-
(v) Other current financial assets	14	85.79	70.16
Other current assets	15	36.98	51.98
Assets classified as held for sale	16	0.03	0.19
Total current assets		**1,165.95**	**860.40**
Total assets		**2,442.49**	**2,149.30**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	16.38	16.38
Other equity	18	1,113.80	963.64
Total equity		**1,130.18**	**980.02**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	19	353.15	439.07
(ii) Lease liabilities	47	0.46	0.46
(iii) Other financial liabilities	20	8.18	9.11
Provisions	21	12.11	9.74
Deferred tax liabilities (net)	22A	85.78	42.36
Other non-current liabilities	23	5.71	7.17
Total non-current liabilities		**465.39**	**507.91**
Current liabilities			
Financial liabilities			
(i) Borrowings	24	583.34	460.67
(ii) Trade payables	25		
(a) Total outstanding dues of micro enterprises and small enterprises		13.86	6.79
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		136.78	104.78
(iii) Other financial liabilities	26	75.17	60.13
Other current liabilities	27	18.82	15.63
Provisions	28	13.63	11.14
Current tax liabilities (net)	29	5.32	2.23
Total current liabilities		**846.92**	**661.37**
Total liabilities		**1,312.31**	**1,169.28**
Total equity and liabilities		**2,442.49**	**2,149.30**
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the standalone 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

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Rajiv Goyal
Partner
Membership No -094549
Place : Gurugram
Date: 09 May 2022

Rajan Dalal
Director
DIN: 00546264
Place: Mumbai
Date: 09 May 2022

C. S. Nopany
Executive Chairman
DIN: 00014587
Place: London
Date: 09 May 2022

Updeep Singh Chatrath
President & CEO
Place: Mumbai
Date: 09 May 2022

Bipeen Valame
Whole time Director and CFO
DIN : 07702511
Place: Mumbai
Date: 09 May 2022

Manoj Contractor
Company Secretary
M.No. : A11661
Place: Mumbai
Date: 09 May 2022

Standalone statement of profit and loss for the year ended 31 March 2022

(All amounts are in Rupees crore, unless otherwise stated)
CIN No: L17124RJ2005PLC020927

Particular	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations	30	3,041.98	1,861.08
Other income	31	30.27	31.11
Total income		**3,072.25**	**1,892.19**
Expenses			
Cost of materials consumed	32	1,607.80	929.63
Purchase of stock-in-trade		32.32	34.38
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	(62.27)	81.88
Employee benefits expense	34	403.13	291.75
Finance costs	35	48.72	36.83
Depreciation and amortization expense	36	120.03	94.07
Other expenses	37	673.65	408.51
Total expenses		**2,823.38**	**1,877.05**
Profit before exceptional items and tax		**248.87**	**15.14**
Exceptional items	38	7.81	-
Profit before tax		**241.06**	**15.14**
Tax expense:	22B		
Current tax		41.63	1.26
Deferred tax		43.75	4.37
Tax expenses		**85.38**	**5.63**
Profit for the year		**155.68**	**9.51**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	22C	(0.94)	6.80
Tax relating to remeasurement of defined benefit plans		0.33	(2.38)
Total other comprehensive income for the year		**(0.61)**	**4.42**
Total comprehensive income for the year		**155.07**	**13.93**
Earnings per equity share of face value of Rs 1 each	39		
Basic and diluted (in Rs.)		9.50	0.58

Summary of significant accounting policies 2

The accompanying notes form an integral part of the standalone 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

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Rajiv Goyal
Partner
Membership No -094549
Place : Gurugram
Date: 09 May 2022

Rajan Dalal
Director
DIN: 00546264
Place: Mumbai
Date: 09 May 2022

C. S. Nopany
Executive Chairman
DIN: 00014587
Place: London
Date: 09 May 2022

Updeep Singh Chatrath
President & CEO
Place: Mumbai
Date: 09 May 2022

Bipeen Valame
Whole time Director and CFO
DIN : 07702511
Place: Mumbai
Date: 09 May 2022

Manoj Contractor
Company Secretary
M.No. : A11661
Place: Mumbai
Date: 09 May 2022

Standalone statement of Cash flows for the year ended 31 March 2022

(All amounts are in Rupees crore, unless otherwise stated)

CIN No: L17124RJ2005PLC020927

Particular	For the year ended 31 March 2022	For the year ended 31 March 2021
A. Cash flow from operating activities		
Profit before tax	**241.06**	**15.14**
Adjustments for :-		
Depreciation and amortization expense	120.03	94.07
Profit on sale/discard of property, plant and equipment (net)	(0.94)	(1.52)
Finance cost	48.72	36.83
Interest income	(10.59)	(9.72)
Deferred government grants	(1.13)	(1.13)
Net fair value gain on financial assets measured at FVTPL	(0.15)	(0.13)
Provision for Expected credit loss	0.25	1.70
Unrealised (gain)/ loss on foreign currency fluctuations (net)	0.28	(4.21)
Fair value (gain)/ loss on derivatives	0.14	(10.93)
Provision for doubtful claims written back	(0.34)	(0.77)
Sundry credit balances written back (net)	(1.32)	(0.82)
Operating profit before working capital changes	**396.01**	**118.51**
Net change in		
Inventories	(143.54)	7.57
Trade receivables	(164.36)	(18.40)
Other financial assets	(21.74)	(11.55)
Other assets	11.68	6.50
Trade payables	40.27	0.09
Other financial liabilities	14.32	(1.28)
Provisions	3.92	3.19
Other liabilities	3.18	(2.53)
Cash generated from operations	**139.74**	**102.10**
Income tax paid (net of refund)	(38.57)	(1.69)
Net cash from operating activities	**101.17**	**100.41**
B. Cash flow from investing activities		
(Increase)/ decrease in deposits with banks	(1.14)	0.24
Interest received	9.47	7.31
Purchase of property, plant and equipment	(85.25)	(101.09)
Investment in equity shares of foreign subsidiary company	(13.35)	(8.84)
Proceeds from sale of property, plant and equipment	1.54	2.38
Grants/subsidy from government	-	0.11
Net cash used in investing activities	**(88.73)**	**(99.89)**

Standalone statement of Cash flows for the year ended 31 March 2022

(All amounts are in Rupees crore, unless otherwise stated)
CIN No: L17124RJ2005PLC020927

Particular	For the year ended 31 March 2022	For the year ended 31 March 2021
C. Cash flow from financing activities		
Net proceeds/ (repayment) of long term borrowings	(88.72)	(11.61)
Net proceeds/ (repayment) of short term borrowings	123.58	54.73
Finance costs (net of interest subsidies)	(48.39)	(33.09)
Repayment of lease liabilities	(0.04)	(0.04)
Dividend paid	(4.91)	(4.91)
Net cash used in financing activities	**(18.48)**	**5.08**
Net increase/ (decrease) in cash and cash equivalents	**(6.04)**	**5.60**
Cash and cash equivalents at the beginning of the year*	8.36	2.76
Cash and cash equivalents at the end of the year*	2.32	8.36
	(6.04)	**5.60**

* 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

Particular	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening balance of borrowings		
Term loan (including current maturities)	566.71	579.27
Current borrowings	333.03	285.45
Cash flows*		
Repayment of term loan	(135.30)	(125.58)
Proceeds from term loan	46.58	113.02
Change in current borrowings (net)	125.47	47.58
Closing balance of borrowings		
Term loan (including current maturities)	**477.99**	**566.71**
Current borrowings	**458.50**	**333.03**

* Including impact of foreign exchange

The accompanying notes form an integral part of the standalone 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

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Rajiv Goyal
Partner
Membership No -094549
Place : Gurugram
Date: 09 May 2022

Rajan Dalal
Director
DIN: 00546264
Place: Mumbai
Date: 09 May 2022

C. S. Nopany
Executive Chairman
DIN: 00014587
Place: London
Date: 09 May 2022

Updeep Singh Chatrath
President & CEO
Place: Mumbai
Date: 09 May 2022

Bipeen Valame
Whole time Director and CFO
DIN : 07702511
Place: Mumbai
Date: 09 May 2022

Manoj Contractor
Company Secretary
M.No. : A11661
Place: Mumbai
Date: 09 May 2022

Standalone statement of changes in Equity for the year ended 31 March 2022

(All amounts are in Rupees crore, unless otherwise stated)

CIN No: L17124RJ2005PLC020927

(a) Equity share capital

Particular	For the year ended 31 March 2022		For the year ended 31 March 2021	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	16,38,28,620	16.38	16,38,28,620	16.38
Changes in Equity Share Capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the period	-	-	-	-
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

Particular	Reserves and surplus			Total
	General reserve	Retained earnings	Other comprehensive income (Remeasurement of defined benefit plans net of tax) {refer note 18 b(ii)}	
Balance as at 31 March 2020	**189.06**	**762.14**	**3.42**	**954.62**
Changes in accounting policy/prior period errors	-	-	-	-
Restated balance at the beginning of the previous reporting period	189.06	762.14	3.42	954.62
Profit for the year as per statement of profit and loss	-	9.51	-	9.51
Other comprehensive income for the year	-	-	4.42	4.42
Total comprehensive income for the year	**-**	**9.51**	**4.42**	**13.93**
Transfer to general reserve	1.00	(1.00)	-	-
Dividend paid	-	(4.91)	-	(4.91)
Balance as at 31 March 2021	**190.06**	**765.74**	**7.84**	**963.64**
Changes in accounting policy/prior period errors	-	-	-	-
Restated balance at the beginning of the current reporting period	190.06	765.74	7.84	963.64
Profit for the year as per statement of profit and loss	-	155.68	-	155.68
Other comprehensive income for the year	-	-	(0.61)	(0.61)
Total comprehensive income for the year	**-**	**155.68**	**(0.61)**	**155.07**
Transfer to general reserve	16.00	(16.00)	-	-
Dividend paid	-	(4.91)	-	(4.91)
Balance as at 31 March 2022	**206.06**	**900.51**	**7.23**	**1,113.80**

The accompanying notes are an integral part of the standalone 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

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Rajiv Goyal
Partner
Membership No -094549
Place : Gurugram
Date: 09 May 2022

Rajan Dalal
Director
DIN: 00546264
Place: Mumbai
Date: 09 May 2022

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Executive Chairman
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Place: London
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Place: Mumbai
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Whole time Director and CFO
DIN : 07702511
Place: Mumbai
Date: 09 May 2022

Manoj Contractor
Company Secretary
M.No. : A11661
Place: Mumbai
Date: 09 May 2022

Notes to the Standalone Financial Statements for the year ended 31 March 2022

(All amounts are in Rupees crore, unless otherwise stated)

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 09 May 2022.

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.

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

Judgements

Information about the judgements made in applying 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.

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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 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 assessment/ management estimate	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/ 3years 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 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.

2.6 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 3 to 6 years (Depend on software licence period) 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.

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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 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.

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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 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

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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 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.

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.

Export incentives

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.

Interest Income

Interest is recognised using effective interest rate method on a time proportion basis.

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Scrap Sales

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.

Insurance claim

Claims lodged with insurance companies are accounted for on an accrual basis, to the extent these are measurable, and the ultimate collection is reasonably certain.

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 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

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.

2.15 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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 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

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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 in Other Comprehensive Income (OCI). This election is made on an investment-by-investment basis.

All other Financial Instruments are classified as measured at fair value through profit and loss (FVTPL).

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.

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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 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.

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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 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.

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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 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.

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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.

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.

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

2.25 Recent Pronouncements

On 23 March 2022, the Ministry of Corporate Affairs ("MCA") through notifications, amended to existing Ind AS. The same shall come into force from annual reporting period beginning on or after 1 April 2022. Key Amendments relating to the same whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

•Ind AS 16 Property, Plant and Equipment (PPE) - For items produced during testing/trail phase, clarification added that revenue generated out of the same shall not be recognised in Statement of Profit and Loss and considered as part of cost of PPE.

•Ind AS 37 Provisions, Contingent Liabilities & Contingent Assets - Guidance on what constitutes cost of fulfilling contracts (to determine whether the contract is onerous or not) is included.

•Ind AS 41 Agriculture- This aligns the fair value measurement in Ind AS 41 with the requirements of Ind AS 113 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

•Ind AS 101 - First time Adoption of Ind AS - Measurement of Foreign Currency Translation

Difference in case of subsidiary/associate/ joint venture's date of transition to Ind AS is subsequent to that of Parent - FCTR in the books of subsidiary/associate/joint Venture can be measured based Consolidated Financial Statements.

•Ind AS 103 - Business Combination - Reference to revised Conceptual Framework. For contingent liabilities / levies, clarification is added on how to apply the principles for recognition of contingent liabilities from Ind AS 37. Recognition of contingent assets is not allowed.

•Ind AS 109 Financial Instruments - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

3A. Property, Plant and equipments

Particular	Freehold Land	Leasehold Land	Buildings (refer note 1)	Plant and equipment	Vehicles	Furniture and fixtures	Office equip-ments	Total
Gross Block								
Balance as at 31 March 2020	**38.53**	**-**	**486.19**	**935.34**	**12.20**	**12.75**	**10.90**	**1,495.91**
Additions	-	-	55.24	190.19	0.96	0.99	1.17	248.55
Disposals	-	-	-	1.55	0.33	-	0.08	1.96
Balance as at 31 March 2021	**38.53**	**-**	**541.43**	**1,123.98**	**12.83**	**13.74**	**11.99**	**1,742.50**
Additions	15.97	-	35.67	45.31	2.16	2.38	1.72	103.21
Disposals	-	-	-	1.45	0.31	-	0.07	1.83
Balance as at 31 March 2022	**54.50**	**-**	**577.10**	**1,167.84**	**14.68**	**16.12**	**13.64**	**1,843.88**
Accumulated Depreciation								
Balance as at 31 March 2020	**-**	**-**	**57.16**	**392.96**	**5.73**	**6.24**	**5.86**	**467.95**
Additions	-	-	14.11	75.21	1.39	1.32	1.56	93.59
Disposals	-	-	-	0.82	0.23	-	0.05	1.10
Balance as at 31 March 2021	**-**	**-**	**71.27**	**467.35**	**6.89**	**7.56**	**7.37**	**560.44**
Additions	-	-	15.77	99.34	1.18	1.30	1.55	119.14
Disposals	-	-	-	0.96	0.23	-	0.04	1.23
Balance as at 31 March 2022	**-**	**-**	**87.04**	**565.73**	**7.84**	**8.86**	**8.88**	**678.35**
Net Block								
Balance as at 31 March 2021	**38.53**	**-**	**470.16**	**656.63**	**5.94**	**6.18**	**4.62**	**1,182.06**
Balance as at 31 March 2022	**54.50**	**-**	**490.06**	**602.11**	**6.84**	**7.26**	**4.76**	**1,165.53**

Notes:

1. Building, includes share of the company in a premises at Haridwar (jointly owned with others) having carrying value as at 31 March 2022 Rs.0.60 crore and 31 March 2021 Rs.0.63 crore respectively (Original Cost Rs. 1.23 crore as at 31 March 2022 and Rs.1.23 crore as at 31 March 2021)
2. Borrowing cost capitalized amounting to Rs.1.63 crore (31 March 2021 Rs.10.38 crore) under the head plant and equipment, building and capital work-in-progress (refer note 43)
3. Property, plant and equipment given as security for borrowings refer note 19 (a)
4. Refer note no 51

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

5. Immovable Property not held in name of the Company:- In case of Kathua leasehold land having carrying value as at 31 March 2022 and 31 March 2021 Rs.2.45 crore and Rs.2.48 crore respectively (Original cost Rs. 2.92 crore) and in case of Baddi unit freehold land having carrying value as at 31 March 2022 and 31 March 2021 Rs 0.08 crore (Original cost Rs.0.08 crore) are pending for registration in the name of the company. Details for the current and previous year are as follows:

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director	Property held since which date	Reason for not being held in the name of the company	also indicate if in dispute
Lease hold land	162Kanal 12Marla, Kathua	1.39	Chenab Textile Mills (A unit of Company)	No.	2004-05	The Company submitted the letter to SIDCO, Kathua for execution of lease deed for land allotted in our favour.	No.
Lease hold land	70Kanal 5Marla land , Kathua	1.40	Chenab Textile Mills (A unit of Company)	No.	2006-07	The Company submitted the letter to SIDCO, Kathua for execution of lease deed for land allotted in our favour.	No.
Lease hold land	2Kanal 4Marla land , Kathua	0.13	Chenab Textile Mills (A unit of Company)	No.	2007-08	The Company submitted the letter to SIDCO, Kathua for execution of lease deed for land allotted in our favour.	No.
Free hold Land	Free hold Land	0.05	Sh Ashok Kumar	No.	1992-93	For registration in the name of Company revenue department required fresh agreement which could not be arranged due to death of land owner.	No.
Free hold Land	Free hold Land	0.03	Sh. Ratna	No.	1992-93	For registration in the name of Company revenue department required fresh agreement which could not be arranged due to death of land owner.	No.
Total		**3.00**					

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

3B. Capital work-in-progress*

Capital work-in-progress - Rs.15.65 crores (31 March 2021 : Rs.42.11 crores)

***Details of pre-operative expenses / trial run expenses included under Capital work in progress**

Particular	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening Balance	1.76	11.97
Salaries , Wages and Bonus	-	5.32
Contribution to Provident and other funds	-	0.21
Cost of materials consumed	-	36.14
Consumption of stores & spares	-	3.49
Power and fuel	-	7.13
Insurance	-	0.14
Miscellaneous Expenses	-	1.27
Interest Expenses	-	10.38
Freight & Forwarding	-	0.76
Total	**1.76**	**76.81**
Less: Revenue from operations*	-	35.63
Pre-operative expenses and trial run expenses	**1.76**	**41.18**
Less : Capitalised to respective property, plant and equipment	1.76	39.42
Closing balance	**-**	**1.76**

*Previous year includes an amount of Rs.30 crore issued for captive consumption.

a) CWIP ageing schedule

CWIP	Amount in CWIP for a period of				As at 31 March 2021
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	26.06	14.84	0.27	0.94	42.11

CWIP	Amount in CWIP for a period of				As at 31 March 2022
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	15.56	0.00	-	0.09	15.65

b) whose completion is overdue and has exceeded its cost compared to its original plan

CWIP	To be completed in				As at 31 March 2021
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
ETP & RO Project #	21.57	0.00	0.00	0.00	21.57

Delayed in project completion and overspent is mainly due to lockdown /restriction imposed on account of Covid-19 pandemic.

Notes to the Standalone 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 2021	Additions	As at 31 March 2022	As at 31 March 2021	Additions	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Right-of-use assets	4.36	0.01	4.37	0.32	0.06	0.38	3.99	4.04
	4.36	**0.01**	**4.37**	**0.32**	**0.06**	**0.38**	**3.99**	**4.04**

Particular	Gross block			Depreciation			Net Block	
	As at 31 March 2020	Additions	As at 31 March 2021	As at 31 March 2020	Additions	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Right-of-use assets	4.36	-	4.36	0.26	0.06	0.32	4.04	4.10
	4.36	**-**	**4.36**	**0.26**	**0.06**	**0.32**	**4.04**	**4.10**

*Refer note 47 for lease liability

4. Intangible Assets

Particular	Gross block				Amortisation				Net Block	
	As at 31 March 2021	Additions	Disposals	As at 31 March 2022	As at 31 March 2021	Additions	Disposals	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Software	3.76	0.35	-	4.11	1.32	0.83	-	2.15	1.96	2.44
	3.76	**0.35**	**-**	**4.11**	**1.32**	**0.83**	**-**	**2.15**	**1.96**	**2.44**

Particular	Gross block				Amortisation				Net Block	
	As at 31 March 2020	Additions	Disposals	As at 31 March 2021	As at 31 March 2020	Additions	Disposals	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Software	3.21	0.55	-	3.76	0.90	0.42	-	1.32	2.44	2.31
	3.21	**0.55**	**-**	**3.76**	**0.90**	**0.42**	**-**	**1.32**	**2.44**	**2.31**

Additional disclosure as per previous GAAP

Particular	As at 31 March 2021			As at 31 March 2022		
	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block
Tangible assets						-
Freehold land	38.54	0.01	38.53	54.51	0.01	54.50
Buildings	597.11	126.95	470.16	632.78	142.72	490.06
Plant and equipment	1,670.57	1,013.94	656.63	1,711.54	1109.43	602.11
Vehicles	14.88	8.94	5.94	16.69	9.85	6.84
Furniture and fixtures	20.20	14.02	6.18	22.53	15.27	7.26
Office equipments	17.48	12.86	4.62	19.10	14.34	4.76
Leasehold land	-	-	-	-	-	-
Right-of-use assets	4.92	0.88	4.04	4.93	0.94	3.99
Total	**2,363.70**	**1,177.60**	**1,186.10**	**2,462.08**	**1,292.56**	**1,169.52**
Capital work-in-progress	42.11	-	42.11	15.65	-	15.65
Total	**2,405.81**	**1,177.60**	**1,228.21**	**2,477.73**	**1,292.56**	**1,185.17**

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

4. Intangible Assets (contd.)

Intangible assets

Particular	As at 31 March 2021			As at 31 March 2022		
	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block
Intangible assets						-
Software	8.63	6.19	2.44	3.95	1.99	1.96
Total	**8.63**	**6.19**	**2.44**	**3.95**	**1.99**	**1.96**

5 Non current investments

		As at 31 March 2022	As at 31 March 2021
A	**Investment in equity instruments (fully paid-up) valued at FVTPL**		
	Unquoted		
	50 (31 March 2021: 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 2021: 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		
	7,500 (31 March 2021: 5,700) equity shares of Sutlej Holdings Inc. of USD 1,000 each	52.83	39.48
		52.83	**39.48**
	Total investments cost (A+B)	**52.83**	**39.48**

Note:

The Company held investments in subsidiary in USA which has further invested in a step-down subsidiary in USA. 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 the 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 etc. 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.

Following key assumptions were considered while performing Impairment testing:

Long term growth rate	3.00%	1.75%
Revenue growth rate	10.00%	4%-8%
Weighted average cost of capital	12.40%	8.36%

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

5 Non current investments (contd.)

	As at 31 March 2022	As at 31 March 2021
C. Investment in preference shares (fully paid up) [refer note 46(I)] valued at FVTPL		
Unquoted		
1,300,000 (31 March 2021: 1,300,000) 8.5% Non-Convertible Cumulative Redeemable Preference shares in Palash Securities Limited of Rs 10 each	1.07	0.92
Total investments measured at FVTPL	**1.07**	**0.92**
Aggregate value of unquoted investment (A+B+C)	**53.90**	**40.40**
Aggregate value of impairment in the value of investments	**-**	**-**
Movement of investment in preference shares		
Opening balance	0.92	0.92
Change in fair value of preference shares	0.15	-
Closing balance	**1.07**	**0.92**

6 Loans - Non Current

	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good unless otherwise stated	-	-
	-	**-**

6A Other non-current financial assets

	As at 31 March 2022	As at 31 March 2021
Security Deposits	11.38	5.67
	11.38	**5.67**

7 Non current tax assets (net)

	As at 31 March 2022	As at 31 March 2021
Income tax receivable	6.06	6.03
	6.06	**6.03**

8 Other non-current assets

	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good unless otherwise stated		
Capital advances	10.54	2.02
Balances with government authorities	7.30	3.98
Prepaid expenses	0.23	0.15
	18.07	**6.15**

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

9 Inventories*

	As at 31 March 2022	As at 31 March 2021
(Valued at lower of cost and net realisable value)		
Raw materials	333.20	243.63
Dyes and chemicals	7.64	9.16
Work-in-progress	103.30	76.75
Finished goods	127.18	101.74
Stock in trade	1.37	1.53
Stores, spare-parts and consumables	18.39	14.89
Wastage material	5.37	5.21
	596.45	**452.91**
Goods in transit included in above inventories are as under :		
Raw materials	10.76	8.02
Stores, spare-parts and consumables	0.38	0.65

Inventories are hypothecated to secure borrowings (refer note 19 and 24).

*Refer note no. 52

10 Trade receivables

	As at 31 March 2022	As at 31 March 2021
Trade Receivables considered good, Unsecured - Others*	441.78	275.34
Trade Receivables credit impaired	1.92	2.36
	443.70	**277.70**
Less: Allowance for credit impairment	(1.92)	(2.36)
	441.78	**275.34**

Note

* Trade receivables includes due from related parties, refer note 45.

(a) Trade receivables are hypothecated to secure current borrowings (refer note 19 and 24)

(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 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.

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

10 Trade receivables (contd.)

(d) Trade Receivables ageing schedule.

Particular	As at 31 March 2022					
	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	440.63	0.98	0.05	-	-	441.66
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	0.13	0.29	0.92	0.58	1.92
(iv) Disputed Trade Receivables– considered good	-	-	0.12	-	-	0.12
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
(vii) Unbilled dues	-	-	-	-	-	-
Less :- Provision for Doubtful debts	-	(0.13)	(0.29)	(0.92)	(0.58)	(1.92)
Total	**440.63**	**0.98**	**0.17**	**-**	**-**	**441.78**

(e) Trade Receivables ageing schedule.

Particular	As at 31 March 2021					
	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	272.43	2.53	0.26	-	-	275.22
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	0.09	1.44	0.42	0.41	2.36
(iv) Disputed Trade Receivables– considered good	-	-	0.12	-	-	0.12
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
(vii) Unbilled dues	-	-	-	-	-	-
Less :- Provision for Doubtful debts	-	(0.09)	(1.44)	(0.42)	(0.41)	(2.36)
Total	**272.43**	**2.53**	**0.38**	**0.00**	**0.00**	**275.34**

11 Cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Balances with banks:		
- In current accounts	2.21	8.21
Cash on hand	0.11	0.15
	2.32	**8.36**

Notes to the Standalone 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 2022	As at 31 March 2021
Earmarked balances with banks:		
Unpaid dividend account	0.89	1.13
Deposits with remaining maturity for more than 3 months but less than 12 months	1.71	0.33
	2.60	**1.46**

13 Loans (Current)

	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good unless otherwise stated		
	-	-

14 Other current financial assets

	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good unless otherwise stated		
Insurance claim receivable*	0.01	9.55
Export benefit receivable - considered good	58.00	24.91
Government subsidies - considered good	22.34	30.94
Government subsidies - credit impaired	1.95	1.70
Less: Allowance for credit impairment	(1.95)	(1.70)
	22.34	**30.94**
Advances recoverable in cash	4.27	3.43
Forward contract receivables	1.14	1.28
Interest accrued on deposits	0.03	0.04
Security deposits	-	**0.01**
	85.79	**70.16**

* Refer note 52

15 Other current assets

	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good unless otherwise stated		
Balances with government authorities	16.21	31.82
Duty paid under protest	0.20	0.33
Prepaid expenses	3.07	2.79
Advances to suppliers	17.50	12.56
Prepaid Gratuity	-	4.48
	36.98	**51.98**

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

16 Assets classified as held for sale

	As at 31 March 2022	As at 31 March 2021
Plant and equipments held for sale	0.03	0.19
	0.03	**0.19**

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.

17 Equity Share capital

	As at 31 March 2022	As at 31 March 2021
Authorised:		
500,000,000 equity shares of Rs.1/- each (31 March 2021: 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 2021: 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 at the end of the reporting year :**

	As at 31 March 2022		As at 31 March 2021	
	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 Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

d. **Shareholders holding more than 5% shares in the company**

	As at 31 March 2022		As at 31 March 2021	
	No. of shares	Percentage	No. of shares	Percentage
Ganges Securities 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%
The Hindustan Times Limited	98,03,690	5.98%	98,03,690	5.98%
Ronson Traders Limited	97,23,730	5.94%	97,23,730	5.94%

Pursuant to the order of the Honble NCLT, Allahabad Bench, Uttar Pradesh Trading Company Limited (Uttar Pradesh) (one of the Promoters of the Company) has merged with Ganges Securities Limited. In view of the same, shares held by Uttar Pradesh have been transferred to Ganges Securities Limited and hence the Ganges Securities Limited has been shown under the category of Promoter.

e. There are no shares which are issued for consideration other than cash during the period of five years immediately preceding the reporting date.

f. Disclosure of Shareholding of Promoters as below:

Shares held by promoters at the end of the year

S. No	Promoter Name	As at 31 March 2022			As at 31 March 2021		
		No. of Shares	% of total shares	% Change during the year	No. of Shares	% of total shares	% Change during the year
1	Ganges Securities Limited #	3,04,16,970	18.57%	-	3,04,16,970	18.57%	-
2	Hargaon Investment and Trading Co. Ltd.	1,71,13,960	10.45%	-	1,71,13,960	10.45%	-
3	New India Retailing & Investment Ltd.	1,70,63,040	10.42%	-	1,70,63,040	10.42%	-
4	Yashovardhan Inv.& Trading Co. Ltd.	1,48,68,360	9.08%	-	1,48,68,360	9.08%	-
5	Ronson Traders Ltd.	97,23,730	5.94%	-	97,23,730	5.94%	-
6	OSM Investment & Trading Co. Ltd.	63,88,200	3.90%	-	63,88,200	3.90%	-
7	Champaran Marketing Co. Ltd.	30,98,100	1.90%	-	30,98,100	1.90%	-
8	SCM Investment & Trading Co. Ltd.	18,29,280	1.12%	-	18,29,280	1.12%	-
9	RTM Investment & Trading Co. Ltd.	18,29,280	1.12%	-	18,29,280	1.12%	-
10	Sidh Enterprises Ltd.	11,94,240	0.73%	-	11,94,240	0.73%	-
11	SIL Investments Ltd.	7,50,000	0.46%	-	7,50,000	0.46%	-
12	Sonali Commercial Ltd.	2,84,350	0.17%	-	2,84,350	0.17%	-
13	Shri Chandra Shekhar Nopany	1,10,000	0.07%	-	1,10,000	0.07%	-
14	Uttam Commercial Ltd.	9,000	0.01%	-	9,000	0.01%	-
15	Shekhar Family Trust	1,00,050	0.07%	200000%	50	0.00%	-
16	Shruti Family Trust	-	-	-100%	100	0.00%	-
17	Nandini Nopany	100	0.00%	-	-	-	-
		10,47,78,660	**64.01%**		**10,46,78,660**	**63.94%**	

Pursuant to the order of the Honble NCLT, Allahabad Bench, Uttar Pradesh Trading Company Limited (Uttar Pradesh) (one of the Promoters of the Company) has merged with Ganges Securities Limited. In view of the same, shares held by Uttar Pradesh have been transferred to Ganges Securities Limited and hence the Ganges Securities Limited has been shown under the category of Promoter.

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

18 Other equity

	As at 31 March 2022	As at 31 March 2021
a. **General reserve**		
Balance at the beginning of the year	190.06	189.06
Add: Amount transferred from retained earnings	16.00	1.00
Balance at the end of the year (a)	**206.06**	**190.06**
b.(i). Retained earnings		
Balance at the beginning of the year	765.74	762.14
Profit for the year	155.68	9.51
Less: Dividend on equity shares	(4.91)	(4.91)
Less: Amount transferred to general reserve	(16.00)	(1.00)
	900.51	**765.74**
b.(ii). Other comprehensive income		
Balance at the beginning of the year	7.84	3.42
Addition during the year	(0.61)	4.42
Balance at the end of the year	**7.23**	**7.84**
Sub total (b(i)+ b(ii))	**907.74**	**773.58**
Total (a+b)	**1,113.80**	**963.64**

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 2022	For the year ended 31 March 2021
Final dividend for the year ended 31 March 2021 Rs.0.30 per equity share of Rs. 1 each (31 March 2020 Rs. 0.30 per equity share of Rs.1 each)	4.91	4.91
	4.91	**4.91**

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.)

	For the year ended 31 March 2022	For the year ended 31 March 2021
Proposed final dividend for the year ended 31 March 2022 Rs. 1.85 per equity share of Rs. 1 each * (Previous year Rs.0.30 per equity share of Rs. 1 each)	30.31	4.91
	30.31	**4.91**

* On 09 May 2022, the Board of Directors of the Company has recommended a final dividend of Rs. 1.85 per share (face value of Rs. 1 per share) for the financial year ended 31 March 2022, subject to approval of the shareholders in the ensuing Annual General Meeting.

19 Non - Current Borrowings

	As at 31 March 2022	As at 31 March 2021
Term loans (Secured)		
- From banks	353.15	439.07
	353.15	**439.07**

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 2022	As at 31 March 2021
Punjab National Bank, Kota	Quarterly	FY 2023-25	8.15	28.49	46.67
Bank of Maharashtra, Jaipur	Quarterly	FY 2026	7.30	93.70	118.69
Jammu & Kashmir Bank, Kathua	Quarterly	FY 2024-29	6.65 to 6.85	200.06	245.47
ICICI Bank, Kolkata	Quarterly	FY 2026	7.98	24.56	29.78
State Bank of India, Mumbai	Quarterly	FY 2023	9.25	1.63	4.13
HDFC Bank, Jaipur	Quarterly	FY 2023-29	5.90 to 7.55	129.55	121.97
				477.99	**566.71**
Less : Current maturities of long term debt (refer note 24)				124.84	127.64
				353.15	**439.07**

c. The Company's exposure to interest rate, foreign currency and liquidity risk is included in note 46.

20 Other Non Current financial liabilities

	As at 31 March 2022	As at 31 March 2021
Trade deposits	6.19	6.21
Employee security deposits	0.03	0.03
Deferred payment liabilities	1.96	2.87
	8.18	**9.11**

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

21 Provisions

	As at 31 March 2022	As at 31 March 2021
Provisions for employee benefit		
Provision for compensated absenses	12.11	9.74
	12.11	**9.74**

22 Deferred tax liabilities (net)

A. Movement in deferred tax balances

Particular	As at 31 March 2021	Recognized during the year	Utilised during the year	As at 31 March 2022
Deferred tax assets				
MAT credit entitlement @	61.29		33.22	28.07
Disallowance u/s 43B of Income Tax Act, 1961	10.72	2.44		13.16
Provision for doubtful debts and others	2.90	-	1.23	1.67
Unabsorbed Depreciation	6.04	-	6.04	-
Total (A)	**80.95**	**2.44**	**40.49**	**42.90**
Deferred tax liabilities				
Property, plant and equipment	123.31	5.37	-	128.68
Total (B)	**123.31**	**5.37**	**-**	**128.68**
Net deferred tax liability (B)-(A)	**42.36**	**2.93**	**(40.49)**	**85.78**

Particular	As at 31 March 2020	Recognized during the year	Rate of interest p.a. (%)	As at 31 March 2021
Deferred tax assets				
MAT credit entitlement @	57.59	3.70	-	61.29
Disallowance u/s 43B of Income Tax Act, 1961	12.97	-	(2.25)	10.72
Provision for doubtful debts and others	2.89	0.01	-	2.90
Unabsorbed Depreciation		6.04		6.04
Total (A)	**73.45**	**9.75**	**(2.25)**	**80.95**
Deferred tax liabilities				
Property, plant and equipment	111.44	11.87	-	123.31
Total (B)	**111.44**	**11.87**	**-**	**123.31**
Net deferred tax liability (B)-(A)	**37.99**	**2.12**	**2.25**	**42.36**

@ 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.

Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 with effect from fiscal year 2019-20, allows any domestic company to pay availing income tax at the rate of 25.17% subject to condition they will not avail any incentive or exemptions. The lower rate is an option and companies can continue to account based on the old rates. The Company will be shifting under new tax regime once the Company is able to utilise MAT credit entitlement. Hence, the Company decided not to opt for lower rate in FY 2021-22.

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 2022	For the year ended 31 March 2021
Current tax expense		
Current tax	41.63	1.26
	41.63	**1.26**
Deferred tax expense		
Origination and reversal of temporary differences	43.75	4.37
	43.75	**4.37**
Tax expenses	**85.38**	**5.63**

C. Amounts recognised in other comprehensive income

Particular	For the year ended 31 March 2022			For the year ended 31 March 2021		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Remeasurements of defined benefit liability	(0.94)	0.33	(0.61)	6.80	(2.38)	4.42
	(0.94)	**0.33**	**(0.61)**	**6.80**	**(2.38)**	**4.42**

D. Reconciliation of effective tax rate

	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before tax from operations	241.06	15.14
Tax using the Company's domestic tax rate @ 34.94 % (31 March 2021: 34.94%)	84.24	5.29
Tax effect of:		
Non-deductible expenses	1.03	0.50
Others	0.11	(0.16)
Income tax expenses reported in the statement of profit and loss	**85.38**	**5.63**
Effective tax rate	**35.42%**	**37.19%**

23 Other non-current liabilities

	As at 31 March 2022	As at 31 March 2021
Deferred government grants (refer note 40 B (b))		
Capital subsidies on specific plant and machineries	5.06	6.19
Non-current portion of the gain on deferred payment liabilities	0.65	0.98
	5.71	**7.17**
Movement of deferred government grants is as below:		
Balance at the beginning of the year	6.19	6.44
Subsidy sanctioned during the year	-	1.00
Refund of subsidy	-	(0.12)
Grant amortized and transferred to statement of profit and loss	(1.13)	(1.13)
Balance at the end of the year	**5.06**	**6.19**

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

24 Current borrowings

	As at 31 March 2022	As at 31 March 2021
Loan repayable on demand (Secured)*		
- From banks	438.31	332.86
Bills discounted**	20.19	0.17
Current maturities of Long term debt	124.84	127.64
	583.34	**460.67**

* 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.

\# The Company has filed monthly / quarterly statements with banks and these are in agreement with books of accounts except as mentioned below:

Quarter	Name of bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return/ statement	(Excess)/ Shortage	Whether return/ statement subsequently rectified
June'21	Punjab National Bank, Jammu & Kashmir Bank, HDFC Bank, DBS Bank, Standard Chartered Bank, DCB Bank, ICICI Bank, Federal Bank, Axis Bank	Inventory	534.38	601.20	(66.82)	Yes*
June'21		Trade Receivables	306.08	226.96	79.12	Yes*
September'21		Inventory	452.75	531.69	(78.94)	Yes*
September'21		Trade Receivables	357.66	264.06	93.60	Yes*
December'21		Inventory	574.69	601.81	(27.12)	Yes*
December'21		Trade Receivables	373.01	301.35	71.66	Yes*

*The Company submits provisional drawing power (DP) statements on monthly basis to Punjab National Bank (PNB) being the lead bank on 15th of the next month and also to other member banks, in which DP limit is computed as per the terms and conditions of the sanction letter.The difference between DP statement and financial statement arise since DP statements are prepared on a provisional basis after exclusion of certain items of inventory, debtors and valuation of FG/WIP is done as per the bank sanction letter. Further, the Company submit Quarterly Monitoring Statements (QMS) to PNB which is tallied with the books of accounts which could be different from the valuation method adopted for books of accounts. In FY21-22, the actual utilization of working capital remained within the bank sanction/DP limits.

25 Trade Payables

		As at 31 March 2022	As at 31 March 2021
(a)	Total outstanding dues of micro enterprises and small enterprises #	13.86	6.79
(b)	Total outstanding dues of creditors other than micro enterprises and small enterprises*	136.78	104.78
	Total	**150.64**	**111.57**
	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.		

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

25 Trade Payables (contd.)

	As at 31 March 2022	As at 31 March 2021
# Dues to Micro Enterprises and Small Enterprises (as per the intimation received from vendors):		
a. Principal and interest amount remaining unpaid	13.86	6.79
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.	-	-
	13.86	**6.79**

f. Trade Payables ageing schedule

Particular	As at 31 March 2022				
	Outstanding for following periods from due date of payment				
	Less than 1year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	13.86	-	-	-	13.86
(ii) Others	69.23	1.59	1.36	2.37	74.55
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
(v) Provision MSME (unbilled dues)	-	-	-	-	-
(vi)Provision Others (unbilled dues)	50.96	8.77	0.53	1.97	62.23
Total	**134.05**	**10.36**	**1.89**	**4.34**	**150.64**

g. Trade Payables ageing schedule

Particular	As at 31 March 2022				
	Outstanding for following periods from due date of payment				
	Less than 1year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	6.70	-	-	-	6.70
(ii) Others	68.27	2.98	0.86	2.02	74.13
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
(v) Provision MSME (unbilled dues)	0.09	-	-	-	0.09
(vi)Provision Others (unbilled dues)	26.59	1.76	0.80	1.50	30.65
Total	**101.65**	**4.74**	**1.66**	**3.52**	**111.57**

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

26 Other financial liabilities

	As at 31 March 2022	As at 31 March 2021
Unpaid dividend	0.89	1.13
Interest accrued and due on borrowings	2.94	3.70
Employees related liabilities	55.47	36.63
Creditors for capital goods	5.47	4.34
Current portion of deferred payment liabilities	1.25	1.25
Security deposits (Including Retention money)	4.08	6.75
Director's commission	0.61	0.26
Others	4.46	6.07
	75.17	**60.13**

27 Other current liabilities

	As at 31 March 2022	As at 31 March 2021
Contract liabilities	10.03	7.90
Statutory dues	8.47	7.41
Current portion of gain on deferred payment liabilities	0.32	0.32
	18.82	**15.63**

28 Provisions

	As at 31 March 2022	As at 31 March 2021
Provisions for employee benefit (refer note 44)		
Compensated absenses	3.24	3.37
Gratuity	1.82	0.25
Others		
Others - contingencies	8.57	7.52
	13.63	**11.14**

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:

Particular	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	7.52	7.31
Provision made during the year	1.05	0.21
Provision reversed during the year	-	(0.00)
Balance at the end of the year	**8.57**	**7.52**

29 Current tax liabilities (net)

	As at 31 March 2022	As at 31 March 2021
Provision for income tax	5.32	2.23
	5.32	**2.23**

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

30 Revenue from operations @

	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of products (net of taxes)		
Manufactured goods	2,928.92	1,786.65
Traded goods	38.31	38.08
Total (i)	**2,967.23**	**1,824.73**
Sale of services		
Job processing	24.87	14.27
Others	4.90	4.29
Total (ii)	**29.77**	**18.56**
Total [(iii) = (i) + (ii)]	**2,997.00**	**1,843.29**
Other operating revenue		
Export incentives	44.98	17.79
Total (iv)	**44.98**	**17.79**
Revenue from operations [(iii) + (iv)]	**3,041.98**	**1,861.08**

@ Previous year net of amount transferred to trial run expenses refer note 3B.

31 Other income

	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income from financial assets measured at amortised cost		
- from bank deposits	0.05	0.02
- from others *	10.54	9.70
Profit on sale/discard of property, plant and equipment (net)	0.94	1.52
Foreign currency transactions and translation (net)	8.47	12.33
Sundry credit balances written back (net)	1.32	0.82
Provision for doubtful debts written back (refer note 46 II (ii))	0.34	0.77
Insurance claims	0.21	0.27
Deferred government grants (refer note 23)	1.13	1.13
Miscellaneous income (including scrap sales)	7.27	4.55
	30.27	**31.11**

* Includes interest subsidy received pursuant to Government scheme for revival of business sector in Union Territory of Jammu and Kashmir, amounting to Rs.1.13 crores (31 March 2021 :Rs..2.45 crores).

32 Cost of materials consumed @

	For the year ended 31 March 2022	For the year ended 31 March 2021
Raw material consumed*	1,507.13	866.41
Consumption of dyes and chemicals	100.67	63.22
	1,607.80	**929.63**

@ Previous year net of amount transferred to trial run expenses refer note 3B.

* Refer note 52

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 2022	For the year ended 31 March 2021
Closing inventory		
Work-in-progress	103.30	76.75
Finished goods	127.18	101.74
Stock- in- trade	1.37	1.53
Wastage material	5.37	5.21
Total (A)	**237.22**	**185.23**
Opening inventory		
Work-in-progress	76.75	87.09
Finished goods	101.74	163.09
Stock- in- trade	1.53	2.38
Wastage material	5.21	4.02
Total (B)	**185.23**	**256.58**
Add:		
Previous year inventories transferred from trial run production on 28.02.2021: (refer note 3B)		
(a) Work-in-progress	-	1.49
(b) Finished goods	-	8.69
(c) Waste	-	0.35
Less : Insurance claim against work-in-progress lost by fire .	(0.72)	-
Less : Finished Good Inventory transferred to Raw Material inventory	(9.56)	-
Total (C)	**(10.28)**	**10.53**
Total (B-A+C)	**(62.27)**	**81.88**

34 Employee benefits expense

	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries and wages	364.50	262.03
Contribution to provident and other funds	33.52	27.48
Staff welfare expenses	5.11	2.24
	403.13	**291.75**

Previous year net of amount transferred to trial run expenses refer note 3B.

35 Finance costs @

	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expenses #	45.89	34.46
Exchange difference on the principal amount of foreign currency borrowing. *	1.84	1.36
Other borrowing costs	0.99	1.01
	48.72	**36.83**

@ Net of amount capitalized refer note 43 and note 3B

Net of interest subsidies under various schemes amounting to Rs. 6.87 crores (31 March 2021 Rs. 10.36 crores).

*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 2022	For the year ended 31 March 2021
Depreciation on property, plant and equipment (refer note 3A)	119.14	93.59
Amortisation on intangible assets (refer note 4)	0.83	0.42
Depreciation on right-of-use assets (refer note 3C)	0.06	0.06
	120.03	**94.07**

37 Other expenses @

	For the year ended 31 March 2022	For the year ended 31 March 2021
Processing and job charges	2.29	2.07
Consumption of stores, spares and consumables	112.00	62.50
Power, fuel and water charges	276.27	184.16
Rent	1.47	1.14
Insurance	8.74	8.16
Rates and taxes	0.49	0.23
Repairs and maintenance:		
Buildings	11.58	6.97
Plant and machineries	34.82	26.08
Others	3.01	1.81
Freight and forwarding expenses	138.01	63.56
Selling commission and brokerage	35.72	20.16
Auditor's remuneration #	0.80	0.76
Charity and donation ##	1.04	0.21
Provision for expected credit loss	0.25	1.70
Loss of Goods by Fire (Refer note 52)	1.83	-
Director's commission and fees	0.95	0.45
Travelling expenses	3.92	0.51
Vehicle expenses	8.92	5.98
Corporate social responsibility expenses (refer below note)	1.16	1.92
Miscellaneous expenses	30.38	20.14
	673.65	**408.51**
@ Net of amount capitalised refer note 3B.		
# Auditor's remuneration (net of taxes)		
As auditor:		
Statutory audit fee	0.55	0.53
Tax audit fee	0.04	0.04
For limited review	0.12	0.12
Certification fee and other matters	0.05	0.04
Re-imbursement of expenses	0.04	0.03
	0.80	**0.76**

31 March 2022 includes Rs. 1.00 crores given to Samaj Electoral Trust Association.

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 2022	For the year ended 31 March 2021
(i) Gross amount required to be spend during the year	1.03	1.91
(ii) Amount spent during the year		
(a) Construction/ acquisition of any asset	1.00	0.15
(b) On purpose other than (a) above	0.16	1.77
	1.16	**1.92**

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

38 Exceptional items

	For the year ended 31 March 2022	For the year ended 31 March 2021
Exceptional items*	7.81	-
	7.81	**-**

* The Joint Inspection Team (JIT) of Ministry of Textiles carried out inspection for the cases under various TUFSs (Technology Upgradation Fund Scheme). Based on certain disallowances in the JIT reports, the Company has reversed excess interest subsidies of Rs.7.81 crore of earlier years along with interest thereon (net of provision of Rs.4.20 Crore) during the year. The Company has adjusted the excess subsidy amount against interest subsidies receivable and provided for interest thereon in the financial liability account in the absence of demand letter from the authorities.

39 Earning per share

	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit for the year	155.68	9.51
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.)	**9.50**	**0.58**

40 Contingent liabilities and commitments

	As at 31 March 2022	As at 31 March 2021
A. Contingent liabilities (to the extent not provided for) in respect of:		
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	4.51	4.97
2. Other matters for which the Company is contingently liable:		
a) Demand raised by excise department for various matters	0.07	0.07
b) Demand raised by GST department for various matters	0.06	-
c) Demand raised by the income tax authorities	0.36	0.22
d) Bank Guarantee given to Dakshin Gujarat Vij Company Limited	1.67	1.67

3. Liability of customs duty towards export obligation undertaken by the Company under "Export Promotion Capital Goods Scheme (EPCG)" amounting to Rs.13.71 crore (31 March 2021: Rs.17.60 crore).

   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.79.79 crore (31 March 2021: Rs.105.63 crore) 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.

4 Unfulfilled commitment to procure minimum quantity of coal - Amount not quantifiable

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

40 Contingent liabilities and commitments (contd.)

B. Commitments

	As at 31 March 2022	As at 31 March 2021
a) Estimated amount of contracts remaining to be executed on capital account [net of advances] not provided for	46.33	12.80

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 recycle polyester staple fibre, 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 and tax (EBIT) is used to measure segment's performance because management believes that this information 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 2022	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2021
External revenues	2,905.89	1,784.32	137.79	77.36	3,043.68	1,861.68
Inter-segment revenue	1.70	0.60		-	1.70	0.60
Segment revenue	**2,904.19**	**1,783.72**	**137.79**	**77.36**	**3,041.98**	**1,861.08**
Segment result	331.11	68.97	(33.48)	(21.72)	297.63	47.25
Finance costs					48.72	36.83
Exceptional items (refer note 38)					7.81	-
Unallocated corporate income (net of expenses)					(0.04)	4.72
Profit before tax					**241.06**	**15.1**
Tax expense					85.38	5.63
Profit after tax					**155.68**	**9.51**

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

41 Segment information (contd.)

Other information

	Total assets			Total liabilities		
	Segment assets	Unallocated corporate assets	Total assets	Segment liabilities	Unallocated corporate liabilities	Total liabilities
As at 31 March 2022						
Yarn	2,135.64	-	2,135.64	832.10	-	832.10
Home textiles	241.35	-	241.35	95.00	-	95.00
Unallocated	-	65.50	65.50		385.21	385.21
Total	**2,376.99**	**65.50**	**2,442.49**	**927.10**	**385.21**	**1,312.31**
As at 31 March 2021						
Yarn	1,894.64	-	1,894.64	822.12	-	822.12
Home textiles	205.70	-	205.70	84.58	-	84.58
Unallocated	-	48.96	48.96	-	262.58	262.58
Total	**2,100.34**	**48.96**	**2,149.30**	**906.70**	**262.58**	**1,169.28**

	Capital expenditure	
	Segement capital expenditure	Total capital expenditure
As at 31 March 2022		
Yarn	51.89	51.89
Home textiles	26.10	26.10
Total	**77.99**	**77.99**
As at 31 March 2021		
Yarn	100.39	100.39
Home textiles	14.40	14.40
Total	**114.79**	**114.79**

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 2022	For the year ended 31 March 2021
Revenues from different geographies		
Domestic	1,732.84	1,207.75
Export *	1,265.86	636.14
	2,998.70	1,843.89
Other operating income	44.98	17.79
Segment revenue	3,043.68	1,861.68
* Export		
Bangladesh	291.19	115.41
Turkey	224.78	60.66
USA	105.54	34.56
Singapore	60.85	84.78
Rest of the World	583.50	340.73
	1,265.86	**636.14**

** Non-current assets exclude investments and tax assets

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

41 Segment information (contd.)

b) Non-current assets**

	As at 31 March 2022	As at 31 March 2021
India	1,216.58	1,242.47
Rest of the world	-	-
	1,216.58	**1,242.47**

42 The Company's operations and financial results for the year ended 31 March 2022 are not comparable to the results of the previous periods due to impact of COVID-19 pandemic and the consequent restrictions announced by the Central/State Governments from time to time. The Company has considered internal and external information and possible effect of the same, while finalizing various estimates in relation to its standalone financial results up to the date of approval of the standalone financial results by the Board of Directors. The management believes that the overall impact of the pandemic may be short term and temporary in nature and is not likely to have any significant impact on the recoverability of the carrying value of its assets and the future operations. However, given the uncertainties associated with nature, condition and duration of COVID-19, the Company continues to closely monitor any material changes arising out of the future economic conditions and its impact on the business of the Company.

43 Borrowing cost

During the year, Company has capitalized borrowing cost amounting to Rs.1.63 crores (31 March 2021: Rs.10.38 crores) 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. 6.47% (31 March 2021 6.33%).

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 2022	For the year ended 31 March 2021
Contribution to provident fund	22.17	17.52
Contribution to employee's state insurance	5.15	3.87
Contribution to superannuation scheme	0.01	0.19

(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 2022. 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.

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

44 Employee benefits (contd.)

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:

Particular	As at and for the year ended 31 March 2022			As at and for the year ended 31 March 2021		
	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	46.41	50.65	(4.24)	47.60	45.05	2.55
Amount Recognised in profit and loss						
Current service cost	6.75	-	6.75	5.92	-	5.92
Interest cost	3.25	(3.55)	(0.30)	3.33	(3.33)	-
	10.00	**(3.55)**	**6.45**	**9.25**	**(3.33)**	**5.92**
Remeasurement						
Actuarial loss (gain) arising from:						-
- Changes in financial assumptions	1.45	-	1.45	-	-	-
- Changes in experience adjustment	(0.11)	-	(0.11)	(4.07)	-	(4.07)
- Return on plan assets recognised in OCI	-	(0.40)	(0.40)	-	(2.73)	(2.73)
Total amount recognised in OCI	**1.34**	**(0.40)**	**0.94**	**(4.07)**	**(2.73)**	**(6.80)**
Contributions paid by the employer	-	5.62	-	-	5.71	-
Adjustments for previous year	-	(4.23)	-	-	0.19	-
Benefits paid	(5.56)	(5.56)	-	(6.37)	(6.37)	-
Interest income	-	3.95	-	-	6.07	-
Balance at the end of the year	**52.19**	**50.43**	**1.76**	**46.41**	**50.65**	**(4.24)**

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:

Particular	Amounts		% Composition	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
State/ Govt. of India securities	14.08	15.20	28%	30%
Corporation Bonds/ Fixed deposits with Banks	2.30	2.16	5%	4%
Special Deposit Scheme with Bank	3.51	3.51	7%	7%
HDFC Group unit linked plan-Option B	21.95	21.13	43%	42%
Other Investments- UTI Master Shares	3.96	3.53	8%	7%
Life Insurance Corporation Fund	3.87	4.35	8%	9%
Others Refundable net	0.76	0.77	1%	1%
	50.43	**50.65**	**100%**	**100%**

C. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

Particular	As at 31 March 2022	As at 31 March 2021
Discount rate	7.20%	7.00%
Expected rate of future salary increase	6.00%	5.50%
Mortality	100% of IALM (2012 - 14)	100% of IALM (2012 - 14)

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

44 Employee benefits (contd.)

Particular	As at 31 March 2022	As at 31 March 2021
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.8.21 crores (Previous year Rs.7.27 crores) 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.

Particular	As at 31 March 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (50 basis points movement)	(2.63)	2.38	(2.15)	2.34
Expected rate of future salary increase (50 basis points movement)	2.40	(2.67)	2.36	(2.19)

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.

E. Maturity profile of defined benefit obligation

Year	As at 31 March 2022	As at 31 March 2021
0 to 1 year	6.67	5.87
1 to 2 year	2.99	2.22
2 to 3 year	2.32	2.41
3 to 4 year	2.54	2.03
4 to 5 year	2.28	2.28
5 to 6 year	2.32	1.99
6 year onwards	33.07	29.61

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.

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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 (till 31 March 2021)
Mr. Updeep Singh Chatrath	President and Chief Executive Officer (w.e.f 1 April 2021)

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

B. Transactions with the above in the ordinary course of business

	For the year ended 31 March 2022	For the year ended 31 March 2021
a) Remuneration to Key Managerial Personnel		
Mr. C S Nopany		
- Short-term employee benefits	3.00	1.50
- Commission	9.68	-
Mr. Updeep Singh Chatrath		
- Short-term employee benefits	3.11	-
- Post-employment benefits	0.28	-
Mr. S.K.Khandelia		
- Short-term employee benefits	-	4.63
Mr. Bipeen Valame		
- Short-term employee benefits	1.27	0.95
- post-employment benefits	0.09	0.04

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

45 Related parties (contd.)

		For the year ended 31 March 2022	For the year ended 31 March 2021
b)	**Director sitting fees**		
	Mr. C S Nopany	0.03	0.02
	Mr. U.K. Khaitan	0.04	0.02
	Mr. Amit Dalal	0.04	0.03
	Mr. Rajan Dalal	0.03	0.02
	Mr. Rajiv K. Podar	0.03	0.02
	Ms. Sonu Bhasin	0.03	0.02
	Mr. Rohit Dhoot	0.04	0.02
	Mr Ashok Mittal	0.02	0.02
c)	**Director commission**		
	Mr. U.K. Khaitan	0.10	0.04
	Mr. Amit Dalal	0.10	0.04
	Mr. Rajan Dalal	0.10	0.04
	Mr. Rajiv K. Podar	0.10	0.04
	Ms. Sonu Bhasin	0.10	0.04
	Mr. Rohit Dhoot	0.10	0.04
	Mr Ashok Mittal	0.10	0.04
d)	**Rent expenses**		
	Mr. C S Nopany	0.03	0.05
e)	**Transactions with Avadh Sugar & Energy Ltd**		
	Reimubersement of expenses	0.46	0.42
f)	**Transactions with American Silk Mills, LLC**		
	Sales of goods	2.49	1.36
	Consultancy fees	0.16	0.16
g)	**Transactions with Sutlej Holding Inc.**		
	Investment in equity shares	13.35	8.84
h)	**Contribution to Post employment benefit entity**		
	Sutlej Textiles and Industries Employee Gratuity Fund	5.62	5.71
i)	**Land purchased at Bhilad**		
	Mr. C S Nopany	15.07	-

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 2022	As at 31 March 2021
Investments		
Sutlej Holding Inc.	52.83	39.48
Trade Recievables		
American Silk Mills, LLC	1.02	0.52
Payables		
Mr. C S Nopany :		
Commission	9.68	-
Avadh Sugar & Energy Limited	0.46	0.42
Post employment Benefit payables		
Mr. Updeep Singh Chatrath	0.73	-
Mr. S.K.Khandelia	-	1.48
Mr. Bipeen Valame	0.38	0.29
Director Commission Payables:		
Mr. U.K. Khaitan	0.10	0.04
Mr. Amit Dalal	0.10	0.04
Mr. Rajan Dalal	0.10	0.04
Mr. Rajiv K. Podar	0.10	0.04
Ms. Sonu Bhasin	0.10	0.04
Mr. Rohit Dhoot	0.10	0.04
Mr Ashok Mittal	0.10	0.04
Payables		
Sutlej Textiles and Industries Employee Gratuity Fund	0.17	-
Receivable		
Sutlej Textiles and Industries Employee Gratuity Fund	-	4.48

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

Particular	As at 31 March 2022		As at 31 March 2021	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Investments				
Equity shares of JNSB*	0.00	-	0.00	-
Equity Shares of Sutlej Holdings Inc	-	52.83	-	39.48
Preference shares	1.07	-	0.92	-
Other non-current financial assets	-	11.38	-	5.67
Trade receivables	-	441.78	-	275.34
Cash and cash equivalents	-	2.32	-	8.36
Bank balances other than Cash and cash equivalents	-	2.60	-	1.46
Current Loans	-	-	-	-
Other current financial assets	1.14	84.65	1.28	68.88
	2.21	**595.56**	**2.20**	**399.19**
Financial liabilities				
Non -Current Borrowings	-	353.15	-	439.07
Lease liabilities	-	0.46	-	0.46
Other non-current financial liabilities	-	8.18	-	9.11
Short terms borrowings	-	583.34	-	460.67
Trade payables	-	150.64	-	111.57
Other current financial liabilities	-	75.17	-	60.13
	-	**1,170.94**	**-**	**1,081.01**

*The total amount of investments in absolute value is Rs. 5,000 (31 March 2021: 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 made 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 2022				
Financial assets				
Financial Investments at FVTPL				
Investments				
Equity shares of JNSB*	-	-	0.00	0.00
Preference shares	-	-	1.07	1.07
Derivative Assets	-	1.14	-	1.14
Total	**-**	**1.14**	**1.07**	**2.21**
As at 31 March 2021				
Financial assets				
Financial Investments at FVTPL				
Investments				
Equity shares of JNSB*	-	-	0.00	0.00
Preference shares	-	-	0.92	0.92
Financial liabilities				
Derivative liability	-	1.28	-	1.28
Total	**-**	**1.28**	**0.92**	**2.20**

*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 made 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)

Particular	Unlisted equity shares*		Unlisted preference shares	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Balance at the beginning of the year	0.00	0.00	0.92	0.79
Redemption of Preference shares	-	-	-	-
Gain/(losses) recognised in statement of profit or loss	-	-	0.15	0.13
Balance at the end of the year	**0.00**	**0.00**	**1.07**	**0.92**

*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 instrument	Fair Value as at		Significant unobservable inputs	Probability-weighted range
	31 March 2022	31 March 2021		
Unquoted preference shares in M/s Palash Securities Limited	1.07	0.92	Non dividend paying shares hence higher discount rate considered as per RBI Guideline	16% (31March 2021: 16%)
Unquoted equity shares (In equity shares of Co-operative Bank: The Jhalawar Nagrik Sahkari Bank Ltd., Bhawanimandi*)		-	-	0.00

* The total amount of investments in absolute value is Rs. 5,000 (31 March 2021: 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

Particular	As at 31 March 2022		As at 31 March 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Investment in equity shares of Sutlej Holdings Inc	52.83	52.83	39.48	39.48
Other non-current financial assets	11.38	11.38	5.67	5.67
Trade receivables	441.78	441.78	275.34	275.34
Cash and cash equivalents	2.32	2.32	8.36	8.36
Bank balances other than above	2.60	2.60	1.46	1.46
Current Loans	-	-	-	-
Other current financial assets	84.65	84.65	68.88	68.88
	595.56	**595.56**	**399.19**	**399.19**
Financial liabilities				
Borrowings	353.15	353.15	439.07	439.07
Lease liabilities	0.46	0.46	0.46	0.46
Other non-current financial liabilities	8.18	8.18	9.11	9.11
Short term borrowings	583.34	583.34	460.67	460.67
Trade payables	150.64	150.64	111.57	111.57
Other current financial liabilities	75.17	75.17	60.13	60.13
	1,170.94	**1,170.94**	**1,081.01**	**1,081.01**

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.

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.)

Trade and other receivables

The Company'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 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.

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

During the year, the Company has made 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

	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	(2.36)	(4.52)
Less :Provision for doubtful debts written back	0.34	0.77
Add: Provision for doubtful debts made	-	-
Bad debts	0.10	1.39
Balance at the end of the year	**(1.92)**	**(2.36)**

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 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.

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.)

(a) Financing arrangements

The Company have access to the following undrawn borrowing facilities as at reporting date:

	As at 31 March 2022	As at 31 March 2021
Floating rate		
Expiring within one year (credit limit and other facilities)	141.50	109.43
Expiring within one year (Term loans)	50.70	-
	192.20	**109.43**

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 4 months as at 31 March 2022 (31 March 2021 - 3 years and 11 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.

Particular	Carrying Amounts	Contractual cash flows			
		Total	Less than 12 months	1–5 years	More than 5 years
As at 31 March 2022					
Non-derivative financial liabilities					
Borrowings	353.15	353.15	-	299.65	53.50
Lease liabilities	0.46	0.46	-	0.15	0.31
Other non-current financial liabilities	8.18	8.18	-	1.99	6.19
Short term borrowings	583.34	583.34	583.34	-	-
Trade payables	150.64	150.64	150.64	-	-
Other current financial liabilities	75.17	75.17	75.17	-	-
Total financial liabilities	**1170.94**	**1170.94**	**809.15**	**301.79**	**60.00**
As at 31 March 2021					
Non-derivative financial liabilities					
Borrowings	439.07	439.07	-	377.91	61.16
Lease liabilities	0.46	0.46	-	0.15	0.31
Other non-current financial liabilities	9.11	9.11	0.94	2.60	5.57
Short term borrowings	333.03	333.03	333.03	-	-
Trade payables	111.57	111.57	111.57	-	-
Other current financial liabilities	187.77	187.77	187.77	-	-
Total financial liabilities	**1081.01**	**1081.01**	**633.31**	**380.66**	**67.04**

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.

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.

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.)

a. Currency risk

The Company 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 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

Particular	USD	EUR	GBP	CHF
31 March 2022				
Financial assets/ liabilities				
Trade receivables	4.03	-	0.00	-
Advances to suppliers	0.06	0.01	-	0.00
Foreign currency working capital borrowings	(1.68)		-	-
Trade payables	(0.11)	(0.00)	-	-
Contract liabilities	(0.41)	-	-	-
Net statement of financial position exposure	**1.89**	**0.01**	**0.00**	**0.00**
31 March 2021				
Financial assets/liabilities				
Trade receivables	2.03	0.01	0.00	-
Advances to suppliers	0.00	0.02	-	0.00
Foreign currency working capital borrowings	(1.52)	-	-	-
Trade Payables	(0.14)	0.00	-	-
Contract liabilities	(0.08)	-	-	-
Net statement of financial position exposure	**0.29**	**0.03**	**0.00**	**0.00**

(ii) Unhedged foreign currency exposure

Particular	USD	EUR	GBP	CHF
Net statement of financial position exposure				
31 March 2022				
Financial assets/ liabilities				
Trade receivables	-	-	-	-
Advances to suppliers	0.06	0.01	-	0.00
Foreign currency working capital borrowings	(1.68)	-	-	-
Trade payables	(0.11)	(0.00)	-	-
Contract liabilities	(0.41)	-	-	-
Net statement of financial position exposure	**(2.14)**	**0.01**	**-**	**0.00**
31 March 2021				
Financial assets/liabilities				
Trade receivables	-	-	0.00	-
Advances to suppliers	0.00	0.02	-	0.00
Foreign currency working capital borrowings	(1.52)	-	-	-
Trade Payables	(0.14)	0.00	-	-
Contract liabilities	(0.08)	-	-	-
Net statement of financial position exposure	**(1.74)**	**0.02**	**0.00**	**0.00**

Note -The total amount in absolute value is less than 100,000, but for reporting purpose rounded up to Rs. 0.0 crores

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.)

(iii) Derivative instruments

Particular	As at 31 March 2022			As at 31 March 2021		
	USD	EUR	GBP	USD	EUR	GBP
Forward Contract for export trade receivables outstanding	4.53	0.01	-	2.39	0.01	-

The following significant exchange rates have been applied

Particular	Average Rates		Year end spot rates	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
USD 1	74.42	74.07	75.75	73.11
EURO 1	86.31	86.73	84.53	85.71
GBP 1	101.48	97.31	99.32	100.71
CHF 1	81.04	80.37	81.92	77.50

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.

	Profit or loss*		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2022				
USD (10% movement)	0.19	(0.19)	0.12	(0.12)
EURO (10% movement)	0.00	(0.00)	-	-
GBP (10% movement)	0.00	(0.00)	-	-
CHF (10% movement)	0.00	(0.00)	-	-
31 March 2021				
USD (10% movement)	0.03	(0.03)	0.02	(0.02)
EURO (10% movement)	0.00	(0.00)	-	-
GBP (10% movement)	0.00	(0.00)	-	-
CHF (10% movement)	0.00	(0.00)	-	-

*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 2021-22 and financial year 2020-21, 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.

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.)

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.

	Nominal Amount	
	As at 31 March 2022	As at 31 March 2021
Fixed-rate instruments		
Financial assets	-	-
Fixed deposits with banks	1.71	0.33
Financial liabilities	-	-
	1.71	**0.33**
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	936.49	903.44
	936.49	**903.44**

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.

	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 2022				
Variable-rate instruments	(4.68)	4.68	(3.04)	3.04
Cash flow sensitivity	**(4.68)**	**4.68**	**(3.04)**	**3.04**
31 March 2021				
Variable-rate instruments	(4.52)	4.52	(2.94)	2.94
Cash flow sensitivity	**(4.52)**	**4.52**	**(2.94)**	**2.94**

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.

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.)

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 2022	57.13	(57.13)	37.17	(37.17)
31 March 2021	43.13	(43.13)	28.06	(28.06)

47 Lease liabilities

The following is the movement in lease liabilities during the year ended 31 March 2022:

Lease Liabilities	31 March 2022	31 March 2021
Opening balance /Transition balance	0.46	0.46
Addition	-	-
Interest expenses	0.04	0.04
Payment	(0.04)	(0.04)
Closing Balance	**0.46**	**0.46**

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2022 on an undiscounted basis:

Maturity analysis – contractual undiscounted cash flows

Particular	31 March 2022	31 March 2021
Less than one year	0.04	0.04
After one year but not longer than five years	0.22	0.21
More than five years	1.19	1.17
Total	**1.45**	**1.42**

Lease liabilities included in the statement of financial position at 31 March 2022

Particular	31 March 2022	31 March 2021
Current	-	-
Non-current	0.46	0.46
Total	**0.46**	**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.

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.

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

49 Disclosure u/s 186(4) of the Companies Act, 2013 :

a) **Particulars of Investments made:-**

	Particular	For the year ended 31 March 2022	For the year ended 31 March 2021
1	**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	1.07	0.92
2	**Investment in Equity shares of Sutlej Holdings Inc. (wholly owned subsidiary) (Refer Note 5 B)**		
	Investment made during the year	13.35	8.84
	Balance outstanding as at reporting date	52.83	39.48

50 Ratios (Additional regulatory information)

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 2022, 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:**

Particular	As at 31 March 2022	As at 31 March 2021
Net debt*	931.57	889.92
Total debt (A)	**931.57**	**889.92**
Equity share capital	16.38	16.38
Other equity	1,113.80	963.64
Total equity (B)	**1,130.18**	**980.02**
Debt equity ratio (C=A/B)	**0.82**	**0.91**

*The Company includes with in net debt, interest bearing loans and borrowings less cash and cash equivalents and other bank balances.

(ii) **Return on equity**

Particular	As at 31 March 2022	As at 31 March 2021
Profit for the year	155.68	9.51
Equity share capital	16.38	16.38
Other equity	1,113.80	963.64
Total equity	**1,130.18**	**980.02**
Return on equity ratio (%) #	**13.77%**	**0.97%**

Reason for variance - Variance in ratio is due to increase in profit during the year.

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

50 Ratios (Additional regulatory information) (contd.)

(iii) Current ratio

Particular	As at 31 March 2022	As at 31 March 2021
Current assets (A)	1,165.95	860.40
Current liabilities (B)	846.92	661.37
Current ratio (C=A/B)	**1.38**	**1.30**

(iv) Inventory turnover

Particular	As at 31 March 2022	As at 31 March 2021
Inventories	596.45	452.91
Cost of materials consumed, purchase of stock-in-trade, changes in inventories of finished goods	1577.85	1045.89
Inventory turnover (days)	**138**	**158**
Inventory turnover ratio #	**2.65**	**2.31**

Reason for variance - Variance in ratio is due to increase in consumption during the year.

(v) Trade receivable turnover ratio

Particular	As at 31 March 2022	As at 31 March 2021
Trade receivable	441.78	275.34
Revenue from operations	3,041.98	1,861.08
Export Incentive	44.98	17.79
Trade receivable Turnover (days)	**54**	**55**
Trade receivable turnover ratio	**6.78**	**6.69**

(vi) Net profit ratio

Particular	As at 31 March 2022	As at 31 March 2021
Profit for the year	155.68	9.51
Revenue from Operations	3,041.98	1,861.08
Net profit ratio #	**5.12%**	**0.51%**

Reason for variance - Variance in ratio is due to increase in profit and revenue from operation during the year.

(vii) Return (PBIDT) to Capital Employed

Particular	As at 31 March 2022	As at 31 March 2021
Profit before finance cost, depreciation and tax expenses (PBIDT) (A)	**417.62**	**146.04**
Equity Share Capital	16.38	16.38
Reserves and Surplus	1,113.80	963.64
Long Term Borrowing	353.15	439.07
Short Term Borrowing	458.50	333.03
Current maturities of long-term debts	124.84	127.64
Capital Employed (B)	**2,066.67**	**1,879.76**
Return (PBIDT) to Capital Employed % (C=A/B) #	**20.21%**	**7.77%**

Reason for variance - Variance in ratio is due to increase in profit and revenue from operation during the year.

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

50 Ratios (Additional regulatory information) (contd.)

(viii) Debt Service Coverage Ratio

Particular	As at 31 March 2022	As at 31 March 2021
Profit for the year	155.68	9.51
Finance costs	48.72	36.83
Depreciation and amortization expense	120.03	94.07
Deferred tax	43.75	4.37
Earning for debt service (A)	**368.18**	**144.78**
Interest + Instalments due in respective year (B)	**176.36**	**146.93**
Debt Service Coverage ratio (C=A/B) #	**2.09**	**0.99**

Reason for variance - Variance in ratio is due to increase in operating profit during the year.

(ix) Trade payables turnover ratio (in times)

Particular	As at 31 March 2022	As at 31 March 2021
Cost of materials consumed	1,607.80	929.63
Purchase of stock-in-trade	32.32	34.38
Add: Closing stock	359.23	267.68
Less: Opening stock	(267.68)	(203.90)
Other expenses	673.65	408.51
Total (A)	**2,405.32**	**1,436.30**
Average trade payables (B)	**131.11**	**112.15**
Trade payables turnover ratio (C=A/B) #	**18.35**	**12.81**

Reason for variance - Variance in ratio is due to increase in purchase of raw materials and increase in expenses due to increase in operations.

(x) Net Capital Turnover Ratios

Particular	As at 31 March 2022	As at 31 March 2021
Revenue from operations	3,041.98	1,861.08
Total equity	1,130.18	980.02
Net Capital Turnover Ratio #	**2.69**	**1.90**

Reason for variance - Variance in ratio is due to increase in revenue from operation during the year.

(xi) Return on Investment

Particular	As at 31 March 2022	As at 31 March 2021
Income generate from investments	-	-
Total Investments (refer note -5)	53.90	40.40
Return on Investment	**0.00%**	**0.00%**

Reason for variance - No income generate from Investments.

Previous year was adversely impacted by Covid-19 related restriction (refer note-42).

(xii) 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 6.47 % (31 March 2021: 6.33%).

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

50 Ratios (Additional regulatory information) (contd.)

Additional Regulatory Information

Ratio	Numerator	Denominator
Debt equity ratio	Debt consists of borrowings net of Cash and cash equivalents and Banks balances.	Total equity
Return on equity	Profit for the year	Total equity
Current ratio	Total current assets	Total current liabilities
Inventory turnover	Inventories	Cost of materials consumed, purchase of stock-in-trade, changes in inventories of finished goods
Trade receivable turnover ratio	Revenue from operations less export incentive	Total Trade receivable
Net profit ratio	Profit for the year	Revenue from operations
Return (PBIDT) to Capital Employed	Profit before finance cost, depreciation and tax expenses	Capital employed =Net worth+ Borrowings
Debt Service Coverage Ratio	Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses + Interest	Debt service = Interest payments + Principal repayments
Trade payables turnover ratio (in times)	Cost of materials consumed+Purchase of stock-in-trade+Closing stock+Other expenses-Opening stock\	Average trade payables
Net Capital Turnover Ratios	Revenue from operations	Total equity
Return on Investment	Income generate from investments	Total Investments

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 carried out the fair value of the property, plant and equipment of CGU.

Some of the key assumptions used by the Valuer for determining the fair value for significant assets are as follows:

(a) Land Valuation :

(i) Transacted / quoted values for similar properties sold in the subject micro-market;

(ii) Adjustment of achievable transaction value based on site specific physical parameters such as location, accessibility, size, zoning, physical attributes, profile of surrounding developments, etc.

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

51 (contd.)

(b) Building Valuation:

The value of the built up structure on the subject property has been assessed by the 'Depreciated Replacement Cost' method, where the current replacement cost of the structure (given the current condition of the property) has been evaluated after giving due regards to physical parameters such as construction, specifications, completion status of the building, renovations carried out in the structures and the same has been depreciated based on parameters such as age, remaining useful life, etc. of the structure.

(c) Plant and Machinery and other Equipments valuation

Total economic life for machineries under various categories have been considered on the basis of regulations prescribed under Schedule II of Indian Companies Act, 2013. Further, a salvage value of 2-5% on the replacement cost, as of date of assessment, of plant and machinery and other equipment has been considered. Quotes for similar or Identical machineries from the same or other manufacturer/ suppliers that are available in the market is also considered. In addition, other applicable direct & indirect cost prevalent in the current market conditions has been factored to arrive at the current Replacement Cost New (RCN) for the machineries at the site.Further, indexing method has also been used to assess RCN for a few machineries.

In addition to the above, in perspective and considering the prevailing trends, a marketing and transaction cost in the range of 5-10% has been considered for the subject assets while assessing the fair value.

Technological obsolescence to an extent of 5-10% has considered for the machineries installed during the period 1999 -2015 . Further, functional obsolescence to the extent of 10-15% has also considered.

Based on all the above factors, as per the final report issued by the Valuer, the fair value of the CGU is higher than its carrying value and hence the Company has concluded that no impairment provision needs to be recorded in the financial statements.

52 There was an incident involving fire at Baddi plant where certain raw material inventories were damaged during the previous year ended 31.3.2021. The Company has assessed the loss of inventory due to the said incident aggregating to Rs.9.06 crore and same was netted off from loss on inventories due to fire recorded under consumption of raw material and was presented as a claim receivable under "Other Current Financial Assets" as at 31.3.2021. During the year, the Company has received an amount of Rs.7.23 crore against the aforesaid insurance claim, hence shorfall of Rs.1.83 crore has recognised as loss by fire in Statement of Profit and Loss account.

53 Regulatory informations :

(i) The Company does not have any benami property where any proceedings have been initiated or pending against the Company for holding such benami property.

(ii) The Company does not have any transactions with companies that have been struck off.

(iii) The Company does not have any charges or satisfaction which are yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or virtual currency during the financial year.

(v) During the year the Company has invested in its subsidiary company (Sutlej Holding Inc.) which has further invested in step down subsidiary company (American Silk Mills LLC), other than this the Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries); or

b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

Notes to the Standalone Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

53 Regulatory informations : (contd.)

(vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or;

b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(vii) The Company does not have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

(viii) The Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has one Core Investment Company ("CIC") as part of the Group i.e. Ganges Securities Limited (unregistered CIC).

The accompanying notes are an integral part of the standalone 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

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Rajiv Goyal
Partner
Membership No -094549
Place : Gurugram
Date: 09 May 2022

Rajan Dalal
Director
DIN: 00546264
Place: Mumbai
Date: 09 May 2022

C. S. Nopany
Executive Chairman
DIN: 00014587
Place: London
Date: 09 May 2022

Updeep Singh Chatrath
President & CEO
Place: Mumbai
Date: 09 May 2022

Bipeen Valame
Whole time Director and CFO
DIN : 07702511
Place: Mumbai
Date: 09 May 2022

Manoj Contractor
Company Secretary
M.No. : A11661
Place: Mumbai
Date: 09 May 2022

Consolidated Financial Statements

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 2022, 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 subsidiaries 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 2022, 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 ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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 Key Audit Matter

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. 150.28 Crore as on 31 March 2022) 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;

<table>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>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.</td><td>– Evaluated the objectivity, independence and competence of the valuation specialist engagement by the Holding Company.
– We discussed changes in key assumptions as compared to previous year with the management in order to evaluate whether the inputs and assumptions used in the valuation models by management's valuer are reasonable, including considerations due to current economic and market conditions;
– 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.</td></tr>
<tr><td>Assessment of impairment of goodwill

See notes 2.10 and 4 to the consolidated financial statements.

The Consolidated Financial Statements reflect goodwill amounting to INR 7.21 crore 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.</td><td>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.
– Evaluated the impairment model which is based on discounted cash flows. This included obtaining and reading of impairment assessment memo prepared by subsidiary auditor, 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 board approved business plan, 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.</td></tr>
</table>

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 consolidated financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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 identified above when it becomes available 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and report the fact.

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/ loss 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 based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- 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 auditors. 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 Matter' in this audit report.

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 step-down subsidiary (subsidiaries), whose financial statements reflect total assets (before consolidation adjustments) of Rs. 82.57 crores as at 31 March 2022, total revenues (before consolidation adjustments) of Rs. 43.19 crores and net cash inflow (before consolidation adjustments) amounting to Rs. 7.03 crores for the year ended on that date, as considered in the consolidated financial statements. 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 subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditor.

These subsidiaries 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 subsidiaries 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 subsidiaries 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 matter with respect to our reliance on the work done and the reports of the other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we report that there are no unfavourable answers or qualifications or adverse remarks included in the CARO report in respect of the standalone financial statements of the Holding Company which is included in these consolidated financial statements.

   According to the information and explanations given to us and based on our examination, CARO 2020 is not applicable to subsidiary and its step down subsidiary company hence this report does not contain statement on the matter specified in clause 3(xxi) of CARO 2020 in relation to these companies.

2.(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 subsidiaries (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 1 April 2022 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies is disqualified as on 31 March 2022 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 subsidiaries, as noted in the 'Other Matter' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2022 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 2022.

   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 2022.

iv. (a) The respective managements of the group which were companies incorporated in India, whose financials statements have been audited under the act, has represented that, to the best of their knowledge and belief, other than as disclosed in the Note 55 (v) no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the group to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the group or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(b) The respective management of the group which were companies incorporated in India, whose financial statements have been audited under the act, has represented, that, to the best of their knowledge and belief, as disclosed in Note 55 (vi) no funds have been received by the group from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the group shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

(c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

v. The final dividend paid by the Company during the year, which was declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 18 to the consolidated financial statements, the Board of Directors of the Holding Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

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's Registration No 101248W/W-100022

Place: Gurugram
Date: 09 May 2022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN : 22094549AIPSUQ7519

Annexure A to the Independent Auditors' report on the consolidated financial statements of Sutlej Textiles and Industries Limited for the period ended 31 March 2022

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 2 (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 2022, 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 2022, 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").

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").

Auditors' 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 Consolidated 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 Consolidated 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's Registration No 101248W/W-100022

Place: Gurugram
Date: 09 May 2022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN : 22094549AIPSUQ7519

Consolidated balance sheet as at 31 March 2022

(All amounts are in Rupees crore, unless otherwise stated)

CIN No: L17124RJ2005PLC020927

Particular	Notes	As at 31 March 2022	As at 31 March 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3A	1,165.68	1,182.30
Capital work-in-progress	3B	15.65	42.11
Right-of-use assets	3C	4.44	5.20
Goodwill	4	7.21	7.03
Other intangible assets	4	3.45	4.03
Intangible assets under development	4	-	0.01
Financial assets			
(i) Investments	5	1.07	0.92
(ii) Loans	6	-	-
(ii) Other non-current financial assets	6A	11.49	5.89
Non-current tax assets (net)	7	6.06	6.03
Other non-current assets	8	18.07	6.16
Total non-current assets		**1,233.12**	**1,259.68**
Current assets			
Inventories	9	609.44	465.49
Financial assets			
(i) Trade receivables	10	442.06	275.95
(ii) Cash and cash equivalents	11	11.76	10.76
(iii) Bank balances other than (ii) above	12	2.60	1.46
(iv) Loans	13	-	-
(v) Other current financial assets	14	85.77	70.15
Other current assets	15	40.04	54.93
Assets classified as held for sale	16	0.03	0.19
Total current assets		**1,191.70**	**878.93**
Total assets		**2,424.82**	**2,138.61**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	16.38	16.38
Other equity	18	1,083.59	938.26
Total equity		**1,099.97**	**954.64**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	19	353.15	441.20
(ii) Lease liabilities	20	0.46	0.92
(iii) Other financial liabilities	21	8.19	9.11
Provisions	22	12.11	9.74
Deferred tax liabilities (net)	23A	86.25	42.72
Other non-current liabilities	24	5.72	7.17
Total non-current liabilities		**465.88**	**510.86**
Current liabilities			
Financial liabilities			
(i) Borrowings	25	588.96	466.21
(ii) Lease liabilities	20	0.48	0.72
(iii) Trade payables			
(a) Total outstanding dues of micro enterprises and small enterprises	26	13.86	6.79
(b) Total outstanding dues of creditors other than micro and small enterprises		142.05	109.90
(iv) Other financial liabilities	27	75.51	60.23
Other current liabilities	28	19.16	15.89
Provisions	29	13.63	11.14
Current tax liabilities (net)	30	5.32	2.23
Total current liabilities		**858.97**	**673.11**
Total liabilities		**1,324.85**	**1,183.97**
Total equity and liabilities		**2,424.82**	**2,138.61**
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

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Rajiv Goyal
Partner
Membership No -094549
Place : Gurugram
Date: 09 May 2022

Rajan Dalal
Director
DIN: 00546264
Place: Mumbai
Date: 09 May 2022

C. S. Nopany
Executive Chairman
DIN: 00014587
Place: London
Date: 09 May 2022

Updeep Singh Chatrath
President & CEO
Place: Mumbai
Date: 09 May 2022

Bipeen Valame
Whole time Director and CFO
DIN : 07702511
Place: Mumbai
Date: 09 May 2022

Manoj Contractor
Company Secretary
M.No. : A11661
Place: Mumbai
Date: 09 May 2022

Consolidated statement of profit and loss for the year ended 31 March 2022

(All amounts are in Rupees crore, unless otherwise stated)

CIN No: L17124RJ2005PLC020927

Particular	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue			
Revenue from operations	31	3,076.46	1,884.03
Other income	32	35.74	31.12
Total income		**3,112.20**	**1,915.15**
Expenses			
Cost of materials consumed	33	1,618.89	933.33
Purchase of stock-in-trade		48.71	44.30
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	(63.23)	84.85
Employee benefits expense	35	412.89	302.11
Finance costs	36	49.77	37.77
Depreciation and amortization expense	37	121.03	95.58
Other expenses	38	680.61	415.13
Total expenses		**2,868.67**	**1,913.07**
Profit before exceptional items and tax		**243.53**	**2.08**
Exceptional items	39	7.81	-
Profit before tax		**235.72**	**2.08**
Tax expense:	23B		
Current tax		41.63	1.26
Deferred tax		43.86	4.48
Tax expenses		**85.49**	**5.74**
Profit for the year		**150.23**	**(3.66)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	23C	(0.94)	6.80
Tax relating to remeasurement of defined benefit plans		0.33	(2.38)
Items that will be reclassified subsequently to profit and loss			
Exchange differences on translation of operations into reporting currency		0.62	(0.31)
Total other comprehensive income for the year		**0.01**	**4.11**
Total comprehensive income for the year		**150.24**	**0.45**
Earnings per equity share of face value of Rs 1 each	40		
Basic and diluted (in Rs.)		9.17	(0.22)

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: 09 May 2022

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Rajan Dalal
Director
DIN: 00546264
Place: Mumbai
Date: 09 May 2022

C. S. Nopany
Executive Chairman
DIN: 00014587
Place: London
Date: 09 May 2022

Updeep Singh Chatrath
President & CEO
Place: Mumbai
Date: 09 May 2022

Bipeen Valame
Whole time Director and CFO
DIN : 07702511
Place: Mumbai
Date: 09 May 2022

Manoj Contractor
Company Secretary
M.No. : A11661
Place: Mumbai
Date: 09 May 2022

Consolidated statement of Cash flows for the year ended 31 March 2022

(All amounts are in Rupees crore, unless otherwise stated)
CIN No: L17124RJ2005PLC020927

Particular	For the year ended 31 March 2022	For the year ended 31 March 2021
A. Cash flow from operating activities		
Profit before tax	**235.72**	**2.08**
Adjustments for :-		
Depreciation and amortization expense	121.03	95.58
Profit on sale/discard of property, plant and equipment (net)	(0.94)	(1.52)
Finance cost	49.77	37.77
Interest income	(10.64)	(9.73)
Waiver of PPP loans	(3.87)	-
Deferred government grants	(1.13)	(1.13)
Net fair value gain on financial assets measured at FVTPL	(0.15)	(0.13)
Provision for expected credit loss	0.25	1.70
Unrealised (gain)/ loss on foreign currency fluctuations (net)	0.28	(4.21)
Fair value (gains)/ loss on derivatives	0.14	(10.93)
Provision for doubtful claims written back	(0.34)	(0.77)
Sundry credit balances written back (net)	(1.32)	(0.82)
Operating profit before working capital changes	**388.80**	**107.89**
Net change in		
Inventories	(143.95)	11.39
Trade receivables	(164.29)	(17.77)
Other financial assets	(21.37)	(11.64)
Other assets	11.57	6.06
Trade payables	40.41	(5.57)
Other financial liabilities	14.60	0.09
Provisions	4.54	2.88
Other liabilities	3.28	(2.90)
Cash generated from operations	**133.59**	**90.43**
Income tax paid (net of refund)	(38.57)	(1.69)
Net cash from operating activities	**95.02**	**88.74**
B. Cash flow from investing activities		
(Increase)/ decrease in deposits with banks	(1.14)	0.25
Interest received	9.52	7.32
Purchase of right-of-use of assets	(0.11)	(1.14)
Purchase of property, plant and equipment	(85.41)	(100.46)
Proceeds from sale of property, plant & equipment	1.54	2.38
Grants/ subsidy from government	-	0.11
Net cash used in investing activities	**(75.60)**	**(91.54)**
C. Cash flow from financing activities		
Net proceeds /(repayment) of long term borrowings	(90.85)	(10.81)
Net proceeds /(repayment) of short term borrowings	123.66	54.29
Finance costs (net of interest subsidies)	(49.42)	(34.12)
Repayment of lease liabilities	(0.77)	(1.08)
Waiver of PPP loans	3.87	-
Dividend paid	(4.91)	(4.91)
Net cash used in financing activities	**(18.42)**	**3.37**
Net increase/ (decrease) in cash and cash equivalents	**1.00**	**0.57**

Consolidated statement of Cash flows for the year ended 31 March 2022

(All amounts are in Rupees crore, unless otherwise stated)
CIN No: L17124RJ2005PLC020927

Particular	For the year ended 31 March 2022	For the year ended 31 March 2021
Cash and cash equivalents at the beginning of the year*	10.76	10.19
Cash and cash equivalents at the end of the year*	11.76	10.76
	1.00	0.57

* 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

Particular	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening balance of borrowings		
Term loan (including current maturities)	572.54	579.65
Current borrowings	338.57	291.43
Cash flows*		
Repayment of term loan	(139.01)	(120.13)
Waiver of PPP loans (refer note - 32)	(3.87)	-
Proceeds from term loan	48.33	113.02
Change in current borrowings (net)	125.55	47.14
Closing balance of borrowings		
Term loan (including current maturities)	**477.99**	**572.54**
Current borrowings	**464.12**	**338.57**

* Including impact of foreign exchange

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

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Rajiv Goyal
Partner
Membership No -094549
Place : Gurugram
Date: 09 May 2022

Rajan Dalal
Director
DIN: 00546264
Place: Mumbai
Date: 09 May 2022

C. S. Nopany
Executive Chairman
DIN: 00014587
Place: London
Date: 09 May 2022

Updeep Singh Chatrath
President & CEO
Place: Mumbai
Date: 09 May 2022

Bipeen Valame
Whole time Director and CFO
DIN : 07702511
Place: Mumbai
Date: 09 May 2022

Manoj Contractor
Company Secretary
M.No. : A11661
Place: Mumbai
Date: 09 May 2022

Consolidated statement of changes in Equity for the year ended 31 March 2022

(All amounts are in Rupees crore, unless otherwise stated)
CIN No: L17124RJ2005PLC020927

(a) Equity share capital

Particular	For the year ended 31 March 2022		For the year ended 31 March 2021	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	16,38,28,620	16.38	16,38,28,620	16.38
Changes in Equity Share Capital due to prior period errors	-	-	-	-
Restated balance at the beginning of the period	-	-	-	-
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

Particular	Reserves and surplus				Total
	General reserve	Retained earnings	Other comprehensive income		
			Remeasurement of defined benefit plans (net of tax)	Exchange differences on translation of operations into reporting currency	
Balance as at 31 March 2020	**189.06**	**746.51**	**3.42**	**3.73**	**942.72**
Changes in accounting policy/prior period errors	-	-	-	-	-
Restated balance at the beginning of the previous reporting period	189.06	746.51	3.42	3.73	942.72
Profit for the year as per statement of profit and loss	-	(3.66)	-	-	(3.66)
Other comprehensive income for the year	-	-	4.42	(0.31)	4.11
Total comprehensive income for the year	**-**	**(3.66)**	**4.42**	**(0.31)**	**0.45**
Transfer to general reserve	1.00	(1.00)	-	-	-
Dividend paid	-	(4.91)	-	-	(4.91)
Balance as at 31 March 2021	**190.06**	**736.94**	**7.84**	**3.42**	**938.26**
Changes in accounting policy/prior period errors	-	-	-	-	-
Restated balance at the beginning of the current reporting period	190.06	736.94	7.84	3.42	938.26
Profit for the year as per statement of profit and loss	-	150.23	-	-	150.23
Other comprehensive income for the year	-	-	(0.61)	0.62	0.01
Total comprehensive income for the year	**-**	**150.23**	**(0.61)**	**0.62**	**150.24**
Transfer to general reserve	16.00	(16.00)	-	-	-
Dividend paid	-	(4.91)	-	-	(4.91)
Balance as at 31 March 2022	**206.06**	**866.26**	**7.23**	**4.04**	**1,083.59**

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

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

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Partner
Membership No -094549
Place : Gurugram
Date: 09 May 2022

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Date: 09 May 2022

Manoj Contractor
Company Secretary
M.No. : A11661
Place: Mumbai
Date: 09 May 2022

Notes to the Consolidated Financial Statements for the year ended 31 March 2022

(All amounts are in Rupees crore, unless otherwise stated)

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 2022	Percentage holding as at 31 March 2021
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 09 May 2022.

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.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the 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.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

Judgements

Information about the judgements made in 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.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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 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/ 3years 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 years

Related to subsidiary and step down subsidiary of the parent Company:

Assets	Useful life
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

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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. For Parent Company, estimated useful life of the software is considered as 3 to 6 years (Depend on software licence period) against useful life of 4 years as per Companies Act, 2013 and for subsidiary and step down subsidiary of the parent Company estimated useful life of the software (including internally developed software) is considered as 6 to 12 years.

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 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.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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 up to 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.

2.12 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.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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.

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.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

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 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 incentives

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 Income

Interest is recognised using effective interest rate method on a time proportion basis.

Dividend income

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

Scrap Sales

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.

Insurance claim

Claims lodged with insurance companies are accounted for on an accrual basis, to the extent these are measurable, and the ultimate collection is reasonably certain.

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

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.

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.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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.)

(All amounts are in Rupees crore, unless otherwise stated)

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 in OCI. This election is made on an investment-by-investment basis.

All other Financial Instruments are classified as measured at FVTPL.

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

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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 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.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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 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.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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.

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.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

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 Pronouncements

On 23 March 2022, the Ministry of Corporate Affairs ("MCA") through notifications, amended to existing Ind AS. The same shall come into force from annual reporting period beginning on or after 1 April 2022. Key Amendments relating to the same whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

•Ind AS 16 Property, Plant and Equipment (PPE) - For items produced during testing/trail phase, clarification added that revenue generated out of the same shall not be recognised in Statement of Profit and Loss and considered as part of cost of PPE.

•Ind AS 37 Provisions, Contingent Liabilities & Contingent Assets - Guidance on what constitutes cost of fulfilling contracts (to determine whether the contract is onerous or not) is included.

•Ind AS 41 Agriculture- This aligns the fair value measurement in Ind AS 41 with the requirements of Ind AS 113 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

•Ind AS 101 - First time Adoption of Ind AS - Measurement of Foreign Currency Translation

Difference in case of subsidiary/associate/ joint venture's date of transition to Ind AS is subsequent to that of Parent - FCTR in the books of subsidiary/associate/joint Venture can be measured based Consolidated Financial Statements.

•Ind AS 103 - Business Combination - Reference to revised Conceptual Framework. For contingent liabilities / levies, clarification is added on how to apply the principles for recognition of contingent liabilities from Ind AS 37. Recognition of contingent assets is not allowed.

•Ind AS 109 Financial Instruments - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

3A. Property, Plant and equipments

Particular	Freehold Land	Leasehold Land	Buildings (refer note 1)	Plant and equipment	Vehicles	Furniture and fixtures	Office equip-ments	Lease improve-ments	Total
Gross Block									
Balance as at 31 March 2020	38.53	-	486.19	935.57	12.20	13.21	11.29	0.30	1,497.29
Additions	-	-	55.24	190.21	0.96	0.98	1.16	-	248.55
Disposals	-	-	-	1.55	0.34	-	0.08	-	1.97
Balance as at 31 March 2021	**38.53**	**-**	**541.43**	**1,124.23**	**12.82**	**14.19**	**12.37**	**0.30**	**1,743.87**
Additions	15.97	-	35.66	45.32	2.16	2.39	1.74	-	103.24
Disposals	-	-	-	1.45	0.31	-	0.07	-	1.83
Balance as at 31 March 2022	**54.50**	**-**	**577.09**	**1,168.10**	**14.67**	**16.58**	**14.04**	**0.30**	**1,845.28**
Accumulated Depreciation									
Balance as at 31 March 2020	**-**	**-**	**57.16**	**393.17**	**5.72**	**6.48**	**6.01**	**0.18**	**468.72**
Additions	-	-	14.11	75.28	1.39	1.42	1.64	0.11	93.95
Disposals	-	-	-	0.82	0.23	-	0.05	-	1.10
Balance as at 31 March 2021	**-**	**-**	**71.27**	**467.63**	**6.88**	**7.90**	**7.60**	**0.29**	**561.57**
Additions	-	-	15.77	99.38	1.19	1.32	1.60	-	119.26
Disposals	-	-	-	0.98	0.23	-	0.02	-	1.23
Balance as at 31 March 2022	**-**	**-**	**87.04**	**566.03**	**7.84**	**9.22**	**9.18**	**0.29**	**679.60**
Net Block									
Balance as at 31 March 2021	**38.53**	**-**	**470.16**	**656.60**	**5.94**	**6.29**	**4.77**	**0.01**	**1,182.30**
Balance as at 31 March 2022	**54.50**	**-**	**490.05**	**602.07**	**6.83**	**7.36**	**4.86**	**0.01**	**1,165.68**

Notes:

1. Building, includes share of the holding company in a premises at Haridwar (jointly owned with others) having carrying value as at 31 March 2022 Rs.0.60 crore and 31 March 2021 Rs.0.63 crore respectively (Original Cost Rs. 1.23 crore as at 31 March 2022 and Rs.1.23 crore as at 31 March 2021)
2. Borrowing cost capitalized amounting to Rs. 1.63 crore (31 March 2021 Rs.10.38 crore) under the head plant and equipment, building and capital work-in-progress (refer note 44)
3. Property, plant and equipment given as security for borrowings refer note 19 (a)
4. Refer note no 53

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

5. Immovable Property not held in name of the Company:- In case of Kathua leasehold land having carrying value as at 31 March 2022 and 31 March 2021 Rs.2.45 crore and Rs.2.48 crore respectively (Original cost Rs.2.92 crore) and in case of Baddi unit freehold land having carrying value as at 31 March 2022 and 31 March 2021 Rs.0.08 crore (Original cost Rs.0.08 crore) are pending for registration in the name of the holding company. Details for the current and previous year are as follows:

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/ director or employee of promoter/ director	Property held since which date	Reason for not being held in the name of the company	also indicate if in dispute
Lease hold land	162Kanal 12Marla, Kathua	1.39	Chenab Textile Mills (A unit of Company)	No.	2004-05	The Company submitted the letter to SIDCO, Kathua for execution of lease deed for land allotted in our favour.	No.
Lease hold land	70Kanal 5Marla land , Kathua	1.40	Chenab Textile Mills (A unit of Company)	No.	2006-07	The Company submitted the letter to SIDCO, Kathua for execution of lease deed for land allotted in our favour.	No.
Lease hold land	2Kanal 4Marla land , Kathua	0.13	Chenab Textile Mills (A unit of Company)	No.	2007-08	The Company submitted the letter to SIDCO, Kathua for execution of lease deed for land allotted in our favour.	No.
Free hold Land	Free hold Land	0.05	Sh Ashok Kumar	No.	1992-93	For registration in the name of Company revenue department required fresh agreement which could not be arranged due to death of land owner.	No.
Free hold Land	Free hold Land	0.03	Sh. Ratna	No.	1992-93	For registration in the name of Company revenue department required fresh agreement which could not be arranged due to death of land owner.	No.
Total		**3.00**					

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

3B. Capital work-in-progress*

Capital work-in-progress - Rs.15.65 crore (31 March 2021 : Rs.42.11 crore)

***Details of pre-operative expenses / trial run expenses included under Capital work in progress**

Particular	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening Balance	1.76	11.97
Salaries , Wages and Bonus	-	5.32
Contribution to Provident and other funds	-	0.21
Cost of materials consumed	-	36.14
Consumption of stores & spares	-	3.49
Power and fuel	-	7.13
Insurance	-	0.14
Miscellaneous Expenses	-	1.27
Interest Expenses	-	10.38
Freight & Forwarding	-	0.76
Total	**1.76**	**76.81**
Less : Revenue from operations*	-	35.63
Pre-operative expenses and trial run expenses	**1.76**	**41.18**
Less : Capitalised to respective property, plant and equipment	1.76	39.42
Closing balance	**-**	**1.76**

*Previous year includes an amount of Rs.30 crore issued for captive consumption.

a) CWIP ageing schedule

CWIP	Amount in CWIP for a period of				As at 31 March 2022
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	15.56	-	-	0.09	15.65

CWIP	Amount in CWIP for a period of				As at 31 March 2021
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	26.06	14.84	0.27	0.94	42.11

b) whose completion is overdue and has exceeded its cost compared to its original plan

CWIP	To be completed in				As at 31 March 2021
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
ETP & RO Project #	21.57	0.00	0.00	0.00	21.57

Delayed in project completion and overspent is mainly due to lockdown /restriction imposed on account of Covid-19 pandemic.

3C. Right-of-use assets*

Particular	Gross Block				Amortisation				Net Block	
	As at 31 March 2021	Additions	Disposals	As at 31 March 2022	As at 31 March 2021	Additions	Disposals	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Right-of-use assets	7.56	0.11	-	7.67	2.36	0.79	(0.08)	3.23	4.44	5.20
	7.56	**0.11**	**-**	**7.67**	**2.36**	**0.79**	**(0.08)**	**3.23**	**4.44**	**5.20**

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

3C. Right-of-use assets* (contd.)

Particular	Gross Block				Depreciation				Net Block	
	As at 31 March 2020	Transition impact of Ind AS116	Additions	As at 31 March 2021	As at 31 March 2020	Transition impact of Ind AS116	Other adjustments	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Right-of-use assets	6.42	1.14	-	7.56	1.31	1.09	0.04	2.36	5.20	5.11
	6.42	**1.14**	**-**	**7.56**	**1.31**	**1.09**	**0.04**	**2.36**	**5.20**	**5.11**

*Refer note 20 for lease liability

4. Intangible Assets

Particular	Gross Block				Amortisation				Net Block	
	As at 31 March 2021	Additions Other adjus-tments	Disposals	As at 31 March 2022	As at 31 March 2021	Additions	Disposals	As at 31 March 2022	As at 31 March 2022	As at 31 March 2021
Goodwill	7.03	0.18	-	7.21	-	-	-	-	7.21	7.03
	7.03	**0.18**	**-**	**7.21**	**-**	**-**	**-**	**-**	**7.21**	**7.03**
Other Intangible assets										
Software	5.61	0.40	-	6.01	1.58	0.98	-	2.56	3.45	4.03
	5.61	**0.40**	**-**	**6.01**	**1.58**	**0.98**	**-**	**2.56**	**3.45**	**4.03**
Intangible assets under development	0.01		0.01	0.00	-	-	-	-	-	0.01
	0.01	**-**	**0.01**	**0.00**	**-**	**-**	**-**	**-**	**-**	**0.01**

Particular	Gross Block				Amortisation				Net Block	
	As at 31 March 2020	Additions Other adjus-tments	Disposals	As at 31 March 2021	As at 31 March 2020	Additions	Disposals	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Goodwill	7.17	(0.14)	-	7.03	-	-	-	-	7.03	7.17
	7.17	**(0.14)**	**-**	**7.03**	**-**	**-**	**-**	**-**	**7.03**	**7.17**
Other Intangible assets										
Software	4.33	1.28	-	5.61	1.04	0.54	-	1.58	4.03	3.29
	4.33	**1.28**	**-**	**5.61**	**1.04**	**0.54**	**-**	**1.58**	**4.03**	**3.29**
Intangible assets under development	0.41	-	0.40	0.01	-	-	-	-	0.01	0.41
	0.41	**-**	**0.40**	**0.01**	**-**	**-**	**-**	**-**	**0.01**	**0.41**

Note:

Goodwill was recognised as excess cost over its investment at the time of acquisition and investment in its subsidiary (including step down subsidiary), which is tested for impairment as on 31 March 2022 and 31 March 2021. As at 31 March 2022, the estimated cash flow for a period of 5 years were developed using internal forecasts using a long term growth rate of 3.00%, and a discount rate of 12.40%. 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 2022	As at 31 March 2021
A	**Investment in equity instruments valued at FVTPL (fully paid-up)**		
	Unquoted		
	50 (31 March 2021: 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 2021: 5000), 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)]**		
	1,300,000 (31 March 2021: 1,300,000) 8.5% Non-Convertible Cumulative Redeemable Preference shares in Palash Securities Limited of Rs 10 each	1.07	0.92
	Total investments measured at FVTPL	**1.07**	**0.92**
	Aggregate value of unquoted investment (A+B)	**1.07**	**0.92**
	Aggregate value of impairment in the value of investments	**-**	**-**
	Movement of investment in preference shares		
	Opening balance	**0.92**	**0.79**
	Change in fair value of preference shares	0.15	0.13
	Closing balance	**1.07**	**0.92**

6 Loans - Non Current

	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good unless stated otherwise	-	-
	-	-

6A Other non-current financial assets

	As at 31 March 2022	As at 31 March 2021
Security Deposits	11.49	5.89
	11.49	**5.89**

7 Non current tax assets (net)

	As at 31 March 2022	As at 31 March 2021
Income tax receivable	6.06	6.03
	6.06	**6.03**

8 Other non-current assets

	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good unless otherwise stated		
Capital advances	10.55	2.02
Balances with government authorities	7.30	3.98
Prepaid expenses	0.22	0.16
	18.07	**6.16**

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

9 Inventories*

	As at 31 March 2022	As at 31 March 2021
(Valued at lower of cost or net realisable value)		
Raw materials	335.38	246.68
Dyes and chemicals	7.64	9.16
Work-in-progress	103.30	76.75
Finished goods	127.18	101.74
Stock-in-trade	12.17	11.05
Stores, spare-parts and consumables	18.40	14.90
Wastage material	5.37	5.21
	609.44	**465.49**
Goods in transit included in above inventories are as under :		
Raw materials	10.76	8.02
Stores,spare-parts and consumables	0.38	0.65
Finished goods	1.88	1.11

Inventories are hypothecated to secure borrowings (Refer note 19 and 25)

*Refer note no. 54

10 Trade receivables

	As at 31 March 2022	As at 31 March 2021
Trade Receivables considered good, Unsecured - Others*	442.06	275.95
Trade Receivables credit impaired	1.98	2.38
	444.04	**278.33**
Less: Allowance for credit impairment	(1.98)	(2.38)
	442.06	**275.95**

(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.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

10 Trade receivables (contd.)

(d) Trade Receivables ageing schedule.

Particular	31 March 2022					
	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	440.88	0.99	0.07	-	-	441.94
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	0.13	0.35	0.92	0.58	1.98
(iv) Disputed Trade Receivables– considered good	-	-	0.12	-	-	0.12
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
(vii) Unbilled dues	-	-	-	-	-	-
Less :- Provision for Doubtful debts	-	(0.13)	(0.35)	(0.92)	(0.58)	(1.98)
Total	**440.88**	**0.99**	**0.19**	**0.00**	**0.00**	**442.06**

(e) Trade Receivables ageing schedule.

Particular	31 March 2021					
	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	272.52	3.05	0.26	-	-	275.83
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	0.12	1.43	0.42	0.41	2.38
(iv) Disputed Trade Receivables– considered good	-	-	0.12	-	-	0.12
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
(vii) Unbilled dues	-	-	-	-	-	-
Less :- Provision for Doubtful debts	-	(0.12)	(1.43)	(0.42)	(0.41)	(2.38)
Total	**272.52**	**3.05**	**0.38**	**0.00**	**0.00**	**275.95**

11 Cash and cash equivalents

Particular	As at 31 March 2022	As at 31 March 2021
Balances with banks:		
- In current accounts	11.65	10.61
Cash on hand	0.11	0.15
	11.76	**10.76**

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 2022	As at 31 March 2021
Earmarked balances with banks:		
Unpaid dividend account	0.89	1.13
Deposits with remaining maturity for more than 3 months but less than 12 months	1.71	0.33
	2.60	**1.46**

13 Loans (Current)

	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good unless otherwise stated	-	-
	-	**-**

14 Other current financial assets

	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good unless otherwise stated		
Insurance claim receivable*	0.01	9.55
Export benefit receivable - considered good	58.00	24.91
Government subsidies - considered good	22.34	30.94
Government subsidies - credit impaired	1.95	1.70
Less: Allowance for credit impairment	(1.95)	(1.70)
	22.34	**30.94**
Advances recoverable in cash	4.25	3.42
Forward contract receivables	1.14	1.28
Interest accrued on deposits	0.03	0.04
Security deposits	-	**0.01**
	85.77	**70.15**

* Refer note 54

15 Other current assets

	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good unless otherwise stated		
Balances with government authorities	16.21	31.82
Duty paid under protest	0.20	0.33
Prepaid expenses	5.28	5.23
Advances to suppliers	18.35	13.07
Prepaid Gratuity	-	4.48
	40.04	**54.93**

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 2022	As at 31 March 2021
Plant and equipment held for sale	0.03	0.19
	0.03	**0.19**

The Parent Company decided to sell obsolete plant and equipment's 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 2022	As at 31 March 2021
Authorised:		
500,000,000 equity shares of Rs.1/- each (31 March 2021: 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 2021: 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, 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 2022		As at 31 March 2021	
	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 parent Company

	As at 31 March 2022		As at 31 March 2021	
	No. of shares	Percentage	No. of shares	Percentage
Ganges Securities 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%
The Hindustan Times Limited	98,03,690	5.98%	98,03,690	5.98%
Ronson Traders Limited	97,23,730	5.94%	97,23,730	5.94%

Pursuant to the order of the Honble NCLT, Allahabad Bench, Uttar Pradesh Trading Company Limited (Uttar Pradesh) (one of the Promoters of the Company) has merged with Ganges Securities Limited. In view of the same, shares held by Uttar Pradesh have been transferred to Ganges Securities Limited and hence the Ganges Securities Limited has been shown under the category of Promoter.

e. Disclose Shareholding of Promoters as below:

Shares held by promoters at the end of the year

S. No	Promoter Name	As at 31 March 2022			As at 31 March 2021		
		No. of Shares	% of total shares	% Change during the year	No. of Shares	% of total shares	% Change during the year
1	Ganges Securities Limited #	3,04,16,970	18.57%	-	3,04,16,970	18.57%	-
2	Hargaon Investment and Trading Co. Ltd.	1,71,13,960	10.45%	-	1,71,13,960	10.45%	-
3	New India Retailing & Investment Ltd.	1,70,63,040	10.42%	-	1,70,63,040	10.42%	-
4	Yashovardhan Inv.& Trading Co. Ltd.	1,48,68,360	9.08%	-	1,48,68,360	9.08%	-
5	Ronson Traders Ltd.	97,23,730	5.94%	-	97,23,730	5.94%	-
6	OSM Investment & Trading Co. Ltd.	63,88,200	3.90%	-	63,88,200	3.90%	-
7	Champaran Marketing Co. Ltd.	30,98,100	1.90%	-	30,98,100	1.90%	-
8	SCM Investment & Trading Co. Ltd.	18,29,280	1.12%	-	18,29,280	1.12%	-
9	RTM Investment & Trading Co. Ltd.	18,29,280	1.12%	-	18,29,280	1.12%	-
10	Sidh Enterprises Ltd.	11,94,240	0.73%	-	11,94,240	0.73%	-
11	SIL Investments Ltd.	7,50,000	0.46%	-	7,50,000	0.46%	-
12	Sonali Commercial Ltd.	2,84,350	0.17%	-	2,84,350	0.17%	-
13	Shri Chandra Shekhar Nopany	1,10,000	0.07%	-	1,10,000	0.07%	-
14	Uttam Commercial Ltd.	9,000	0.01%	-	9,000	0.01%	-
15	Shekhar Family Trust	1,00,050	0.07%	200000%	50	0.00%	-
16	Shruti Family Trust	-	-	-100%	100	0.00%	-
17	Nandini Nopany	100	0.00%	-	-	-	-
		10,47,78,660	**64.01%**	**0.10%**	**10,46,78,660**	**63.94%**	

Pursuant to the order of the Honble NCLT, Allahabad Bench, Uttar Pradesh Trading Company Limited (Uttar Pradesh) (one of the Promoters of the Company) has merged with Ganges Securities Limited. In view of the same, shares held by Uttar Pradesh have been transferred to Ganges Securities Limited and hence the Ganges Securities Limited has been shown under the category of Promoter.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

18 Other equity

	As at 31 March 2022	As at 31 March 2021
a. General reserve		
Balance at the beginning of the year	190.06	189.06
Add: Transferred from retained earnings	16.00	1.00
Balance at the end of the year (a)	**206.06**	**190.06**
b.(i). Retained earnings		
Balance at the beginning of the year	736.94	746.51
Profit for the year	150.23	(3.66)
Less: Dividend on equity shares	(4.91)	(4.91)
Less: Amount transferred to general reserve	(16.00)	(1.00)
	866.26	**736.94**
b.(ii).Remeasurement of defined benefit plans (Other comprehensive income)		
Balance at the beginning of the year	7.84	3.42
Addition during the year	(0.61)	4.42
Balance at the end of the year	**7.23**	**7.84**
Sub total (b(i)+ b(ii))	**873.49**	**744.78**
c. Exchange differences on translation of operations into reporting currency		
Balance at the beginning of the year	3.42	3.73
Addition during the year	0.62	(0.31)
Balance at the end of the year (c)	**4.04**	**3.42**
Total (a+b+c)	**1,083.59**	**938.26**

d. 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 other 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.

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 :

(i) 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)

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

18 Other equity (contd.)

(ii) 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 2022	For the year ended 31 March 2021
Final dividend for the year ended 31 March 2021 Rs. 0.30 per equity share of Rs. 1 each (31 March 2020 Rs.0.30 per equity share of Rs. 1 each)	4.91	4.91
	4.91	**4.91**

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 2022	For the year ended 31 March 2021
Proposed final dividend for the year ended 31 March 2022 Rs 1.85 per equity share of 1 each ** (Previous year Rs.0.30 per equity share of Rs. 1 each)	30.31	4.91
	30.31	**4.91**

** On 09 May 2022, the board of directors of the Parent Company has recommended a final dividend of Rs. 1.85 per share (face value of Rs.1 per share) for the financial year ended 31 March 2022, subject to approval of the shareholders in the ensuing Annual General Meeting of the Parent Company.

19 Non - Current Borrowings

	As at 31 March 2022	As at 31 March 2021
Term loans (Secured)		
- From banks	353.15	441.20
	353.15	**441.20**

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.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

19 Non - Current Borrowings (contd.)

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 2022	As at 31 March 2021
Punjab National Bank, Kota	Quarterly	FY 2023-25	8.15	28.49	46.67
Bank of Maharashtra, Jaipur	Quarterly	FY 2026	7.30	93.70	118.70
Jammu & Kashmir Bank, Kathua	Quarterly	FY 2024-29	6.65 to 6.85	200.06	245.47
ICICI Bank, Kolkata	Quarterly	FY 2026	7.98	24.56	29.78
State Bank of India, Mumbai	Quarterly	FY 2023	9.25	1.63	4.13
HDFC Bank, Jaipur	Quarterly	FY 2023-29	5.90 to 7.55	129.55	121.97
Paycheck Protection Program ('PPP') loan	Refer note-1	FY 2023	-	-	2.12
				477.99	**568.84**
Less : Current maturities of long term debt (Refer Note 25)				124.84	127.64
				353.15	**441.20**

Note-1 In April 2020, the Company was applied for and received a Paycheck Protection Program ('PPP') loan from the SBA through its bank M&T. The loan amount was Rs.2.12 crore and carried an interest rate of 1%. The term of the loan was 24 months. The principal payments for the first six months were deferred. The loan was forgivable if certain conditions were met under SBA guidelines. The Company has received approval for waiver of aforesaid loans which is recognised as income during the financial year ended 31 March 2022 (Refer Note -32).

c. The Company's exposure to interest rate, foreign currency and liquidity risk is included in note 46.

20 Lease liabilities

The following is the movement in lease liabilities during the year ended 31 March 2022:

Lease liabilities	31 March 2022	31 March 2021
Opening balance /Transition balance	**1.64**	**1.51**
Addition	0.10	1.14
Interest expenses	0.09	0.09
Payment	(0.89)	(1.10)
Closing balance	**0.94**	**1.64**

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2022 on an undiscounted basis:

Maturity analysis – contractual undiscounted cash flows

Particular	31 March 2022	31 March 2021
Less than one year	0.53	0.81
After one year but not longer than five years	0.22	0.62
More than five years	1.19	1.17
Total	**1.94**	**2.60**

Lease liabilities included in the statement of financial position at 31 March 2022

Particular	31 March 2022	31 March 2021
Non-current	0.46	0.92
Current	0.48	0.72
Total	**0.94**	**1.64**

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.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

21 Other non-current financial liabilities

	As at 31 March 2022	As at 31 March 2021
Trade deposits	6.19	6.21
Employee security deposits	0.03	0.03
Deferred payment liabilities	1.97	2.87
	8.19	**9.11**

22 Provisions

	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits		
Provision for compensated absenses	12.11	9.74
	12.11	**9.74**

23 Deferred tax liabilities (net)

A. Movement in deferred tax balances

Particular	As at 31 March 2021	Recognized during the year	Utilised during the year	As at 31 March 2022
Deferred tax assets				
MAT credit entitlement @	61.29		33.22	28.07
Disallowance u/s 43B of Income Tax Act, 1961	10.75	2.44		13.19
Provision for doubtful debts and others	3.04	-	1.23	1.81
Unabsorbed Depreciation	6.04	-	6.04	-
Total (A)	**81.12**	**2.44**	**40.49**	**43.07**
Deferred tax liabilities				
Property, plant and equipment	123.84	5.48	-	129.32
Total (B)	**123.84**	**5.48**	**-**	**129.32**
Net deferred tax liability (B)-(A)	**42.72**	**3.04**	**(40.49)**	**86.25**

Particular	As at 31 March 2020	Recognized during the year	Utilised during the year	As at 31 March 2021
Deferred tax assets				
MAT credit entitlement @	57.59	3.70	-	61.29
Disallowance u/s 43B of Income Tax Act, 1961	13.00	-	(2.25)	10.75
Provision for doubtful debts and others	3.03	0.01	-	3.04
Unabsorbed Depreciation	-	6.04	-	6.04
Total (A)	**73.62**	**9.75**	**(2.25)**	**81.12**
Deferred tax liabilities				
Property, plant and equipment	111.85	11.99	-	123.84
Total (B)	**111.85**	**11.99**	**-**	**123.84**
Net deferred tax liability (B)-(A)	**38.24**	**2.24**	**2.25**	**42.72**

@ 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 comapny would have sufficient taxable income in future to utilize MAT credit entitlements.

Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 with effect from fiscal year 2019-20, allows any domestic company to pay availing income tax at the rate of 25.17% subject to condition they will not avail any incentive or exemptions. The lower rate is an option and companies can continue to account based on the old rates. The parent Company will be shifting under new tax regime once the parent Company is able to utilise MAT credit entitlement. Hence, the parent Company decided to not opt for lower rate in FY 2021-22.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

23 Deferred tax liabilities (net) (contd.)

B. Amounts recognised in Statement of Profit and Loss

	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax expense		
Current tax	41.63	1.26
	41.63	**1.26**
Deferred tax expense		
Origination and reversal of temporary differences	43.86	4.48
	43.86	**4.48**
Tax expenses	**85.49**	**5.74**

C. Amounts recognised in other comprehensive income

Particular	Before tax	Tax (expense)/ income	Net of tax
For the year ended 31 March 2022			
Remeasurements of defined benefit liability	(0.94)	0.33	(0.61)
Exchange differences on translation of operations into reporting currency	0.62	-	0.62
	(0.32)	**0.33**	**0.01**
For the year ended 31 March 2021			
Remeasurements of defined benefit liability	6.80	(2.38)	4.42
Exchange differences on translation of operations into reporting currency	(0.31)	-	(0.31)
	6.49	**(2.38)**	**4.11**

D. Reconciliation of effective tax rate

		For the year ended 31 March 2022	For the year ended 31 March 2021
a)	**Profit before tax from Indian operations**	**241.06**	**15.14**
	Tax using the Parent Company's domestic tax rate @ 34.94% (31 March 2021: 34.94%)	84.24	5.29
	Tax effect of:		
	Non-deductible expenses	1.03	0.50
	Tax on exempt income	-	-
	Tax incentives	-	-
	Others	0.11	(0.16)
	Income tax expenses reported in the statement of profit and loss	**85.38**	**5.63**
	Effective tax rate	**35.42%**	**37.19%**
b)	**Profit before tax from foreign operations**	(5.34)	(13.05)
	Tax using the Company's foreign tax rate @21 %	(1.12)	(2.74)
	Tax effect of:		
	Non-deductible expenses	0.01	0.00
	Effect of tax incentives and concessions	(0.82)	
	Effect of recognition of tax effect of previously unrecognised tax losses now recognised as deferred tax assets	(0.04)	0.01
	Effect of current year losses for which no deferred tax asset is recognised	2.77	3.90
	Changes in recognised deductible temporary differences	0.04	(0.01)
	State taxes	(0.73)	(1.05)
	Income tax expense	**0.11**	**0.11**
	Effective tax rate	**(2.03)%**	**(0.86)%**
	Total income tax expenses reported in the statement of profit and loss (a+b)	**85.49**	**5.74**
	Overall Effective Tax Rate	**36.27%**	**275.54%**

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

24 Other non-current liabilities

	As at 31 March 2022	As at 31 March 2021
Deferred government grant (refer note 41 B (2)		
Capital subsidies on specific plant and machineries	5.06	6.19
Non-current portion of the gain on deferred payment liabilities	0.66	0.98
	5.72	**7.17**
Movement of deferred government grants is as below:		
Balance at the beginning of the year	6.19	6.44
Subsidy sanctioned during the year	-	1.00
Refund of subsidy	-	(0.12)
Grant amortized and transferred to statement of profit and loss	(1.13)	(1.13)
Balance at the end of the year	**5.06**	**6.19**

25 Current borrowings

	As at 31 March 2022	As at 31 March 2021
Loan repayable on demand (Secured)*		
- From banks	438.31	332.87
Bills discounted**	20.19	0.17
Current maturities of long-term debt (refer note 19)	124.84	127.64
Others***	5.62	5.53
	588.96	**466.21**

* 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

\# The Holding Company has filed monthly / quarterly statements with banks and these are in agreement with books of accounts except as mentioned below:

Quarter	Name of bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return/ statement	(Excess)/ Shortage	Whether return/ statement subsequently rectified
June'21	Punjab National Bank, Jammu & Kashmir Bank, HDFC Bank, DBS Bank, Standard Chartered Bank, DCB Bank, ICICI Bank, Federal Bank and Axis Bank	Inventory	534.38	601.20	(66.82)	Yes $
June'21		Trade Receivables	306.08	226.96	79.12	Yes $
September'21		Inventory	452.75	531.69	(78.94)	Yes $
September'21		Trade Receivables	357.66	264.06	93.60	Yes $
December'21		Inventory	574.69	601.81	(27.12)	Yes $
December'21		Trade Receivables	373.01	301.35	71.66	Yes $

$ The Holding Company submits provisional drawing power (DP) statements on monthly basis to Punjab National Bank (PNB) being the lead bank on 15th of the next month and also to other member banks, in which DP limit is computed as per the terms and conditions of the sanction letter.The difference between DP statement and financial statement arise since DP statements are prepared on a provisional basis after exclusion of certain items of inventory, debtors and valuation of FG/WIP is done as per the bank sanction letter. Further, the Holding Company

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

25 Current borrowings # (contd.)

submit Quarterly Monitoring Statements (QMS) to PNB which is tallied with the books of accounts which could be different from the valuation method adopted for books of accounts. In FY21-22, the actual utilization of working capital remained within the bank sanction/DP limits.

*** On April 2019, the Company entered into a credit agreement (the "Facility") with a finance company. The Facility provides a credit a revolving credit line of up to INR 19.84 crore, subject to borrowing base availability, and extends its maturity of the facility to October 31, 2022. The line of credit is pledged against Company's accounts receivable and inventory. The facility bears interest upon the daily net balance of any monies remitted, paid or otherwise advanced to the company 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 2022, factoring commission expenses of Rs. 0.35 crores (31 March 2021: 0.24 crores) and factoring interest expenses of Rs. 0.64 crores (31 March 2021: Rs.0.56 crores) have been charged to consolidated statement of profit and loss.

26 Trade Payables

	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro enterprises and small enterprises #	13.86	6.79
Total outstanding dues of creditors other than micro enterprises and small enterprises*	142.05	109.90
Total	**155.91**	**116.69**
Total outstanding dues of micro and small enterprises #		
Dues to micro enterprises and small enterprises (as per the intimation received from vendors):		
a. Principal amount remaining unpaid.	13.86	6.79
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.	-	-
	13.86	**6.79**

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

26 Trade Payables (contd.)

f. Trade Payables ageing schedule

Particular	As at 31 March 2022				
	Outstanding for following periods from due date of payment				
	Less than 1year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	13.86	-	-	-	13.86
(ii) Others	74.51	1.59	1.36	2.37	79.83
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
(v) Provision MSME (unbilled dues)	-	-	-	-	-
(vi)Provision Others (unbilled dues)	50.95	8.77	0.53	1.97	62.22
Total	**139.32**	**10.36**	**1.89**	**4.34**	**155.91**

g. Trade Payables ageing schedule

Particular	As at 31 March 2021				
	Outstanding for following periods from due date of payment				
	Less than 1year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	6.70	-	-	-	6.70
(ii) Others	72.89	3.47	0.87	2.02	79.25
(iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
(v) Provision MSME (unbilled dues)	0.09	-	-	-	0.09
(vi)Provision Others (unbilled dues)	26.59	1.76	0.80	1.50	30.65
Total	**106.27**	**5.23**	**1.67**	**3.52**	**116.69**

27 Other financial liabilities

	As at 31 March 2022	As at 31 March 2021
Unpaid dividend	0.89	1.13
Interest accrued and due on borrowings	2.94	3.70
Employees liabilities	55.81	36.73
Creditors for capital goods	5.47	4.34
Current portion of deferred payment liabilities	1.25	1.25
Security deposits (Including Retention money)	4.08	6.76
Director's commission	0.61	0.26
Others	4.46	6.06
	75.51	**60.23**

28 Other current liabilities

	As at 31 March 2022	As at 31 March 2021
Contract liabilities	10.36	8.16
Statutory dues	8.48	7.41
Current portion of the gain on deferred payment liabilities	0.32	0.32
	19.16	**15.89**

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

29 Provisions

	As at 31 March 2022	As at 31 March 2021
Provisions for employee benefit (refer note 45)		
Compensated absenses	3.24	3.37
Gratuity	1.82	0.25
Others		
Others - Contingencies	8.57	7.52
	13.63	**11.14**

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:

Particular	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	7.52	7.31
Provision made during the year	1.05	0.21
Payment made/ provision reversed during the year	-	-
Balance at the end of the year	**8.57**	**7.52**

30 Current tax liabilities (net)

	As at 31 March 2022	As at 31 March 2021
Provision for Income tax	5.32	2.23
	5.32	**2.23**

31 Revenue from operations @

	For the year ended 31 March 2022	For the year ended 31 March 2021
Sale of products (net of taxes)		
Manufactured goods	2,928.91	1,786.65
Traded goods	72.80	61.03
Total (i)	**3,001.71**	**1,847.68**
Sale of services		
Job processing	24.87	14.27
Others	4.90	4.29
Total (ii)	**29.77**	**18.56**
Total [(iii) = (i) + (ii)]	**3,031.48**	**1,866.24**
Other operating revenue		
Export incentives	44.98	17.79
Total (iv)	**44.98**	**17.79**
Revenue from operations [(iii) + (iv)]	**3,076.46**	**1,884.03**

@ Previous year net of amount transferred to trial run expenses refer note 3B.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

32 Other income

	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income from financial assets measured at amortised cost		
- from bank deposits	0.05	0.02
- from others *	10.59	9.71
Waiver of PPP loans #	3.87	-
Profit on sale/discard of property, plant and equipment (net)	0.94	1.52
Foreign currency transactions and translation (net)	8.47	12.33
Sundry credit balances written back (net)	1.32	0.82
Provision for doubtful debts written back (refer note 47 II (ii))	0.34	0.77
Insurance claims	0.21	0.27
Deferred government grants (refer note 24)	1.13	1.13
Miscellaneous income (including scrap sales) **	8.82	4.55
	35.74	**31.12**

* Includes interest subsidy received pursuant to Government scheme for revival of business sector in Union Territory of Jammu and Kashmir, amounting to Rs.1.13 crores (31 March 2021 :Rs.2.45 crores).

American Silk Mills, LLC had availed loans of USD 0.52 million (Rs.3.87 crore) (including Rs.2.12 crore availed in previous year) at 1% interest under Paycheck Protection Program ('PPP') of US Small Business Administration (SBA) under CARES Act of USA. Under SBA guidelines, these loans were eligible for waiver subject to certain conditions, pending which these were classified as borrowings as at 31 March 2021. American Silk Mills, LLC has received approval for waiver of aforesaid loans which is recognised as interest income during the financial year ended 31 March 2022.

** American Silk Mills, LLC has received refund of tax credit against certain employment taxes under Employees retention credit (ERC) of USD 0.20 million (Rs.1.55 cr.) from Department of the Treasury internal revenue service, Cincinnati, (USA).

33 Cost of materials consumed @

	For the year ended 31 March 2022	For the year ended 31 March 2021
Raw material consumed*	1,518.22	870.11
Consumption of dyes and chemicals	100.67	63.22
	1,618.89	**933.33**

@ Previous year net of amount transferred to trial run expenses refer note 3B.

* Refer note 54

34 Changes in inventories of finished goods, work-in-progress and stock-in-trade

	For the year ended 31 March 2022	For the year ended 31 March 2021
Closing inventory		
Work-in-progress	103.30	76.75
Finished goods	127.18	101.74
Stock- in- trade	12.17	11.05
Wastage material	5.37	5.21
Total (A)	**248.02**	**194.75**

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 (contd.)

	For the year ended 31 March 2022	For the year ended 31 March 2021
Opening inventory		
Work-in-progress	76.75	87.09
Finished goods	101.74	163.09
Stock- in- trade	11.05	15.17
Wastage material	5.21	4.02
Total (B)	**194.75**	**269.37**
Add:		
Add : Previous year inventories transferred from trial run production on 28.02.2021: (refer note 3B) :		
(a) Work-in-progress	-	1.49
(b) Finished goods	-	8.69
(c) Waste	-	0.35
Less : Foreign currency translation difference	0.33	(0.30)
Less : Insurance claim against Work-in-progress lost by fire .	(0.73)	-
Less : Finished Good Inventory transferred to Raw Material inventory	(9.56)	
Total (C)	**(9.96)**	**10.23**
Total (B-A+C)	**(63.23)**	**84.85**

35 Employee benefits expense

	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries and wages	373.42	271.36
Contribution to provident and other funds	33.52	27.48
Staff welfare expenses	5.95	3.27
	412.89	**302.11**

Previous year net of amount transferred to trial run expenses refer note 3B.

36 Finance costs @

	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expenses ##	46.95	35.40
Exchange difference on the principal amount of foreign currency borrowing*	1.84	1.36
Other borrowing costs	0.98	1.01
	49.77	**37.77**

@ Net of amount capitalized refer note 44 and 3B

Net of interest subsidies under various schemes amounting to Rs. 6.87 crores (31 March 2021 Rs. 10.36 crores).

* 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 2022	For the year ended 31 March 2021
Depreciation on property, plant and equipment (refer note 3A)	119.26	93.95
Amortisation on intangible assets (refer note 4)	0.98	0.54
Depreciation on right-of-use assets (refer note 3C)	0.79	1.09
	121.03	**95.58**

38 Other expenses @

	For the year ended 31 March 2022	For the year ended 31 March 2021
Processing and job charges	2.29	2.07
Consumption of stores and spares	112.00	62.50
Power, fuel and water charges	276.27	184.16
Rent	1.79	1.34
Insurance	8.85	8.32
Rates and taxes	0.50	0.24
Repairs and maintenance:		
Buildings	11.58	6.97
Plant and machinery	34.83	26.08
Others	3.21	2.11
Freight and forwarding expenses	138.20	63.64
Selling commission and brokerage	37.36	21.33
Auditor's remuneration #	1.06	0.76
Charity and donation ##	1.04	0.21
Bad debts	0.11	0.26
Provision for expected credit loss	0.25	1.70
Loss of Goods by Fire (refer note 54)	1.83	-
Directors' commission and fees	0.95	0.45
Travelling expenses	4.02	0.53
Vehicle expenses	9.00	6.13
Legal and professional expenses	8.19	6.83
Corporate social responsibility expenses	1.16	1.92
Miscellaneous expenses	26.12	17.58
	680.61	**415.13**
@ Previous year net of amount transferred to trial run expenses refer note 3B.		
# Auditor's remuneration (net of taxes)		
As auditor:		
Statutory audit fee	0.74	0.53
Tax audit fee	0.04	0.04
For limited review	0.12	0.12
Certification fees and other matters	0.12	0.04
Re-imbursement of expenses	0.04	0.03
	1.06	**0.76**

31 March 2022 includes Rs. 1.00 crores given to Samaj Electoral Trust Association.

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 2022	For the year ended 31 March 2021
(i)Gross amount required to be spend during the year	1.03	1.91
(ii)Amount spent during the year		
(a) Construction /acquisition of any asset	1.00	0.15
(b) On purpose other than (a) above	0.16	1.77
	1.16	**1.92**

39 Exceptional items

	For the year ended 31 March 2022	For the year ended 31 March 2021
Exceptional items*	7.81	-
	7.81	**-**

* The Joint Inspection Team (JIT) of Ministry of Textiles carried out inspection for the cases under various TUFSs (Technology Upgradation Fund Scheme). Based on certain disallowances in the JIT reports, the Group has reversed excess interest subsidies of Rs.7.81 crore of earlier years along with interest thereon (net of provision of Rs.4.20 Crore) during the year. The Group has adjusted the excess subsidy amount against interest subsidies receivable and provided for interest thereon in the financial liability account in the absence of demand letter from the authorities.

40 Earning per share

	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit for the year	150.23	(3.66)
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.)	**9.17**	**(0.22)**

41 Contingent liabilities and commitments

	As at 31 March 2022	As at 31 March 2021
A. Contingent liabilities (to the extent not provided for) in respect of:		
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	4.51	4.97
2. Other matters for which the Parent Company is contingently liable:		
a) Demand raised by Excise Department for various matters	0.07	0.07
b) Demand raised by GST department for various matters	0.06	-
c) Demand raised by the income tax authorities	0.36	0.22
d) Bank Guarantee given to Dakshin Gujarat Vij Company Limited	1.67	1.67

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.13.71 crore (31 March 2021: Rs.17.60 crore).

   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.79.79 (31 March 2021: Rs.105.63) 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 matters, timing of the cash outflows can be determined only on receipt of judgments/ decisions pending with various forums/ authorities.

Note: (ii) The Group has reviewed all its pending litigation and proceeding and adequately provided for where provision required, and disclosures are made for 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.

4 Unfulfilled commitment to procure minimum quantity of coal - Amount not quantifiable

B. Commitments

	As at 31 March 2022	As at 31 March 2021
1) Estimated amount of contracts remaining to be executed on capital account [net of advances] not provided for	46.33	12.80

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 Board of Directors is 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 recycle polyester staple fibre , 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 and tax ('EBIT') to assess the performance of the operating segments.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

42 Segment information (contd.)

B. Information about reportable segments

Information related to each reportable segment is set out below. Segments EBIT 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.

Reportable Segments	Yarn	Home Textiles	Total
	For the year ended 31 March 2022	For the year ended 31 March 2022	For the year ended 31 March 2022
External revenues	2,905.89	172.27	3,078.16
Inter-segment revenue	1.70	-	1.70
Segment revenue	**2,904.19**	**172.27**	**3,076.46**
Segment result	331.11	(37.77)	293.34
Finance costs			49.77
Exceptional items			7.81
Unallocated corporate income (net of expenses)			(0.04)
Profit before tax			**235.72**
Tax expense			85.49
Profit after tax			**150.23**

Reportable Segments	Yarn	Home Textiles	Total
	For the year ended 31 March 2021	For the year ended 31 March 2021	For the year ended 31 March 2021
External revenues	1,784.32	100.31	1,884.63
Inter-segment revenue	0.60	-	0.60
Segment revenue	**1,783.72**	**100.31**	**1,884.03**
Segment result	68.97	(33.84)	35.13
Finance costs			37.77
Exceptional items			-
Unallocated corporate income (net of expenses)			4.72
Profit before tax			**2.08**
Tax expense			5.74
Profit after tax			**(3.66)**

Other information

	Total assets			Total liabilities		
	Segment assets	Unallocated corporate assets	Total Assets	Segment liabilities	Unallocated corporate liabilities	Total liabilities
As at 31 March 2022						
Yarn	2,135.64		2,135.64	832.10	-	832.10
Home textiles	276.52		276.52	107.05	-	107.05
Unallocated		12.66	12.66		385.70	385.70
Total	**2,412.16**	**12.66**	**2,424.82**	**939.15**	**385.70**	**1,324.85**

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

42 Segment information (contd.)

	Capital expenditure	
	Segment capital expenditure	Total capital expenditure
As at 31 March 2022		
Yarn	51.89	51.89
Home textiles	26.11	26.11
Total	**78.00**	**78.00**

	Total assets			Total liabilities		
	Segment assets	Unallocated corporate assets	Total Assets	Segment liabilities	Unallocated corporate liabilities	Total liabilities
As at 31 March 2021						
Yarn	1,894.64	-	1,894.64	822.12	-	822.12
Home textiles	234.49	-	234.49	98.91	-	98.91
Unallocated	-	9.48	9.48	-	262.94	262.94
Total	**2,129.13**	**9.48**	**2,138.61**	**921.03**	**262.94**	**1,183.97**

	Capital expenditure	
	Segment capital expenditure	Total capital expenditure
As at 31 March 2021		
Yarn	101.68	101.68
Home textiles	14.40	14.40
Total	**116.08**	**116.08**

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 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 2022	For the year ended 31 March 2021
Domestic	1,732.83	1,206.39
Export *	1,300.35	660.45
	3,033.18	**1,866.84**
Other operating income	44.98	17.79
Segment revenue	**3,078.16**	**1,884.63**
*** Export**		
Bangladesh	291.19	113.04
Turkey	224.78	54.90
USA	138.87	57.26
Singapore	60.85	84.78
Rest of the World	584.66	350.47
	1,300.35	**660.45**

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 2022	As at 31 March 2021
India	1,216.58	1,242.47
Rest of the World	9.41	10.26
	1,225.99	**1,252.73**

** Non-current assets exclude investments and tax assets

43 .The Group's operations and financial results for the year ended 31 March 2022 are not comparable to the results of the previous periods due to impact of COVID-19 pandemic and the consequent restrictions announced by the Central/State Governments from time to time. The Group has considered internal and external information and possible effect of the same, while finalizing various estimates in relation to its consolidated financial results up to the date of approval of the consolidated financial results by the Board of Directors. The management believes that the overall impact of the pandemic may be short term and temporary in nature and is not likely to have any significant impact on the recoverability of the carrying value of its assets and the future operations. However, given the uncertainties associated with nature, condition and duration of COVID-19, the Group continues to closely monitor any material changes arising out of the future economic conditions and its impact on the business of the Group.

44 Borrowing cost

During the year, Group has capitalized borrowing cost amounting to Rs. 1.63 crores (31 March 2021: Rs. 10.38 crores) 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. 6.47% (31 March 2021 6.33%).

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 payroll cost to the retirement benefit plan to fund the benefits.

	For the year ended 31 March 2022	For the year ended 31 March 2021
Contribution to provident fund	22.17	17.52
Contribution to employee's state insurance	5.15	3.87
Contribution to superannuation scheme	0.01	0.19

(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 2022. 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.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

45 Employee benefits (contd.)

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:

Particular	As at and for the year ended 31 March 2022			As at and for the year ended 31 March 2021		
	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	**46.41**	**50.65**	**(4.24)**	**47.60**	**45.05**	**2.55**
Amount Recognised in profit and loss						
Current service cost	6.75	-	6.75	5.92	-	5.92
Interest cost	3.25	(3.55)	(0.30)	3.33	(3.33)	-
	10.00	**(3.55)**	**6.45**	**9.25**	**(3.33)**	**5.92**
Remeasurement						
Actuarial loss (gain) arising from:						-
- Changes in financial assumptions	1.45	-	1.45	-	-	-
- Changes in experience adjustment	(0.11)	-	(0.11)	(4.07)	-	(4.07)
- Return on plan assets recognised in OCI	-	(0.40)	(0.40)	-	(2.73)	(2.73)
Total amount recognised in OCI	**1.34**	**(0.40)**	**0.94**	**(4.07)**	**(2.73)**	**(6.80)**
Contributions paid by the employer	-	5.62	-	-	5.71	-
Adjustment for previous year	-	(4.23)	-	-	0.19	-
Benefits paid	(5.56)	(5.56)	-	(6.37)	(6.37)	-
Interest income	-	3.95	-	-	6.07	-
Balance at the end of the year	**52.19**	**50.43**	**1.76**	**46.41**	**50.65**	**(4.24)**

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:

Particular	Amounts		% Composition	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
State/ Govt. of India securities	14.08	15.20	28%	30%
Corporation bonds/ fixed deposits with banks	2.30	2.16	5%	4%
Special deposit scheme with Bank	3.51	3.51	7%	7%
HDFC group unit linked plan-option B	21.95	21.13	43%	42%
Other investments -UTI master shares	3.96	3.53	8%	7%
LIC fund	3.87	4.35	8%	9%
Others Refundable net	0.76	0.77	1%	1%
	50.43	**50.65**	**100%**	**100%**

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

45 Employee benefits (contd.)

C. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

Particular	As at 31 March 2022	As at 31 March 2021
Discount rate	7.20%	7.00%
Expected rate of future salary increase	6.00%	5.50%
Mortality	100% of IALM (2012 - 14)	100% of IALM (2012 - 14)
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 Holding Company expects to pay Rs. 8.21 crores (31 March 2021: Rs. 7.27 crores) 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.

Particular	As at 31 March 2022		As at 31 March 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (50 basis points movement)	(2.63)	2.38	(2.15)	2.34
Expected rate of future salary increase (50 basis points movement)	2.40	(2.67)	2.36	(2.19)

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.

E. Maturity profile of defined benefit obligation

Year	As at 31 March 2022	As at 31 March 2021
0 to 1 year	6.67	5.87
1 to 2 year	2.99	2.22
2 to 3 year	2.32	2.41
3 to 4 year	2.54	2.03
4 to 5 year	2.28	2.28
5 to 6 year	2.32	1.99
6 year onwards	33.07	29.61

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

45 Employee benefits (contd.)

E. Description of risk exposures:

Defined benefit plans expose the Holding 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 (till 31 March 2021)
Mr. Updeep Singh Chatrath	President and Chief Executive Officer (w.e.f 1 April 2021)

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 2022	For the year ended 31 March 2021
a) Remuneration to Key Managerial Personnel		
Mr. C S Nopany		
- Short-term employee benefits	3.00	1.50
- Commission	9.68	-
Mr. Updeep Singh Chatrath		
- Short-term employee benefits	3.11	-
- Post-employment benefits	0.28	-
Mr. S.K.Khandelia		
- Short-term employee benefits	-	4.63
Mr. Bipeen Valame		
- Short-term employee benefits	1.27	0.95
- Post-employment benefits	0.09	0.04
b) Director sitting fees		
Mr. C S Nopany	0.03	0.02
Mr. U.K. Khaitan	0.04	0.02
Mr. Amit Dalal	0.04	0.03
Mr. Rajan Dalal	0.03	0.02
Mr. Rajiv K. Podar	0.03	0.02
Ms. Sonu Bhasin	0.03	0.02
Mr. Rohit Dhoot	0.04	0.02
Mr Ashok Mittal	0.02	0.02
c) Director commission		
Mr. U.K. Khaitan	0.10	0.04
Mr. Amit Dalal	0.10	0.04
Mr. Rajan Dalal	0.10	0.04
Mr. Rajiv K. Podar	0.10	0.04
Ms. Sonu Bhasin	0.10	0.04
Mr. Rohit Dhoot	0.10	0.04
Mr Ashok Mittal	0.10	0.04
d) Rent expenses		
Mr. C S Nopany	0.03	0.05
e) Transactions with Avadh Sugar & Energy Ltd		
Reimubersement of expenses	0.46	0.42
f) Contribution to Post employment benefit entity		
Sutlej Textiles and Industries Employee Gratuity Fund	5.62	5.71
g) Land purchased at Bhilad		
Mr. C S Nopany	15.07	-

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 2022	As at 31 March 2021
Payables		
Mr. C S Nopany		
Commission	9.68	-
Avadh Sugar & Energy Limited	0.46	0.42
Post employment Benefit payables		
Mr. Updeep Singh Chatrath	0.73	-
Mr. S.K.Khandelia	-	1.48
Mr. Bipeen Valame	0.38	0.29
Director Commission Payables		
Mr. U.K. Khaitan	0.10	0.04
Mr. Amit Dalal	0.10	0.04
Mr. Rajan Dalal	0.10	0.04
Mr. Rajiv K. Podar	0.10	0.04
Ms. Sonu Bhasin	0.10	0.04
Mr. Rohit Dhoot	0.10	0.04
Mr Ashok Mittal	0.10	0.04
Payables		
Sutlej Textiles and Industries Employee Gratuity Fund	0.17	-
Receivable		
Sutlej Textiles and Industries Employee Gratuity Fund	-	4.48

47 Financial instruments – Fair values and risk management

I. Fair value measurements

A. Financial instruments by category

Particular	Note	As at 31 March 2022		As at 31 March 2021	
		FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets					
Investments					
Equity shares of JNSB*	5A	0.00	-	0.00	-
Preference shares	5B	1.07	-	0.92	-
Other non-current financial assets	6	-	11.49	-	5.89
Trade receivables	10	-	442.06	-	275.95
Cash and cash equivalents	11	-	11.76	-	10.76
Bank balances other than cash and cash equivalents	12	-	2.60	-	1.46
Current Loans	13	-	-	-	-
Other current financial assets	14	1.14	84.63	1.28	68.87
		2.21	**552.54**	**2.20**	**362.93**
Financial liabilities					
Non Current Borrowings	19	-	353.15	-	441.20
Lease liabilities	20	-	0.94	-	1.64
Other non-current financial liabilities	21	-	8.19	-	9.11
Short terms borrowings	25	-	588.96	-	466.21
Trade payables	26	-	155.91	-	116.69
Other current financial liabilities	27	-	75.51	-	60.23
		-	**1182.66**	**-**	**1095.08**

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.)

*The total amount of investments in absolute value is Rs. 5,000 (31 March 2021: 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 made 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.

Financial assets and liabilities measured at fair value - recurring fair value measurements

	Level 1	Level 2	Level 3	Total
As at 31 March 2022				
Financial assets				
Financial Investments at FVTPL				
Investments				
Equity shares of JNSB*	-	-	0.00	0.00
Preference shares	-	-	1.07	1.07
Derivative Assets	-	1.14	-	1.14
Total financial assets	**-**	**1.14**	**1.07**	**2.21**

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.)

	Level 1	Level 2	Level 3	Total
As at 31 March 2021				
Financial assets				
Financial Investments at FVTPL				
Investments				
Equity shares of JNSB*	-	-	0.00	0.00
Preference shares	-	-	0.92	0.92
Financial liabilities				
Derivative liability	-	1.28	-	1.28
Total financial assets	**-**	**1.28**	**0.92**	**2.20**

*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 made between level 1 and level 2 during the year

Fair value measurements using significant unobservable inputs (level 3)

Particular	Unlisted equity shares*		Unlisted preference shares	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Balance at the beginning of the year	0.00	0.00	0.92	0.79
Redemption of Preference shares	-	-	-	-
Gain/(losses) recognised in statement of profit or loss	-	-	0.15	0.13
Balance at the end of the year	**0.00**	**0.00**	**1.07**	**0.92**

*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		Significant unobservable inputs	Probability-weighted range
	Fair Value as at 31 March 2022	Fair Value as at 31 March 2021		
Unquoted preference shares in Palash Securities Limited	1.07	0.92	Non Dividend paying shares, hence, higher discount rate considered as per RBI Guidelines	16% (31 March 2021: 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 2021: 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

Particular	As at 31 March 2022		As at 31 March 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Other non current financial assets	11.49	11.49	5.89	5.89
Trade receivables	442.06	442.06	275.95	275.95
Cash and cash equivalents	11.76	11.76	10.76	10.76
Bank balances other than cash and cash equivalents	2.60	2.60	1.46	1.46
Current loans	-	-	-	-
Other current financial assets	84.63	84.63	70.15	70.15
	552.54	**552.54**	**364.21**	**364.21**
Financial liabilities				
Borrowings	353.15	353.15	441.20	441.20
Lease liabilities	0.94	0.94	1.64	1.64
Other non-current financial liabilities	8.19	8.19	9.11	9.11
Short term borrowings	588.96	588.96	466.21	466.21
Trade payables	155.91	155.91	116.69	116.69
Other current financial liabilities	75.51	75.51	60.23	60.23
	1,182.66	**1,182.66**	**1,095.08**	**1,095.08**

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. 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.

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 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

During the year, the Group has made 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

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.)

Reconciliation of loss allowance provision – Trade receivables

	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	(2.38)	(4.54)
Less: Provision for doubtful debts written back	0.34	0.77
Add: Provision for doubtful debts made	(0.49)	(0.26)
Changes in loss allowance		
Bad debts	0.55	1.65
Balance at the end of the year	**(1.98)**	**(2.38)**

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 liabilities 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.

(a) Financing arrangements

The Group had access to the following undrawn borrowing facilities as at reporting date:

	As at 31 March 2022	As at 31 March 2021
Floating rate		
Expiring within one year (credit limit and other facilities)	141.50	109.43
Expiring within one year (Term loans)	50.70	-
	192.20	**109.43**

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 4 months as at 31 March 2022 (31 March 2021 - 3 years and 11 months).

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.)

(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.

	Carrying Amounts	Contractual cash flows			
		Total	Less than 12 Months	1–5 years	More than 5 years
As at 31 March 2022					
Non-derivative financial liabilities					
Borrowings	353.15	353.15	-	299.65	53.50
Lease liabilities	0.94	0.94	0.48	0.15	0.31
Other non-current financial liabilities	8.19	8.19	-	2.00	6.19
Short term borrowings	588.96	588.96	588.96	-	-
Trade payables	155.91	155.91	155.91	-	-
Other current financial liabilities	75.51	75.51	75.51	-	-
Total financial liabilities	**1,182.66**	**1,182.66**	**820.86**	**301.80**	**60.00**
As at 31 March 2021					
Non-derivative financial liabilities					
Borrowings	441.20	441.20	0.00	380.04	61.16
Lease liabilities	1.64	1.64	0.72	0.61	0.31
Other non-current financial liabilities	9.11	9.11	0.94	2.60	5.57
Short term borrowings	338.57	338.57	338.57	-	-
Trade payables	116.69	116.69	116.69	-	-
Other current financial liabilities	187.87	187.87	187.87	-	-
Total financial liabilities	**1,095.08**	**1,095.08**	**644.79**	**383.25**	**67.04**

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.

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.

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. 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:

Particular	USD	EUR	GBP	CHF
31 March 2022				
Financial assets/ liabilities				
Trade receivables	4.03	0.00	0.00	0.00
Advances to suppliers	0.06	0.01	-	0.00
Foreign currency working capital borrowings	(1.68)	-	-	-
Trade payables	(0.11)	(0.00)	-	-
Contract liabilities	(0.41)	-	-	-
Net statement of financial position exposure	**1.89**	**0.01**	**0.00**	**0.00**
31 March 2021				
Financial assets/liabilities				
Trade receivables	2.03	0.01	0.00	-
Advances to suppliers	0.00	0.02	-	0.00
Foreign currency working capital borrowings	(1.52)	-	-	-
Trade Payables	(0.14)	0.00	-	-
Contract liabilities	(0.08)	-	-	-
Net statement of financial position exposure	**0.29**	**0.03**	**0.00**	**0.00**

(ii) Unhedged foreign currency exposure

Particular	USD	EUR	GBP	CHF
31 March 2022				
Financial assets/ liabilities				
Trade receivables	-	-	-	0.00
Advances to suppliers	0.06	0.01	-	0.00
Foreign currency working capital borrowings	(1.68)	-	-	-
Trade payables	(0.11)	(0.00)	-	-
Contract liabilities	(0.41)	-	-	-
Net statement of financial position exposure	**(2.14)**	**0.01**	**-**	**0.00**
31 March 2021				
Financial assets/liabilities				
Trade receivables	-	-	0.00	-
Advances to suppliers	0.00	0.02	-	0.00
Foreign currency working capital borrowings	(1.52)	-	-	-
Trade Payables	(0.14)	0.00	-	-
Contract liabilities	(0.08)	-	-	-
Net statement of financial position exposure	**(1.74)**	**0.02**	**0.00**	**0.00**

Note -The total amount in absolute value is less than 100,000, 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.)

(iii) Derivative instruments

Particular	As at 31 March 2022		
	USD	EUR	GBP
Forward Contract for export trade receivables outstanding	4.53	0.01	-

Particular	As at 31 March 2021		
	USD	EUR	GBP
Forward Contract for export trade receivables outstanding	2.39	0.01	-

The following significant exchange rates have been applied

Particular	Average Rates		Year end spot rates	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
USD 1	74.42	74.07	75.75	73.11
EURO 1	86.31	86.73	84.53	85.71
GBP 1	101.48	97.31	99.32	100.71
CHF 1	81.04	80.37	81.92	77.50

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.

	Profit or loss*		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2022				
USD (10% movement)	0.19	(0.19)	0.12	(0.12)
EURO (10% movement)	0.00	(0.00)	-	-
GBP (10% movement)	0.00	(0.00)	-	-
CHF (10% movement)	0.00	(0.00)	-	-
31 March 2021				
USD (10% movement)	0.03	(0.03)	0.02	(0.02)
EURO (10% movement)	0.00	(0.00)	-	-
GBP (10% movement)	0.00	(0.00)	-	-
CHF (10% movement)	0.00	(0.00)	-	-

* 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 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 2021-22 and financial year 2020-21, 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.

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.)

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.

	Nominal Amount	
	31 March 2022	31 March 2021
Fixed-rate instruments		
Financial assets	-	-
Fixed deposits with Banks	1.71	0.33
Financial liabilities	-	-
	1.71	**0.33**
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	942.11	911.11
	942.11	**911.11**

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.

	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 2022				
Variable-rate instruments	(4.68)	4.68	(3.04)	3.04
Cash flow sensitivity	**(4.68)**	**4.68**	**(3.04)**	**3.04**
31 March 2021				
Variable-rate instruments	(4.55)	4.55	(2.96)	2.96
Cash flow sensitivity	**(4.55)**	**4.55**	**(2.96)**	**2.96**

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.

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.)

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 2022	57.35	(57.35)	37.50	(37.50)
31 March 2021	43.43	(43.43)	28.40	(28.40)

48 During the previous year, the Group has capitalised property, plant and equipment amounting to Rs. 209 crore for new Green fibre project, commercial production of which commenced from 01 March 2021.

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.

50 Disclosure u/s 186(4) of the Companies Act, 2013 :

a) **Particulars of Investments made:-**

Particular	For the year ended 31 March 2022	For the year ended 31 March 2021
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	1.07	0.92

51 Ratios (Additional regulatory information)

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. 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 short term and long term borrowings. During the financial year ended 31 March 2022, no significant changes were made in the objectives, policies or processes relating to the management of the Group's capital structure.

(i) **Debt equity ratio:**

Particular	As at 31 March 2022	As at 31 March 2021
Net debt*	927.75	895.19
Total debt (A)	**927.75**	**895.19**
Equity share capital	16.38	16.38
Other equity	1,083.59	938.26
Total equity (B)	**1,099.97**	**954.64**
Debt equity ratio (C=A/B)	**0.84**	**0.94**

*The Group includes with in net debt, interest bearing loans and borrowings less cash and cash equivalents and other bank balances.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

51 Ratios (Additional regulatory information) (contd.)

(ii) Return on equity

Particular	31 March 2022	31 March 2021
Profit for the year	150.23	(3.66)
Equity share capital	16.38	16.38
Other equity	1,083.59	938.26
Total equity	**1,099.97**	**954.64**
Return on equity ratio (%) #	**13.66%**	**(0.38%)**

Reason for variance - Variance in ratio is due to profit earned during the year.

(iii) Current ratio

Particular	31 March 2022	31 March 2021
Current assets (A)	1,191.70	878.93
Current liabilities (B)	858.97	673.11
Current ratio (C=A/B)	**1.39**	**1.31**

(iv) Inventory turnover

Particular	31 March 2022	31 March 2021
Inventorties	609.44	465.49
Cost of materials consumed, purchase of stock-in-trade, changes in inventories of finished goods	1604.37	1062.48
Inventory turnover (days)	**139**	**160**
Inventory turnover ratio #	**2.63**	**2.28**

Reason for variance - Variance in ratio is due to increase in consumption during the year.

(v) Trade receivable turnover ratio

Particular	31 March 2022	31 March 2021
Trade receivable	442.06	275.95
Revenue from operations	3,076.46	1,884.03
Export Incentive	44.98	17.79
Trade receivable Turnover (days)	**53**	**54**
Trade receivable turnover ratio	**6.86**	**6.76**

(vi) Net profit ratio

Particular	31 March 2022	31 March 2021
Profit for the year	150.23	(3.66)
Revenue from Operations	3,076.46	1,884.03
Net profit ratio #	**4.88**	**(0.19)**

Reason for variance - Variance in ratio is due to profit earned during the year and increase in revenue from operation during the year.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

51 Ratios (Additional regulatory information) (contd.)

(vii) Return (PBIDT) to Capital Employed

Particular	31 March 2022	31 March 2021
Profit before finance cost, depreciation and tax expenses (PBIDT) (A)	414.33	135.43
Equity Share Capital	16.38	16.38
Reserves and Surplus	1,083.59	938.26
Long Term Borrowing	353.15	441.20
Short Term Borrowing	458.50	333.04
Current maturities of long-term debts	124.84	127.64
Capital Employed (B)	**2,036.46**	**1,856.52**
Return (PBIDT) to Capital Employed % (C=A/B) #	**20.35%**	**7.30%**

Reason for variance - Variance in ratio is due to increase in profit and revenue from operation during the year.

(viii) Debt Service Coverage Ratio

Particular	31 March 2022	31 March 2021
Profit for the year	150.23	(3.66)
Finance costs	49.77	37.77
Depreciation and amortization expense	121.03	95.58
Deferred tax	43.86	4.48
Earning for debt service (A)	**364.89**	**134.17**
Interest + Instalments due in respective year (B)	**174.61**	**165.41**
Debt Service Coverage ratio (C=A/B) #	**2.09**	**0.81**

Reason for variance - Variance in ratio is due to increase in operating profit during the year.

(ix) Trade payables turnover ratio

Particular	31 March 2022	31 March 2021
Cost of materials consumed	1,618.89	933.33
Purchase of stock-in-trade	48.71	44.30
Add: Closing stock	361.42	270.74
Less: Opening stock	(270.74)	(207.52)
Other expenses	680.61	415.13
Total (A)	**2,438.89**	**1,455.98**
Average trade payables (B)	**136.30**	**120.10**
Trade payables turnover ratio (C=A/B) #	**17.89**	**12.12**

Reason for variance - Variance in ratio is due to increase in purchase of raw materials and increase in expenses due to increase in operations.

(x) Net Capital Turnover Ratios

Particular	31 March 2022	31 March 2021
Revenue from operations	3,076.46	1,884.03
Total equity	1,099.97	954.64
Net Capital Turnover Ratio #	**2.80**	**1.97**

Reason for variance - Variance in ratio is due to increase in revenue from operation during the year.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

51 Ratios (Additional regulatory information) (contd.)

(xi) Return on Investment

Particular	31 March 2022	31 March 2021
Income generate from investments	-	-
Total Investments (refer note -5)	1.07	0.92
Return on Investment	**0.00%**	**0.00%**

Reason for variance - No income generate from Investments.

Previous year was adversely impacted by Covid-19 related restriction (refer note-43).

(xii) The Group'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 6.47 % (31 March 2021: 6.33%).

Additional Regulatory Information

Ratio	Numerator	Denominator
Debt equity ratio	Debt consists of borrowings net of Cash and cash equivalents and Banks balances.	Total equity
Return on equity	Profit for the year	Total equity
Current ratio	Total current assets	Total current liabilities
Inventory turnover	Inventories	Cost of materials consumed, purchase of stock-in-trade, changes in inventories of finished goods
Trade receivable turnover ratio	Revenue from operations less export incentive	Total Trade receivable
Net profit ratio	Profit for the year	Revenue from operations
Return (PBIDT) to Capital Employed	Profit before finance cost, depreciation and tax expenses	Capital employed =Net worth+ Borrowings
Debt Service Coverage Ratio	Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses + Interest	Debt service = Interest payments + Principal repayments
Trade payables turnover ratio (in times)	Cost of materials consumed+Purchase of stock-in-trade+Closing stock+Other expenses-Opening stock\	Average trade payables
Net Capital Turnover Ratios	Revenue from operations	Total equity
Return on Investment	Income generate from investments	Total Investments

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 2022				
1. HOLDING COMPANY	98.08	1,078.86	103.63	155.68
2. Foreign subsidiary Company				
Sutlej Holdings, Inc. (including American Silk Mills. LLC)	1.92	21.11	(3.63)	(5.45)
	100.00	**1,099.97**	**100.00**	**150.23**
31 MARCH 2021				
1. HOLDING COMPANY	98.68	942.05	(259.96)	9.50
2. Foreign subsidiary Company				
Sutlej Holdings, Inc. (including American Silk Mills. LLC)	1.32	12.59	359.96	(13.16)
	100.00	**954.64**	**100.00**	**3.66**

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 total comprehensive income for the year	Amount
31 MARCH 2022				
1. HOLDING COMPANY	(6,100.00)	(0.61)	103.21	155.07
2. Foreign subsidiary Company				
Sutlej Holdings, Inc. (including American Silk Mills. LLC)	6,200.00	0.62	(3.21)	(4.83)
	100.00	**0.01**	**100.00**	**150.24**
31 MARCH 2021				
1. HOLDING COMPANY	107.54	4.42	3,066.92	13.92
2. Foreign subsidiary Company				
Sutlej Holdings, Inc. (including American Silk Mills. LLC)	(7.54)	(0.31)	(2,966.92)	(13.47)
	100.00	**4.11**	**100.00**	**0.45**

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

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

53 (contd.)

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.

Some of the key assumptions used by the Valuer for determining the fair value for significant assets are as follows:

(a) Land Valuation :

(i) Transacted / quoted values for similar properties sold in the subject micro-market;

(ii) Adjustment of achievable transaction value based on site specific physical parameters such as location, accessibility, size, zoning, physical attributes, profile of surrounding developments, etc.

(b) Building Valuation:

The value of the built up structure on the subject property has been assessed by the 'Depreciated Replacement Cost' method, where the current replacement cost of the structure (given the current condition of the property) has been evaluated after giving due regards to physical parameters such as construction, specifications, completion status of the building, renovations carried out in the structures and the same has been depreciated based on parameters such as age, remaining useful life, etc. of the structure.

(c) Plant and Machinery and other Equipments valuation

Total economic life for machineries under various categories have been considered on the basis of regulations prescribed under Schedule II of Indian Companies Act, 2013. Further, a salvage value of 2-5% on the replacement cost, as of date of assessment, of plant and machinery and other equipment has been considered. Quotes for similar or Identical machineries from the same or other manufacturer/ suppliers that are available in the market is also considered. In addition, other applicable direct & indirect cost prevalent in the current market conditions has been factored to arrive at the current Replacement Cost New (RCN) for the machineries at the site.Further, indexing method has also been used to assess RCN for a few machineries.

In addition to the above, in perspective and considering the prevailing trends, a marketing and transaction cost in the range of 5-10% has been considered for the subject assets while assessing the fair value.

Technological obsolescence to an extent of 5-10% has considered for the machineries installed during the period 1999 -2015 . Further, functional obsolescence to the extent of 10-15% has also considered.

Based on all the above factors, as per the final report issued by the Valuer, the fair value of the CGU is higher than its carrying value and hence the Group has concluded that no impairment provision needs to be recorded in the financial statements.

54 There was an incident involving fire at Baddi plant where certain raw material inventories were damaged during the previous year ended 31.3.2021. The Parent Company has assessed the loss of inventory due to the said incident aggregating to Rs.9.06 crore and same was netted off from loss on inventories due to fire recorded under consumption of raw material and was presented as a claim receivable under "Other Current Financial Assets" as at 31.3.2021. During the year, the Parent Company has received an amount of Rs.7.23 crore against the aforesaid insurance claim, hence shorfall of Rs.1.83 crore has recognised as loss by fire in Statement of Profit and Loss account.

55 Regulatory informations :

(i) The Group does not have any benami property where any proceedings have been initiated or pending against the Group for holding such benami property.

(ii) The Group does not have any transactions with companies that have been struck off.

(iii) The Group does not have any charges or satisfaction which are yet to be registered with ROC beyond the statutory period.

Notes to the Consolidated Financial Statements (contd.)

(All amounts are in Rupees crore, unless otherwise stated)

55 Regulatory informations : (contd.)

(iv) The Group has not traded or invested in Crypto currency or virtual currency during the financial year.

(v) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries); or

b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or;

b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(vii) The Group does not have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

(viii) The Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has one Core Investment Company ("CIC") as part of the Group i.e. Ganges Securities Limited (unregistered CIC).

Signatures to Notes 1 to 55
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: 09 May 2022

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Rajan Dalal
Director
DIN: 00546264
Place: Mumbai
Date: 09 May 2022

C. S. Nopany
Executive Chairman
DIN: 00014587
Place: London
Date: 09 May 2022

Updeep Singh Chatrath
President & CEO
Place: Mumbai
Date: 09 May 2022

Bipeen Valame
Whole time Director and CFO
DIN : 07702511
Place: Mumbai
Date: 09 May 2022

Manoj Contractor
Company Secretary
M.No. : A11661
Place: Mumbai
Date: 09 May 2022

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

Sr. No.	Name of the Subsidiary	Sutlej Holdings, Inc.	American Silk Mills, LLC.
1.	Reporting Period	**FY 2021-2022**	**FY 2021-2022**
2.	Reporting currency	**INR**	**INR**
3.	Exchange Rate	74.50	74.50
4.	Share Capital	51,30,49,458	31,98,20,895
5.	Reserves and Surplus	2,75,30,331	(32,95,05,102)
6.	Total Assets	54,54,39,199	28,02,69,442
7.	Total Liabilities	48,59,410	28,99,53,649
8.	Investments	31,98,20,900	-
9.	Turnover	-	36,98,43,190
10.	Profit & Loss before Taxation	70,24,415	(6,04,77,760)
11.	Provision for Taxation	10,78,788	-
12.	Profit & Loss after Taxation	59,45,627	(6,04,77,760)
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.

For and on behalf of the Board of Directors of
Sutlej Textiles and Industries Limited

Rajan Dalal
Director
DIN: 00546264
Place: Mumbai
Date: 09th May 2022

C. S. Nopany
Executive Chairman
DIN: 00014587
Place: London
Date: 09th May 2022

Updeep Singh Chatrath
President & CEO
Place: Mumbai
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Bipeen Valame
Whole time Director and CFO
DIN : 07702511
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sutlej
textiles and industries limited

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