Reinvent & Rebound

Our focus: Profitable and sustainable growth

sutlej
textiles and industries limited

Sutlej Textiles and Industries Limited
Annual Report 2020-21

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.

Contents

Reinvent & Rebound

At Sutlej Textiles and Industries Limited, we have created a blueprint – the 2 R's - to grow our business in an uncertain world.

This blueprint puts a premium on the need to reinvent, get ahead of the curve, stay adequately protected and be prepared to rebound as soon as the consumer sentiment turns for the better.

We believe that this approach will make it possible for us to enhance value for our stakeholders across the foreseeable future.

Corporate snapshot

Sutlej Textiles and Industries Limited.

One of India's largest spun dyed yarn manufacturers.

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

Engaged in the manufacture of home furnishings addressing curtains, upholstery and made ups.

OUR VALUES

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.

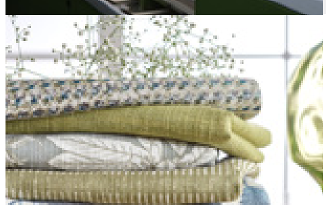
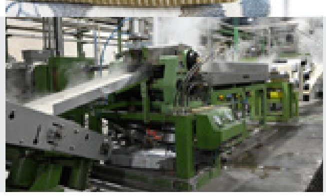
Our track record

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

Our capacities

The Company has units located in Rajasthan, Jammu & Kashmir, Himachal Pradesh and Gujarat. Over the years, the Company has exponentially scaled its capacities. The Company's total spinning capacity was around 4.21 lakh spindles at the close of 2020-21; daily effective production was 284 tons 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.

Manufacturing capacities

Units	Location	Products manufactured		Capacity
Rajasthan Textile Mills	Bhawanimandi, Rajasthan	Cotton yarns and man-made fibre yarns including mélange yarns		35,280 Number of spindles of cotton blended mélange yarns 90,384 Number of spindles of man-made fibre yarns
Chenab Textile Mills	Kathua, Jammu & Kashmir			1,11,731 Number of spindles of cotton blended mélange yarns 99,636 Number of spindles of manmade fibre yarns
Birla Textile Mills	Baddi, Himachal Pradesh			20,864 Number of spindles of cotton blended mélange yarns 62,512 Number of spindles of manmade fibre yarns
Damanganga Home Textiles	Daheli, Gujarat	Home textile furnishings		9.6 Million metres per annum 126 Number of shuttle-less looms
Sutlej Green Fibre	Baddi, Himachal Pradesh	Raw white, black and doped dyed recycled polyester fibre		120 Metric tons per day

Our products portfolio

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

Our standards and 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. Besides, 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, Rajasthan Energy Conservation Award and INDITEX.

Our marquee clients

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

Our distribution network

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

Our financial robustness

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

Our awards and recognition

The Cotton Textiles Export Promotion Council (TEXPROCIL)

- **Gold Trophy:** Special Achievement Award in Export of Cotton Yarn 2019-20
- **Gold Trophy:** Highest Exports of Cotton Processed Yarn 2019-20

Industries and Corporate Social Responsibility (Rajasthan Government)

- Life Time Achievement Niryat Ratna Award.

Business verticals

Dyed yarns

Melange yarns

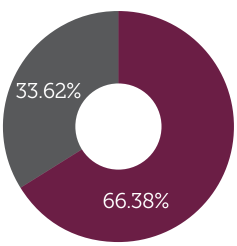
Curtains

Upholstery

Made-ups

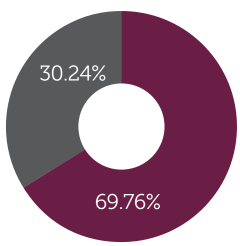
Raw white, black and doped dyed recycled polyester fibre

Revenue by geography, 2020-21



■ Domestic ■ International

Revenue by geography, 2019-20



■ Domestic ■ International

Key milestones

2006-07

Entry into Home Textiles

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

2008-09

Expansion at Bhawanimandi

Expansion of 7,488 spindles for PV Dyed Yarn

12,672 Spindles added for manufacturing cotton yarn

2009-10

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

Installed 12 MW Thermal Power Plant at Bhanwanimandi unit

2014

31,104 spindles added at Chenab Textile Mills for value added cotton mélange and cotton blended dyed yarn

2015-17

Acquisition of Birla Textile Mills

35,280 spindles – commenced commercial production for cotton blended dyed and mélange yarn in Rajasthan

9.6 MMPA - commenced production of Home Textile facilities at Gujarat

2017-19

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

Invested USD 4.5 million in a wholly owned subsidiary in USA

2019-21

Backward integration into green fiber

Modernization of Home Textile Facility

Green fiber plant commenced production in March 2021

Reinvent & Rebound

Not just ordinary terms at Sutlej. They represent the framework of our value-accretive strategy

Reinvent

Increasing premium on being ahead of the curve

Increase digitalization within the Company	Widen and deepen the global footprint	Enhance presence in niche dyed and spun yarn segments	Strengthen the ESG personality; focus on resource moderation
Develop a personality around responsible manufacture	Focus on enhanced worker productivity	Launched the proprietary Nesterra brand	Aggressive debt repayment; moderated debt cost

Rebound

Attractively placed to capitalize on long-term trends

Enter new markets and segments	Positioned to address opportunities of the future	Manufacture of green fibre to enhance brand of the Company
Graduate to a lower cost structure through backward integration	Respected for embracing the manufacture of complex yarns	Consistent investment in assets to enhance productivity

Our performance across the years

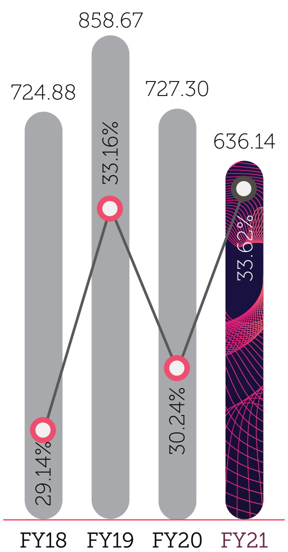
Revenues
(Rs./cr)

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 sales declined 21% to Rs. 1892.19 crore in FY 2020-21 due to the impact of the COVID-19 pandemic-induced lockdown and sectorial sluggishness.

Export revenues
Exports (Rs./cr)
Exports as % of revenues

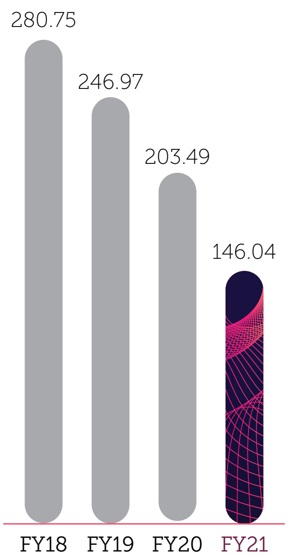


Definition
Exports growth by value..

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

Performance
Our exports decreased 12.53% to Rs. 636.14 crore in FY 2020-21, which came at a time when the domestic market slowed. However, exports as a proportion of revenues increased by 3.38 bps to 33.62%

EBIDTA
(Rs./cr)

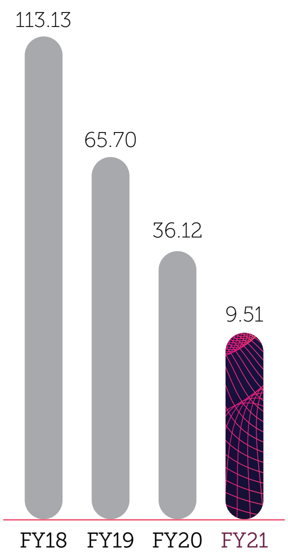


Definition
Earnings before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax).

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 declined to Rs. 146.04 crore due to the COVID-19 pandemic-induced lockdown and sectorial sluggishness.

Net profit
(Rs./cr)

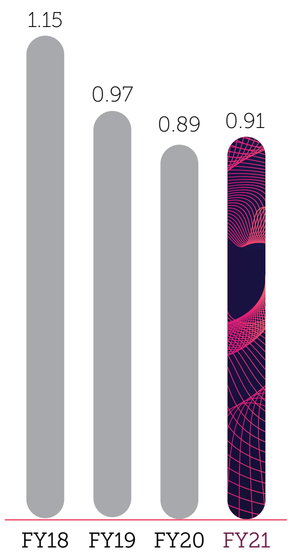


Definition
Profit earned during the year after deducting all expenses and provisions.

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

Performance
Net profit declined sharply to Rs. 9.51 crore due to COVID-19 pandemic-induced lockdown and sectorial slowdown.

Gearing
(x)

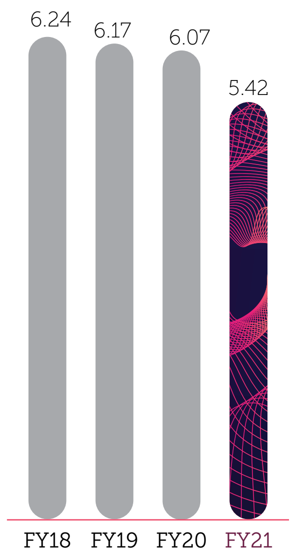


Definition
This is derived through the ratio of debt to net worth (less revaluation reserves).

Why we measure
This is one of the defining measures of a Company's financial health, indicating the ability of the Company to fund growth through equity over debt (the lower the gearing the better).

Performance
Gearing was maintained around the same level as the Company repaid debt and marginally strengthened 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 a peak of 6.24% in FY 2017-18 to 5.42% in FY 2020-21. We recommend that this ratio be read in conjunction with our rising interest cover (rising, indicating higher liquidity) across the medium-term.

How we strengthened our business in 2020-21

Manufacturing

- Innovated new spun dyed yarn products
- Increased the proportion of spun dyed yarns of different sustainable raw materials
- Strengthened Home Textile export margins

Operational

- Invested around Rs. 51 crore in technology up-gradation, modernization and debottlenecking to improve efficiency and plant utilization
- Substantially reduced our Finished Goods inventory
- Invested Rs. 225 crore in a green fibre project in Baddi to manufacture Polyester Staple Fibre (PSF) by recycling PET bottles. Commercial production commenced from 1st March, 2021

Financial

- Strengthened terms of trade; working capital outlay increased to Rs. 333 crore (following commissioning of the green fibre project from 1st March 2021)
- Increased utilization of working capital sanctions temporarily from 48% to 56% due to the green fibre project commencing commercial production from March 2021
- Term loans reduced Rs. 13 crore despite accelerated capital expenditure for the green fibre project

The Chairman's overview

> Safety is of the utmost importance and our primary focus was on making the workplace a safer environment.

Overview

Encouraged by the prospects of a large nation and needing to be Self-Dependent, 85 years ago, Sutlej was born with the sole objective of supplying local cloth manufacturers with the best quality of yarn. We built our business with this perspective: to meet the opportunities that came with a rapidly developing nation while reinventing ourselves to keep up with the times.

This past year was a highly unpredictable one and precisely the kind of market for which we were well prepared for. The Indian economy slowed from 4.2% in 2019-20 to -7.3% in 2020-21. Manufacturing declined by 6.4% as against an increase of 2% in FY 2019-20. The global textile sector declined by around 2% in FY 2020-21.

It required us to be resilient and responsive without losing our ambition of sustained growth.

Our Performance

In comparison to last year, our revenues fell by 21% and EBITDA fell by 28%. Although we faced a slight set back due to the lockdown, the comeback of Sutlej was commendable. Our perseverance and resilience cushioned the impact of the first quarter.

This past year was one where we had to focus more on our stability than our growth. This stability enabled us to take advantage of the market once everything started normalizing.

Our finished goods inventory cycle turnover was 23 days in 2020-21 compared to 28 days in the previous year. Our working capital utilization remained half of normal. We repaid Rs. 126 crore of debt during the year. Our interest outflow declined by 18%. We finished one of the most challenging years in our history with no Balance Sheet impairments and with improved business quality.

The Pandemic

As personal safety was threatened, and individuals were asked to stay at home in most parts of the world, non-essential commodity shops were shut indefinitely. Unfortunately, clothing came under that segment. This impacted our revenues both domestically as well as in exports while our overheads were unchanged.

As various countries, including India, slowly started unlocking their economies in the latter part of the first quarter of the current financial year, new challenges of reduced demand, under-utilized capacities, work force dislocation and cash crunch affected the industry. The implementation of social distancing and lockdowns across countries changed consumer behaviour with regard to formal-wear that affected the consumption of textiles across countries.

There is an opportunity in every situation. The lockdown was an opportunity for those who could make the most of it. Once lifted, the pent-up demand of customers would hit the markets, so it was our job to prepare ourselves for this demand spike. It required us to move efficiently and adapt to the new market.

Safety is of the utmost importance and our primary focus was on making the workplace a safer environment. The Company temporarily shut its manufacturing facilities and offices in India embracing the "work-from-home" policy. The Company's management team continued to communicate remotely, facilitated an aggressive vaccination drive for all our employees and regularly disinfected our properties. We also donated hospital beds, ventilators and oxygen generator to hospitals to help bolster the social infrastructure.

The 'R' Words

During the last year, the two 'R' words that gained popularity at Sutlej were 'Reinvent' and 'Rebound'.

Reinvent

In a world where uncertainty is the new normal, reinvention and flexibility became crucial for our survival. Continuously thinking on our feet on a daily basis, we were able to find quick solutions to the sudden change in the consumption pattern helping us to project positive financials as compared to others in this sector.

At Sutlej, we have been reinventing ahead of the curve as an organization for the last couple

Our finished goods inventory cycle was 23 days of turnover equivalent in 2020-21 compared with 28 days in the previous year. Our working capital sanctions remained half of what we had been sanctioned. We repaid Rs. 126 crore of debt during the year. Our interest outflow declined 18 per cent.

At Sutlej, we strengthened proactively not just over the last year or two; we have been engaged in reinventing ahead of the curve as an organizational discipline for the last couple of decades.

The Company generated 34% of export revenues from around 60 countries in 2020-21

of decades. At a time when most yarn makers in India were focused on the large commodity segment, Sutlej graduated to the value-added. When most Indian companies were focused on the domestic market, Sutlej extended its reach into global markets.

The result is that we consistently invested in enhancing our capacities (spindles, looms and ancillaries). The Company was able to create margins giving us the ability to continue repaying debts without letting it multiply over time. Besides, the Company moderated debt during the last financial year, reduced its interest outflow and strengthened its liquidity through tighter working capital management.

In a business influenced by a host of variables, we recognized that these initiatives would protect us during difficult times. This protection would not mean that we would not take any risk; it would mean that our business would be broad based across locations, products and segments (blend types). We believed that this reinventing and broad basing would give us the platform to maintain our ideology of growth and diversification.

The Company increased its focus on the knitwear segment, which gained popularity during the lockdown period as demand for comfort clothing increased.

Rebound

In a business where consumer preferences are evolving and the world is putting a bigger emphasis of 'clean and green' products, there is a need to rebound with speed from a setback.

The faster a Company capitalizes on upcoming opportunities, the more a company can grow and have benefits in the following ways: diversify the business with new revenue streams, strengthens its business sustainability and reinforces the brand.

At Sutlej, we strengthened our capacity to rebound by strengthening digitalization in our manufacturing, quality, marketing and controls. This improved our decision making process and enhanced the overall customer experience.

We are attracting younger talent, not necessarily from the textile sector, with the objective to revitalize and encourage new ideas. At the same time, we are retraining our existing talent leading to superior productivity while balancing innovation with stability.

We commissioned the Sutlej Green Fibre plant that will recycle 7 million PET bottles a day at peak capacity. This will help reduce costs and make our environment greener. We intend to increase the renewable energy generation within our business to reduce carbon footprint while reducing costs at the same time.

In this direction, we launched the Nesterra brand during the year under review, the first brand launched by the Company in its multi-decade existence.

Profitable Growth

At Sutlej, our phased debt reduction should not mean that the Company is moderating its growth ambition. On the contrary, we will continue to seek opportunities for growth.

We will continue to focus on enhancing our efficiency with modernization and technology upgradation to sharpen our competitive edge. The Company expects to widen its margins following the stabilization of the Green Fibre plant.

A stronger focus on what we do, over what we have will help Sutlej shift the needle, reinvent and then rebound and, in doing so, create value for all the stakeholders.

I must end by expressing my heartfelt thanks to all our stakeholders for their unwavering support during this rocky year.

C. S. Nopany, Chairman

A transforming Sutlej

The new face of Sutlej – a modernising company in a conventional sector

At Sutlej, there is one aspect of our business in which we are investing larger resources than in our manufacturing equipment or infrastructure – in our culture.

A modernising Sutlej is progressively younger; a larger proportion of its senior managers are being drawn from outside the textile sector.

A digitalising Sutlej is seeking to replace most manual non-manufacturing interventions (marketing and business controls) with cutting-edge technologies.

A sensitized Sutlej has largely replaced legacy process with an environment friendly mindset (products, process and resources) that is determined to make the world cleaner and greener.

A restless Sutlej is questioning status quo to ask 'Can we do this better than anyone in the world?'

A sustainability-driven Sutlej is driven more by the need to enhance cash flows over cash profits.

A transforming Sutlej

In a growing sensitized world, we commenced the manufacture of 'green fibre'

Plastic is everywhere.

The increasing convenience of PET bottles has created a challenge for humankind – PET bottles contaminate cities, villages, local water bodies and oceans.

It is estimated that one million PET drinking bottles are purchased every minute, indicating the dangers to the planet.

During the year under review, Sutlej embarked in addressing this looming ecological problem; the Company commenced the manufacture of polyester yarns by utilising PET waste.

The model of this business was directed to utilising waste at one end and generating wealth at the other.

The backward integration will enhance resource traceability, a growing requirement in the global textiles sector.

The initiative also addressed a growing trend of consumers to use garments utilising a proportion of recycled fibre, necessitating the upstream use of yarns utilising environment friendly fibre. As a larger number of marquee garment brands the world over replace synthetic fibres with 'greener' alternatives, there is a wider traction for the Company's green fibre business.

This initiative is intended to enhance the Company's competitiveness, margins and respect.

120
Tonne per day, installed capacity of green fibre at Sutlej

7
Million, peak quantum of PET bottles that can be consumed by Sutlej a day

80
% of the Company's green fibre appetite serviced from within

60
Million, number of PET drinking water bottles consumed each hour across the world

A transforming Sutlej

In a challenging year, we launched the Nesterra brand

In FY 2020-21, a B2B Company like Sutlej launched the first retail brand in its existence.

The Company launched a home textile brand called Nesterra in December 2020; the brand is marketed wholesale, addressing the cut piece requirements of India's retail sector.

The brand was launched to graduate the Company's home textiles product from the generic.

The creation of an identity, coupled with warehousing, will help the product move faster through the retail sales channel.

The Nesterra brand will capitalize on the rich pedigree originating from the House of Sutlej, a Company engaged in niche yarns for decades.

The brand will capitalize on the use of proprietary yarns and manufacture on cutting-edge weaving looms.

Within a short space of time, the Nesterra brand of home textiles has begun earning respect for weaving quality, consistency, aesthetic designs and timely service in India's retail sector.

The objective of the Company is to leverage the rich performance attributes of Nesterra to carve out a niche of respect in India's home furnishings space and generate a premium.

Financial overview

How Sutlej protected its financial foundation in a volatile year

Overview

The principal message is that the Company's business model continued to validate the overarching theme of reinvention and rebounding during the year under review. This helped the Company demonstrate resilience during the sectorial downturn, coupled with the capacity to rebound during recovery.

During the last decade, the Company built around a complement of two businesses – spun/dyed yarns and home textiles - with the objective to widen margins and strengthen sustainability. This approach was endorsed during the year under review when the Company reported a 21% decline in revenues despite losing the full impact across one complete quarter, whereas the annualized revenue of the fourth quarter was 13% higher than what the Company reported in the entire 2019-20.

Discipline

At Sutlej, we demonstrated the fiscal discipline of our business by not seeking a moratorium during the first half of FY 2020-21 when demand was muted. The Company possessed adequate liquidity to address repayment and debt servicing requirements. The Company completed its capital expenditure and commissioned its green fibre manufacturing facility without Balance Sheet impairment.

Business health

At Sutlej, our focus is not just quantitative growth; we prioritize business hygiene as well. Central to this hygiene is the manner in which we manage our working capital. The first index of our financial hygiene is whether we have drawn working capital extensively or completely against the sanctions provided by the banks. As a policy, we seek to maximize the use of accruals in business growth and moderating borrowed funds. During the year under review, we drew only 50% of the sanctioned short-term loans (on average), which made it possible to moderate interest outflow. There was an increase in our receivables cycle for domestic sales, a temporary phenomenon on account of the pandemic impact. The Company's working capital cycle (days of turnover equivalent) was 105 days in 2019-20 and increased to 155 days in 2020-21, an increase that we believe is temporary on account of the pandemic impact. As an index of the fundamental strength of our business, our finished goods inventory cycle declined from 28 days of turnover equivalent to 23 days.

Business mix

At Sutlej, our objective is to blend our business (spun/dyed yarns and home textiles) with a bias for the former. 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 95.84% of the Company's revenues during the year under review.

Debt management

At Sutlej, when we invest sizably in greenfield capital expenditure, we balance the role of debt and net worth. By virtue of investing in products with traction and likely to generate an attractive return within a compressed period, the Company repays debt with speed (or is likely to be based on its investment in the green fibre manufacturing project). The Company's preference for long-term debt is a shareholder value-accretive approach, increasingly evident after debt has been repaid and the impact of earnings is visible in the financials (with no equity dilution). In the three years ending 2020-21, the Company borrowed Rs. 292 crore and repaid Rs. 331 crore of long-term debt. The Company repaid Rs. 126 crore during the year under review. Interest outflow declined from Rs. 44.94 crore in 2019-20 to Rs. 36.83 crore in 2020-21. The maturity of the debt on the Company's books was an average 47 months as on 31st March, 2021. The average cost of gross debt was 5.42%. Year-end gearing was 0.91 compared with 1.15 in the year 2017-18.

Liquidity

At Sutlej, we prioritize the role of liquidity in our business. Given a choice of maximising revenues with stretched liquidity or moderate-to-high revenues with enhanced liquidity, we will select the latter. This priority was reflected during the year under review, when our interest cover (EBIDTA divided by interest outflow) was a creditable 4 times during the year and 9 times in the last quarter. This indicated that we possessed adequate liquidity to service our interest liability that fell during 2020-21. Over the years, our debt-equity ratio strengthened from 1.15 in 2017-18 to 0.91 in 2020-21 as we strengthened net worth on the one hand and moderated debt on the other.

Capital allocation

The Company generated Rs. 109.21 crore in cash profit during the year under review; Rs. 74.83 crore was generated in the last quarter. Some 4.50% of this availability was returned to shareholders as dividend. Of what was left, the Company selected to invest Rs. 25 crore (28 %) from internal accruals in technology up-gradation, modernization and debottlenecking to improve efficiency and plant utilization and the green fibre project, which is expected to moderate raw material costs.

Financial foundation

The Company ended the year under review with a robust financial foundation. As on 31st March, 2021, the Company possessed Rs. 980.02 crore in net worth, Rs. 569.71 crore in long-term debt and Rs. 333.03 crore in short-term debt. The high net worth was the result of a systematic accumulation of surpluses aggregated over the years. The significant bias towards net worth represents a relative de-risking in an uncertain world; it provides the Company with patient capital to tide over downturns.

Our financial discipline

Progressively invested in manufacturing assets

Moderated capital cost per tonne

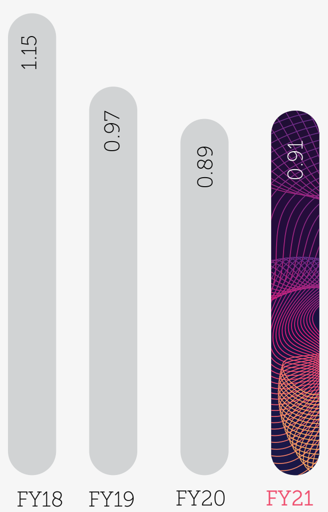
Low utilization of working capital sanctions by banks

Timely debt repayment

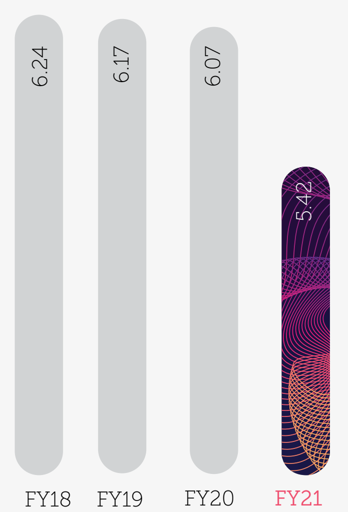
Declining interest outflow

Our financial hygiene

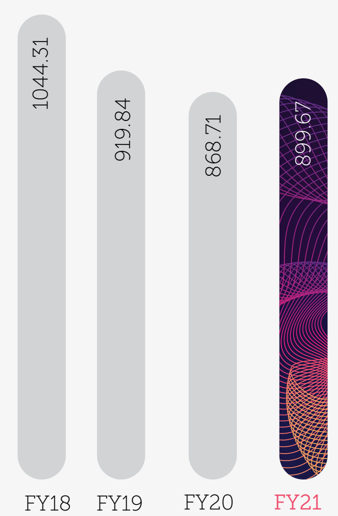
Our debt-equity ratio (x)



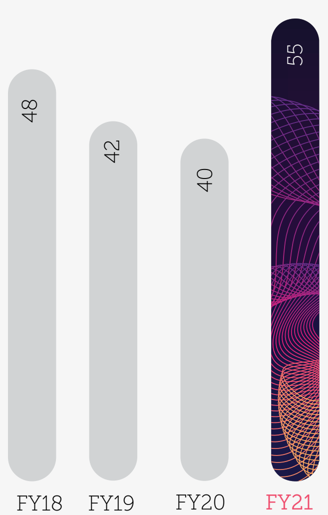
Our debt cost (%)



Our consolidated debt (Rs. cr)

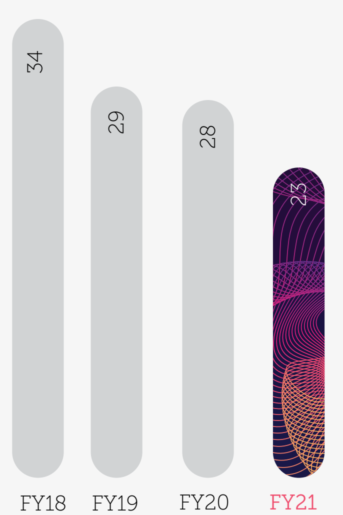


Our receivables cycle (days of turnover)

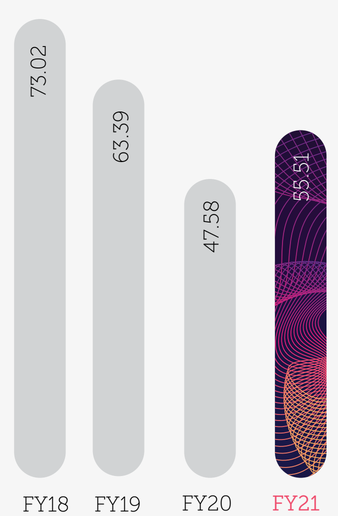


 # Increased due to the COVID-19 pandemic-induced lockdown

Our Finished Goods inventory cycle (days of turnover)

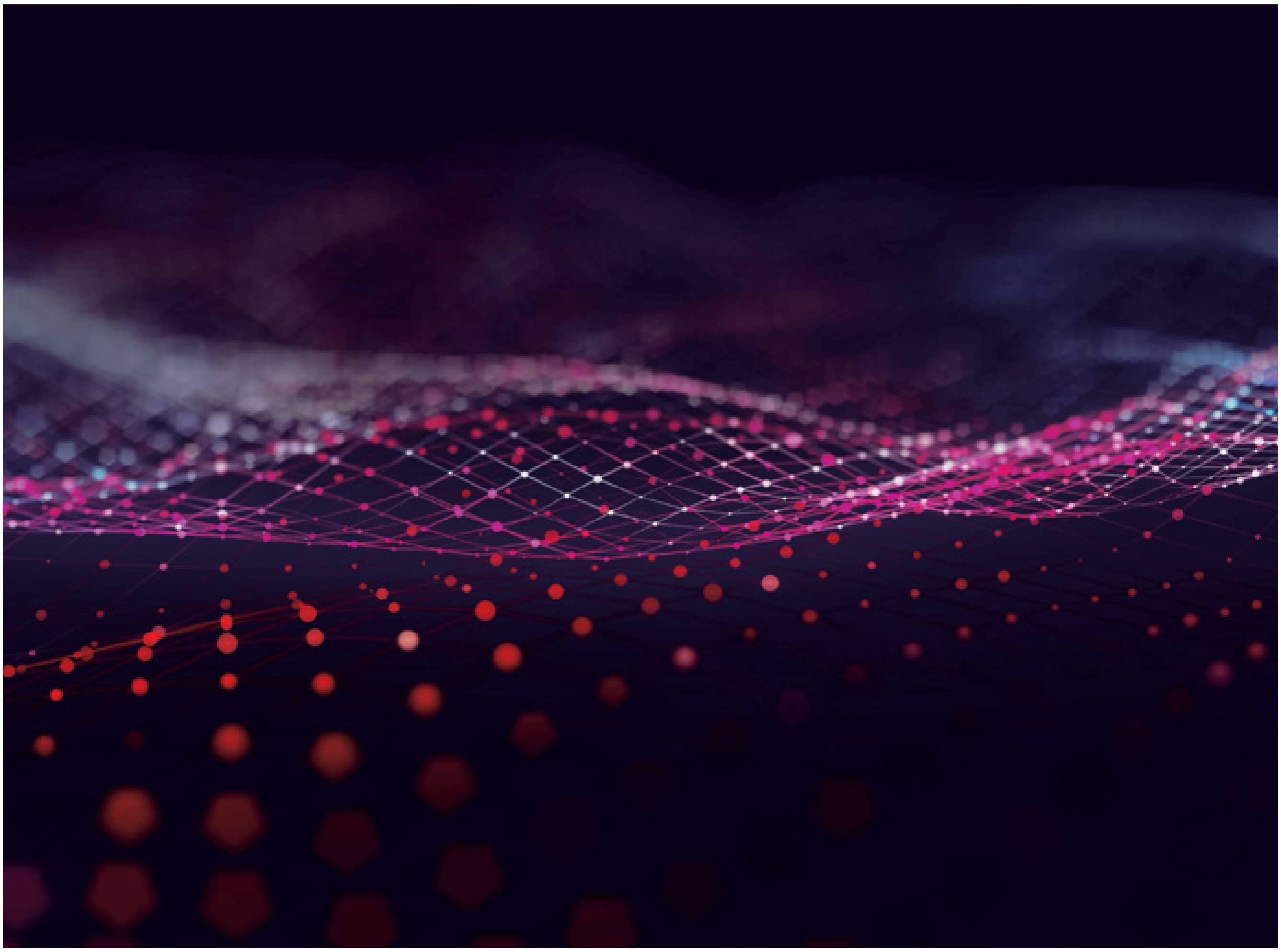


Low utilization of working capital against sanction (%)



Technology of the future

How we are reinventing our Company through digitalization



Overview

At Sutlej, we believe that digitalization is not just a support to our business; it drives the business today.

In view of this, digitalization investments are integral to the business. There is a greater focus on online procurement, digital marketing through e-swatches and the digitalization-driven control of the business leading to lower costs, superior quality and informed decision-making.

Besides, a number of companies within the Company's eco-system are re-assessing their digitalization journeys and we believe that this will translate into a larger pool of like-minded vendors and clients. As a result, digitalization is not an option; it is the only way businesses can enhance competitiveness.

As a forward-looking company, Sutlej invested in digitalization with the perspective of strengthening its business (compared to a limited function within).

How SAP S/4 Hana re-implementation has empowered Sutlej

Removed limitations of SAP ECC 6.0

Intangible benefits

- Strengthened systems orientation beyond person dependence
- Informed decision-making based on data
- Generation of analytical reports
- Quicker financial consolidation
- Common vendor/ customer/ GL/Material codes across all operating units.
- Digitization of records through DMS
- Better transaction traceability and audit trail

Tangible benefits

- Robust platform for Business Process Re-engineering
- Defined roles and responsibilities for employees
- Uniformity in business processes for key functions (procurement etc.)
- Increased talent productivity

The Sutlej digital library

Sutlej changed its marketing approach when it reduced marketing-based expenditure following the pandemic outbreak.

The Company introduced a digital library comprising an extensive range of the Company's products.

This digital library has transformed the way the Company's Home Furnishings are being marketed to customers.

The digitalization has shrunk the turnaround time required to onboard customers, empowered customers to find exactly what they seek and made it possible to market a larger number of products to the same customer.

The digitalization of the Company's library has moderated travel, costs, time and carbon footprint.

Business segment#1

Specialized **yarns**

1784.32 Rs. cr

Revenue in 2020-21 vs Rs. **2,265.55** crore in 2019-20

151.17 Rs. cr

EBIDTA in 2020-21 against Rs.**213.75** crore in 2019-20

44.21 Rs. cr

Profit before tax & exceptional item in 2020-21 against Rs.**93.52** crore in 2019-20

92.65 %

Capacity utilization (2020-21) against **93.31%** in 2019-20

Yarn segment 96% of the Company's revenues

India's largest spun-dyed and cotton mélange yarn manufacturer

4,20,407 dyed yarn spindles (as on 31st March, 2021)

~ 40% dedicated to mélange yarn and ~60% to blends

Marquee clients; B2B business model

Capacity utilization 92.65%

Average yarn count of 25.00

Overview

Sutlej graduated from the manufacture of commoditized grey commodity yarn, affected by declining margins and realizations. The Company evolved its focus on specialized yarn (cotton blended yarn and mélange yarn), offering natural and manmade yarns in various blends (grey, dyed and mixture) across count ranges (6-50). The Company has since emerged as one of the most respected spun-dyed and mélange yarn manufacturers in India.

The Company produces varied kinds of fiber dyed yarn of different fiber compositions used in popular garment segments like home furnishings, knitwear and ladies' wear. The Company produces value-added yarn comprising multi-mélange, spandex and fancy products. The Company's spun yarn quality is at par with the best standards in the domestic and international market.

The Company has established a respect for the use of sustainable fibers like recycled polyester, recycled cotton, organic / fair trade cotton, seacell / smart cell, CUpro, hemp, linen, Lenzing Modal, Tencil, bamboo fiber and bamboo charcoal fibers. We ensure that most of the dyes and chemicals used in our dye house are free of AZO, NPEO, APEO phenyles and formaldehyde.

Overview

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

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

The Company is present across the yarn value chain (cotton to polyester to viscose to acrylic to modal to lycra to teflon to linen). This versatility has made it possible to blend diverse raw materials and generate innovative products, treatments and finishes. The Company possesses the distinctive ability to manufacture multi-fiber (synthetic and natural) yarns across diverse applications (grey, dyed and mixed) and counts (6-50), empowering customers to launch distinctive products and strengthen their competitiveness.

Capacity

The Company manufactures specialized yarns in Rajasthan Textile Mills in Bhawanimandi (Rajasthan), Birla Textile Mills in Baddi (Himachal Pradesh) and Chenab Textile Mills in Kathua (Jammu and Kashmir). These units have been invested with contemporary assets, rich knowledge cum experience and supply chains resulting in enhanced dependability. The Company enhanced spindleage from 1,55,456 in 2005 to 4,20,407 in 2021.

Rajasthan Textile Mills	Location: Bhawanimandi (Rajasthan)	Product: Cotton mélange yarns and man-made fibre yarns	Capacity: 35,280 spindles (cotton melange) 90,384 spindles (man-made fibres)
Chenab Textile Mills	Location: Kathua (Jammu and Kashmir)	Product: Cotton mélange yarns and man-made fibre yarns	Capacity: 1,11,731 spindles of cotton mélange; 99,636 spindles of man-made fibres
Birla Textile Mills	Location: Baddi (Himachal Pradesh)	Product: Cotton mélange yarns and man-made fibres	Capacity: 20,864 spindles of cotton mélange; 62,512 spindles of man-made fibres

Portfolio

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

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

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

Challenges and counter-initiatives, 2020-21

The business was marked by demand swings, losing virtually the entire first quarter of the last financial year on account of the pandemic-induced lockdown. It is only in the early part of the second quarter that customers began seeking deliveries of consignments booked earlier.

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

During the year under review, domestic challenges comprised lumpy offtake and realizations quarter on quarter.

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

As a long-term initiative to enhance customer confidence, the Company's manufacturing units were invested with contemporary manufacturing technologies, experienced professionals, certifications (IS/ISO 9001:2008) and quality-testing equipment (HVI spectrum, AFIS Pro UT- 5, Tensojet and Classimat, among others). The Company was provided permission to use the 'Usterised' trademark by Uster Technologies AG, Switzerland.

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

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

Achievements, 2020-21

The Company responded to this challenging scenario through a closer engagement with customers whereby the 'sell-to-make' discipline was maintained, coupled with cash and carry, shrinking the working capital cycle.

The Company introduced improved technologies to enhance production, safety and cost effectiveness. The Company invested Rs. 23.12 crore in equipment (KTTM RX300 & LMW LR9SX Ring Frames with Auto doffer, Tuft Blender, Sliver Cutter fitted in Carding & Comber, high speed Card LC636 and high speed TFO Savio Cosmos). Following the upgradation in technologies, the Company generated a reduction in people, power and fuel costs, coupled with improvements in quality and space economy.

The Company moderated value loss through increased manufacturing efficiencies, compensating for the loss with enhanced revenue. The reduction in value loss was achieved through equipment investments, cross-functional monitoring, training and quality procurement.

The Company commenced the production of 'green fibre', enhancing yarn consistency and resources dependability.

The Company invested in equipment addressing new technologies that enhanced productivity, quality and power efficiency.

The Company increased its focus on exports, quality, and superior product mix while focusing on northern India markets (Ludhiana, Panipat and Delhi).

Business strengths

The Company is the largest Indian player, marked by multi-year relationships with around 60 large international traders servicing customers across geographies. It enjoys a unique 'one-stop' recall among customers, due to the ability to provide a complete range of spun dyed yarns, one of the few companies in the world with this competence.

The Company's one-stop solution proposition has been reinforced by an SKU range running into hundreds of yarn varieties (any product, any quantity and any quality needs of fancy and specialized dyed yarn buyers).

The Company enjoys the advantage of a presence in different markets – 34% of revenues were derived from exports in 2020-21 from around 60 countries.

The Company focuses on dyed yarns that generate realizations higher than the prevailing grey yarn average. The Company has been a consistent introducer of fancy and specialized dyed yarn varieties (counts ranging from 6s to 50s) supported by a dedicated sampling plant.

The Company is a focused developer of products marked by complexity and low competition. It developed 9 Cotton/PVA and is addressing challenging products like 2/24 P/C/PVA blend with feel fresh poly comprising anti-bacterial properties. The Company is engaged in the development of value-added products for polyester-viscose suiting fabric exports.

The Company is respected for its unmatched dyed yarn shade depth, tone and shine, an edge derived from the distinctive water quality in Kathua and Baddi.

The Company possesses the capacity to produce cotton, synthetic, blended and value-added yarns comprising premium blends addressing domestic and international customers. It possesses the capacity to produce compact, slub, mélange yarn, triblend and roving grindle, which are well accepted in the export and domestic markets.

The Company possesses the capacity to produce all kinds of fiber dyed yarn with various fiber compositions and blends suitable for all garments, ladies wear, home furnishing, automobile application and knitwear (summer and winter). The Company's product mix comprises value-added yarn (multi mélange, spandex yarn and fancy products). This business is supported by yarn dyeing (10 MT/day).

The Company's products were marked by quality certifications that promised consistency and quality (ISO 9001: 2015, Oeko Tex, GOTS and GRS).

Outlook

The business will focus on yarn exports, broad basing its market presence compared with a significant presence in the Indian market.

The Company will address the specific needs of the Home Furnishing segment through a dedicated set up focusing on diversified designs, colours and value-addition.

The Company will maximise the production of coarse single counts of dyed yarns (single yarns like 1/12s and 1/15s and 2/18s PV) that generate superior margins, addressing the yarn share of fabrics addressing exports and OTC-based branded customers.

Following the trials of single yarn of 100% polyester, poly-viscose, polyester-cotton melange and fancy yarns, the Company is graduating to orders generating margins better than PV dyed.

The Company intends to develop fine yarn directed at regional markets, address fabric exporters, market 100% polyester recycle dyed slub for weft end use in the denim segment, stretch product (PV lycra) for exporters and increasing customers for high twist PV dyed yarns.

Business segment#2

Home **Textiles**

Damanganga Home Textiles

Location: Daheli (Gujarat)

Product: Home textile furnishings

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

4% revenue share

Exports 30% of revenues

Focus on curtains and upholstery

Capacity 9.6 mn m/ annum

Leading home décor producer and exporter

Latest design and manufacturing technology

State-of-the-art weaving and processing facility

126 weaving looms

Overview

Sutlej Textiles extended from the manufacture of specialized yarns to the manufacture of home textiles in 2006. The new business was synergic: it leveraged the same distribution network in India and abroad; it often addressed a larger share of the customer's wallet; it leveraged a holistic textile-based knowledge pool; it extended the Company from yarn to a value-added end product; it moved the Company closer to actual users; it broad-based the Company's risk profile from a complete dependence on yarn to home textile fabrics.

The Company ventured into this business inspired by a growing pride about interiors among consumers. Few players addressed the country's formal sector; the market was beginning to evolve from large volume generic manufacture to small batches of specialized design. The business capitalized on the rich experience of the acquired American Silk Mills that provides large volumes to prominent textile brands.

The Company invested in cutting-edge equipment, state-of-the-art enabling software, back-end testing laboratory, wide product range (upholstery and curtains), fast-moving designs and collaboration with respected European studios.

The Company trebled its manufacturing capacity in FY 2016-17 and the business is likely to scale across the foreseeable future.

Challenges, 2020-21

The challenges encountered by the Company during the year under review comprised the following: the impact of the pandemic that muted consumer sentiment, the lockdown that made it difficult to manufacture and market. The result is that lead times in the creation of new collections got longer and there was a need to reinvent the conventional face-to-face marketing process.

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

The Company capitalized on the travel restrictions by creating a structured digital marketing approach that widened its customer base across a larger spread of global markets.

The Company embarked on a digital-driven transformation in its marketing through the creation of digital product catalogues to showcase products to prospects.

The Company focused on the manufacture and marketing of finished products (readymade curtains, draperies and cushions) following September 2020 as traction picked up on online platforms. The Company enlisted 16 customers in the international export market.

The strengths that we bring to this business

Specialized: The manufacture of fabrics using fancy yarns

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

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

The Company widened its reach across prime markets through the appointment of independent sales agents who toured their regions to present Sutlej products.

The Company launched a home brand called Nesterra in the Indian market to market cut length pieces, the first instance of the Company launching a brand directed at retailers (presence achieved across 110 points of sale).

Strengths

- Superior product longevity; attractive customer traction
- Better realizations and engagement longevity for customers who value creativity
- Brand provides an edge in terms visibility, offtake and realizations
- Captive availability of environment-friendly fibre, yarns and mélange yarns enhances market respect

Outlook

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

The Company launched a digital product library comprising sophisticated virtual meeting platforms for the exchange of new products and ideas in the current financial year. The project involved co-creation through the exchange of high resolution images and look books.

The Company intends to deepen its engagement with customers on social media platforms to track market trends. The business obtained 700+ new SKU placements with leading furniture manufacturers. The Company sold material through Amazon and Wayfair in US; it strengthened efforts to market more readymade products to major retail chains (IKEA, TJMaxx and Landmark).

Taking the Home Textiles business ahead

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

Our Home Textile products

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

Environment-social-governance (ESG)

At Sutlej, ESG is increasingly core to our existence

Overview

There is a growing recognition that 'ESG' represents the heart of business sustainability. Companies with sound ESG commitment are being perceived as more stable, more dependable, more transparent and better valued.

This ESG commitment extends beyond being a mere flavour of the day. Its priority is the result of unforeseen developments transforming global economies realities, putting a premium on resilience and responsible governance.

Sutlej and ESG

At Sutlej, a culture of environment-social-governance (ESG) represents the heart of our business. We believe that this commitment is critical considering that we manufacture a product that consumes water, natural resources, fossil fuels and electricity, any moderation in which, will enhance our responsibility and profitability.

Our environment component ensures that we consume environmentally responsible resources, utilize an optimal quantum of finite fossil fuels, recycle waste, moderate our carbon footprint and build resistance to climate change.

Our social component addresses a proactive investment in talent, relationships (customer and vendors) and social responsibility.

Our governance component indicates how we will do business, indicating strategic clarity, explaining conduct codes, highlighting Board composition and indicating an alignment with UNGC principles and extensive de-risking, among others.

This comprehensive platform – environment, social and governance or ESG – makes it possible to strengthen our sustainability framework, generate long-term growth across market cycles and enhance value for all stakeholders.

At Sutlej, there is a holistic commitment to the 4 R's of environment responsibility

The management's approach

Sutlej's overarching focus lies in consuming less and manufacturing more while minimising environment impact. It is the Company's conviction that the most successful, profitable and sustainable companies are ones benchmarked with the most stringent environmental standards.

Sutlej is producing yarn and home textiles employing moderated carbon footprint and 'greener' product alternatives. The Company focused on the reduction of its environmental footprint, planet preservation and moderated resource consumption through a proactive investment in the use of modern technologies, practices, methodologies and standards.

At Sutlej, our operations are woven around the 4R's – Recycling, Replacement, Reduction and Renewables. Over the years, we strengthened our environment commitment through various initiatives.

Sutlej has been prioritizing investment in ESG, strengthening holistic business growth, business quality, sustainability and respect.

At Sutlej, we have reinforced the Social framework of our business

Overview

At Sutlej, we believe that a complement of soft skills contributes effectively to sustainability. The operative word that makes this a reality is 'relationships' across stakeholders like employees, vendors, customers and community. The stability of these engagements makes it possible to enhance a systemic predictability.

Employees

At Sutlej, our employee engagement has been marked by a culture of safety, caring, fair treatment, skill renewal (training) and attractive remuneration. Over the years, this has reflected in high employee retention, making it possible to retain knowledge and experience, strengthening the organizational culture. During the year under review, the Company implemented various safeguards (social distancing, work from home, workplace sanitization and other safeguards that protected employees from the pandemic). Employee retention was an attractive 75% during the year under review.

Vendors

At Sutlej, we seek to work with like-minded vendors who share our passion for world-class quality, timely capacity investments and systemic predictability. The result is that we draw on a high quality of resources (fibre and consumables) and equipment on the one hand and a sustained access through demand cycles. The result is that this has not just translated into a correspondingly high quality of end product but also a high material inflow that has helped sustain a high asset utilization. The robust dependability of this eco-system has made it possible to keep to product delivery schedules, inspiring the customer's response that 'If we have ordered from Sutlej, it will arrive just the way we want it – on time, in full and of the right quality.'

Customers

At Sutlej, success is derived from the ability of the Company to retain customers, add new customers and count for a progressively larger share of their wallet. Over the years, the Company has serviced the specific customised needs of its downstream fabric manufacturers. This has made the Company integral to the business plans of its customers. The result is that we do not just manufacture the usual but the customized and the emerging. This empowers our customers to not merely maintain a given quality but to introduce new fabric treatments and finishes that make it possible for them to strengthen their brand in competitive spaces.

Community

The Company engaged with the community around its manufacturing locations, widening its circle of prosperity in line with the United Nations' Sustainable Development Goals.

At Sutlej, governance represents the growth foundation at Sutlej

At Sutlej our governance platform comprises clarity on the way we will grow our business. This enhances organizational predictability and stability. Our governance architecture has been influenced by the following priorities.

Board of Directors

At Sutlej, our strategic direction is influenced by our Board of Directors, which comprises professionals and industrialists of standing who have enriched our multi-sectorial business understanding and strategic direction.

Positioning

At Sutlej, we have positioned ourselves not as much as a yarn-cum-home furnishings company as much as a customized aesthetic product solutions provider. This positioning has enhanced our strategic clarity, opening us to opportunities, attracting specialized professionals and strengthening our product / process research.

Brand-driven growth

At Sutlej, we believe the biggest asset in our business (brand) is not reflected in our Balance Sheet. Over the years, we have built our brand through patient investments in technology, digitalization, environmental responsibility, new product introductions and world-class quality. The one word that encapsulates all that we are and all that we do is 'dependability'.

Digitalization

At Sutlej, we are investing in a bigger way in automation and digitalization with the objective to enhance customer delight, manufacturing effectiveness, communication clarity, systemic integrity, process control and cost management.

Long-term competitiveness

At Sutlej, we have invested in our business around a long-term commitment cascading to allocations towards the highest standards of assets, technologies, brands, people, locations, products and trade partners.

Controlled growth

At Sutlej, we invested debt and accruals in our business to capitalize on fleeting market realities, but going ahead, much of our growth will be derived from the prudent use of accruals.

Value-addition

At Sutlej, we may be engaged in the yarn business but have graduated to the value-added niche within this space, strengthening realizations and enhancing our resistance to declines in realizations.

Our CSR priority

Sutlej. The corporate citizen

Sutlej is not only driven by the need to make the world a better place through the manufacture of superior yarns and fabric but also through a widening prosperity circle.

At Sutlej, our corporate citizenship is defined by a number of priorities.

- We believe in making world a better place.
- We believe that corporate propriety must extend to all.
- Our engagement in the corporate social responsibility projects are aligned with national and regional priorities.
- We partner specialized agencies wherever necessary to aggregate a deeper terrain experience and understanding.
- Our social investment initiatives build capacities for tomorrow.
- We focus on creating an inclusive world and providing a life of dignity and confidence.

The Company invested Rs. 192 lakh in CSR initiatives during the financial year under review. The Company focused on education, healthcare and sanitation, rural development and social welfare, promotion of sports activities and environment sustainability. These programmes are based on need-assessment surveys in relevant locations using various social research methodologies. The Company's engagement is directed by a defined CSR Policy, implemented under the guidance of a CSR Committee and senior management.

The Company has undertaken various kinds of community engagement and supporting programmes during the year under review.

The Company will continue to be sensitive to the needs of the communities around its area of operations through various CSR initiatives.

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 & CFO)

Executives

Corporate office

Mr. S. K. Khandelia - President & CEO (till 31st March, 2021)

Mr. Updeep Singh Chatrath - President & CEO (from 01st April, 2021)

Mr. Bipeen Valame - Wholetime Director & CFO

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 Units

Mr. Rajiv Gupta - Executive President

Daheli Unit

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

Auditors

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

Registrar & Transfer Agent

M/s. Link Intime India Pvt. Ltd.
C-101, 247 Park
L.B.S. Marg, Vikhroli (West)
Mumbai 400 083
Tel. (022) 49186270; Fax (022) 49186060
Email id: rnt.helpdesk@linkintime.co.in

Bankers

Punjab National Bank
The Jammu & Kashmir Bank Limited
HDFC Bank Limited
State Bank of India
Bank of Maharashtra
DCB Bank Limited
DBS Bank Limited
ICICI Bank Limited
Standard Chartered Bank
Federal Bank

Registered Office

Pachpahar Road
Bhawanimandi 326 502, Rajasthan

Manufacturing Units

Rajasthan Textile Mills
Bhawanimandi - 326 502
Rajasthan

Chenab Textile Mills
Kathua 184 102
Jammu & Kashmir

Birla Textile Mills
Baddi 173 205
Himachal Pradesh

Damanganga Units
Village - Daheli
Near Bhilad 396 105, Gujarat

Sutlej Green Fibre
Baddi 173 205
Himachal Pradesh

Financial Highlights (Standalone)

(Rs. in crore)

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
Revenue from Operations	1,861.08	2,379.43	2,561.64	2,453.94	2,249.62
Total Income	1,892.19	2,404.72	2,589.37	2,487.53	2,284.60
Earnings before Depreciation Impairment, Finance Cost and Taxes (EBDIT)	146.04	203.49	246.97	280.75	317.01
Depreciation, Impairment and Amortisation	94.07	99.53	100.58	106.58	85.02
Profit before Tax and Exceptional Items	15.14	59.02	89.85	115.05	186.12
Exceptional Items	-	4.36	-	41.83	2.34
Profit before Tax	15.14	54.66	89.85	156.88	188.46
Profit after Tax	9.51	36.12	65.70	113.13	157.94
Equity Dividend (%)	30	30	65	130	130
Dividend Payout	4.91	4.91	12.83	25.63	25.63
Equity Share Capital	16.38	16.38	16.38	16.38	16.38
Reserves and Surplus	963.64	954.62	930.45	890.20	799.59
Networth	980.02	971.00	946.83	906.58	815.97
Gross Fixed Assets	2,414.44	2,312.53	2,085.65	2,061.88	1,990.31
Net Fixed Assets	1,230.65	1,210.79	1,074.03	1,118.88	1,139.41
Total Assets	2,149.30	2,117.52	2,130.56	2,181.75	2,045.17
Market Capitalisation	643.03	321.10	647.12	1,164.82	1,347.65
Capital Employed	1,883.46	1,838.48	1,869.42	1,953.73	1,852.19

Key Indicators

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
Earning Per Share (Rs.) $	0.58	2.20	4.01	6.91	9.64
Book Value per Share (Rs.)	59.82	59.27	57.80	55.34	498.06
Debt Equity Ratio	0.91:1	0.89:1	0.97:1	1.15:1	1.27:1
EBDIT/ Gross Turnover (%)	7.85	8.55	9.64	11.44	14.19
Net Profit Margin (%)	0.51	1.52	2.56	4.61	7.02
Return on Networth (%)	0.97	3.72	6.94	12.48	19.36
Return (PBDIT) to Capital Employed (%)	7.75	11.07	13.21	14.37	17.23

$ 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 Sixteenth Annual Report, together with the audited financial statements of your Company for the year ended 31st March, 2021.

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, 2021 as well as comparative figures for the year ended 31st March, 2020 are Ind AS compliant.

The financial highlights of your Company for the year ended 31st March, 2021 are summarized as follows:

(Rs. in crore)

Particulars	Standalone		Consolidated	
	Year ended 31st March, 2021	Year ended 31st March, 2020	Year ended 31st March, 2021	Year ended 31st March, 2020
Total Income	1,892.19	2,404.72	1,915.15	2,442.02
EBITDA	146.04	203.49	135.43	197.50
Less: Depreciation	94.07	99.53	95.58	101.10
EBIT	51.97	103.96	39.85	96.40
Less: Finance Cost	36.83	44.94	37.77	45.70
Profit before Exceptional Items and Tax	15.14	59.02	2.08	50.70
Less: Exceptional items	0.00	4.36	0.00	4.36
Profit Before Tax	15.14	54.66	2.08	46.34
Less: Tax	5.63	18.54	5.74	18.64
Profit after Tax	**9.51**	**36.12**	**(3.66)**	**27.70**

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 not transferred any amount to the Reserves for the year ended 31st March, 2021.

2. DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 0.30 per share for the year ended 31st March, 2021, subject to shareholders' approval at the forthcoming 16th Annual General Meeting (AGM) of the Company. The total outgo on account of dividend to the shareholders will be Rs. 4.91 crore (subject to deduction of TDS as per Section 194 of the Income Tax Act, 1961).

3. COVID - 19

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

Your Company commenced operating its manufacturing facilities in a phased manner from 3rd week of April, 2020 with limited capacity utilization which was gradually ramped up and is presently operating at 100% capacity.

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

The second wave of COVID-19 threatens to impact normalcy that was returning after the initial wave. The second wave is spreading very quickly and has the potential of impacting the economic growth predicted by economists. Many states have commenced imposing partial to total lockdown to curb the spread of the virus. The government has also intensified its drive to vaccinate as many people as possible so that immunity is boosted and fatalities due to the virus can be minimised.

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

4. FINANCE

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

4.2 Rating

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

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

ii. CARE A; Stable / CARE A1 (Single A; Outlook : Stable / A One) for fund based - long term / short term - cash credit / export packing credit / pre-shipment foreign currency facilities signifying very strong degree of safety regarding timely payment of financial obligations. Such facilities carry lowest credit risk.

iii. CARE A1 (A One) for Non-Fund based short term letters of credit / bank guarantee facilities and Commercial Paper signifying very strong degree of safety regarding timely payment of financial obligations. Such facilities carry lowest credit risk.

4.3 Deposits

Your Company has discontinued its Fixed Deposit Scheme with effect from 31st March, 2014 and has not accepted any public deposits during the year under review. As on 31st March, 2021, there were no unclaimed / outstanding deposits or accrued interest with respect to deposits.

4.4 Particulars of Loans, Guarantees or Investments

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

5. EXPANSION, MODERNIZATION AND OTHER CAPITAL PROJECTS

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

5.1 Expansion Projects

The details of the expansion projects undertaken are given below:

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

Green Fibre project to manufacture Raw White, Black and Dope Dyed Recycled PSF with capacity of 120 mt/day commenced commercial production from 1st March, 2021. This will reduce the dependence of the Company on external sources for recycled staple fibre, help in traceability of the fibre and also give a boost to sustainable fibre manufactured by the Company. The Green Fibre Unit will operate as a separate Strategic Business Unit.

5.1.2 Modernization, up-gradation and de-bottlenecking projects

Your Company has invested an amount of Rs. 38.73 crore on technology up-gradation and de-bottlenecking. This will result in further improvement in efficiency and sustaining plant utilization.

Your Company has invested an amount of Rs. 12.31 crore on modernization project under implementation at its Home Textiles manufacturing facility at Damanganga. This will result in value addition and improvement in quality.

6. SUBSIDIARIES

The Company has a wholly owned subsidiary in the USA viz. Sutlej Holdings Inc., which in turn has a wholly owned subsidiary viz. American Silk Mills, LLC. Pursuant to the provisions of Indian Accounting Standards-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 2020 - 21 are disclosed in Form AOC - 1. Your Company has also formulated a policy for determining material subsidiaries, which is available on the website of the Company at the web link:
http://sutlejtextiles.com/pdf/Policies%20&%20Codes/Material%20Subsidiary%20Policy.pdf

7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The detailed review of the operations, 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. Bipeen Valame (DIN: 07702511) Wholetime Director & CFO of the Company was re-appointed as the Wholetime Director of the Company by the members at the AGM of the Company held on 16th September, 2020 w.e.f. 09th February, 2020 for a period of three years.

b) Mr. S. K. Khandelia ceased to be the President & Chief Executive Officer (KMP) of the Company with effect from end of day on 31st March, 2021, consequent upon his retirement from the services of the Company.

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

The Board places on record its appreciation for the valuable services rendered by Mr. Khandelia during his tenure as President and Chief Executive Officer of the Company.

8.2 Re-appointment of Directors

a) Mr. Ashok Mittal (DIN: 00016275), a Director of the Company retires by rotation and being eligible offers himself for re-appointment.

b) Mr. C. S. Nopany (DIN: 00014587) Executive Chairman of the Company, has been re-appointed as the Executive Chairman of the Company with effect from 01st July, 2021 for a period of three years.

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

8.3 Independent Directors

All the Independent Directors of the Company have been appointed for a fixed term of 5 (five) consecutive years from the date of their respective appointment/regularization in the AGM and they are not liable to retire by rotation. All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Act and Listing Regulations, 2015. The 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:
http://sutlejtextiles.com/pdf/Policies%20&%20Codes/Familiarisation%20Programe.pdf.

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

8.4.2 Board Evaluation

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

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

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

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

8.6 Key Managerial Personnel

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

- Mr. S. K. Khandelia, President & Chief Executive Officer (upto 31st March, 2021);
- Mr. Updeep Singh Chatrath, President & Chief Executive Officer (w.e.f. 1st April, 2021);
- Mr. Bipeen Valame, Wholetime Director & CFO; and
- Mr. Manoj Contractor, Company Secretary & Compliance Officer.

9. MEETINGS OF THE BOARD

A calendar of prospective meetings is prepared and circulated in advance to the Directors. 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:
http://sutlejtextiles.com/pdf/Policies%20&%20Codes/Policy%20on%20Related%20Party%20Transactions.pdf.

11. INTERNAL FINANCIAL CONTROL SYSTEMS

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

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

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

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

12. AUDITORS

12.1 Statutory Auditor

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

The Report given by the Auditors on the financial statements of the Company is part of this Report. There has been no qualification, reservation, adverse remark, 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 2021 - 22.

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, 2022, at a remuneration as specified in the Notice convening the 16th 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 16th 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 2020 - 21 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 initiated by the Company during the financial year under review. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report. Your Company has adopted a CSR Policy for the Company which provides a broad framework with regard to implementation of CSR activities carried out by the Company in accordance with Schedule VII of the Act. The CSR Policy is available on the Company's website at the weblink:
http://sutlejtextiles.com/pdf/Policies%20&%20Codes/CSR%20Policy.pdf.

During the financial year 2020-21, your Company has spent Rs. 1.92 crore towards CSR activities. Your Company's key objective is to make a difference to the lives of the underprivileged and local communities and is committed to CSR engagement. The activities undertaken by your Company have been duly acknowledged and appreciated by the concerned State Governments and communities. A report on CSR activities as prescribed under the Act and Rules made thereunder is annexed herewith as "Annexure IV".

17. VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

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

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

18. BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report as required by Regulation 34(2) of the Listing Regulations, 2015 is annexed as "Annexure V" and forms 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 an Internal Complaints Committee as per the requirement of the Act to redress complaints relating to sexual harassment at its workplaces. One complaint was received by the Internal Complaints Committee, which was redressed and appropriate action was taken.

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, 2021 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

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

25. DIRECTORS' RESPONSIBILITY STATEMENT

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

a. that in the preparation of the annual financial statements for the year ended 31st March, 2021, 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, 2021 and of the profit of the Company for the year ended on that date;

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

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

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

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

26. ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

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

Place: New York
Dated: 07th May, 2021

Annexure-I to the Directors' Report

Management discussion and analysis

Global economic overview

The global economy reported de-growth of 3.5% in 2020 compared to a growth of 2.9% in 2019, the sharpest contraction since World War II. This steep decline in global economic growth was largely due to the outbreak of the novel coronavirus and the consequent suspension of economic activities across the world. The G20 countries experienced an aggregate slowdown of (-) 3.2%, with the Euro area contracting by (-) 6.8%, UK by (-) 9.9%, Japan by (-) 4.8% and the US by (-) 3.5%. Among major economies, India contracted by (-) 7.3% while China was the only major economy to record a growth of 2.3% in 2020.

Regional growth %	2020	2019
World output	(3.5)	2.9
Advanced economies	(4.9)	1.7
Emerging and developing economies	(2.4)	3.7

(Source: IMF)

The global economy is projected to grow by 5.5% in 2021 largely due to the successful roll-out of vaccines across the globe, coupled with policy support in large economies. (Source: IMF).

Indian economic review

The Indian economy passed through one of the most volatile periods in living memory in 2020-21, during Covid-19 pandemic.

The Indian government announced a complete lockdown in public movement and economic activity from the fourth week of March 2020 following the outbreak of the pandemic. As economic activity came to a halt, the lockdown had a devastating impact as 1.38 billion Indians were required to stay indoors - one of the most stringent lockdowns enforced in the world. Consequently, the Indian economy de-grew 23.9 per cent in the first quarter of 2020-21, the sharpest de-growth experienced by the country since the index was prepared.

The Indian Government announced a bold economic stimulus to arrest the slowdown, enhancing liquidity and credit unavailability faced by the MSME sector. Similarly, various measures targeted at incentivizing investments in economic segments and labour reforms, helped improve sentiment.

The Indian and state governments selectively lifted controls on movement, public gatherings and events from June 2020 onwards, each stage of lockdown relaxation linked to corresponding economic recovery. India's relief consumption, following the lifting of social distancing controls, translated into a full-blown economic recovery. A number of sectors in India – real estate, steel, cement, home building products and consumer durables, among others - reported unprecedented growth. India de-grew at a relatively improved 7.5 per cent in the July-September quarter and reported 0.4 per cent growth in the October-December quarter and a 1.6% growth in the last quarter of the year under review.

The result is that India's GDP contracted 7.3% during 2020-21, largely on account of the sharp depreciation of the first two quarters. This sharp Indian recovery – one of the most decisive among major economies – validated India's robust long-term consumption potential.

During FY 2020-21, while the Agricultural sector posted a growth of 3%, the Industrial sector contracted by (-) 7.4% and the Services sector was hit the hardest with a decline of (-) 8.4%. As a result, consumption expenditure declined (-) 7.1% while Gross Fixed Capital Formation contracted (-) 12.4%. A decline in global commodity prices helped contain inflation in India, with Consumer Price Index inflation rising 6.18% and Wholesale Price Index inflation rising 1.2% during the year.

Y-o-Y growth of the Indian economy

	FY18	FY19	FY20	FY21
Real GDP growth (%)	7	6.1	4.2	-7.3

Growth of the Indian economy, 2020-21

	Q1, FY21	Q2, FY21	Q3 FY21	Q4,FY21
Real GDP growth (%)	(23.9)	(7.5)	0.4	1.6

(Source: Economic Times, IMF, EIU, Business Standard, McKinsey)

Indian economic reforms and recovery

Despite significant impact due to the pandemic, there were number of positive features of the Indian economy during the year under review.

India reported improving Goods and Services Tax (GST) collections month-on-month in the second half of 2020-21 following the relaxation of the lockdown, validating the consumption-driven improvement in the economy.

The per capita income was estimated to have declined by 5% from Rs. 1.35 lakh in 2019-20 to Rs. 1.27 lakh in 2020-21, which was considered moderate in view of the extensive demand destruction in the first two quarters of 2020-21.

The Indian currency strengthened from a level of Rs. 76.11 on 1st April, 2020 to a USD to Rs. 73.20 as on 31st March, 2021 after peaking at Rs. 76.97/ USD on 21st April, 2020.

The year FY2020-21 saw USD 101.5 billion dollars accretion in reserves, the steepest rise in foreign exchange reserves in any financial year; India's forex reserves are ranked third after Japan and China and can cover more than a year's import payments.

India jumped 14 places to 63 in the 2020 World Bank's Ease of Doing Business ranking and was the only country in the emerging market basket that received positive FPIs of USD 23.6 billion in 2020; the country ranked eighth among the world's top stock markets with a market capitalisation of USD 2.5 trillion in 2020.

The Indian government initiated structural reforms in agriculture, labour laws and medium-small enterprise segments. The labour reforms were intended to empower MSMEs increase employment, enhance labour productivity and wages.

India extended the Partial Credit Guarantee Scheme by relaxing the criteria and allowing state-owned lenders more time to purchase liabilities of shadow banks. Under the Rs. 45,000 crore Partial Credit Guarantee Scheme, announced as a part of the Atmanirbhar Bharat package, three additional months were given to banks to purchase the portfolio of non-banking financial companies.

The government approved amendments to the Essential Commodities Act and brought an ordinance to allow farmers to sell their crop to anyone; the changes to the Essential Commodities Act, 1955, were intended to 'deregulate' agricultural commodities (cereals, pulses, oilseeds, edible oils, onions and potatoes from stock limits). The government approved the Farming Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020, to ensure barrier-free trade in agriculture produce.

The Government relaxed foreign direct investment (FDI) norms for sectors like defence, coal mining, contract manufacturing and single-brand retail trading. The Union Cabinet approved the production-linked incentive (PLI) scheme for 10 sectors.

Outlook

The emergence of the second COVID-19 wave dampened outlook for India's economic growth in FY 2021-22. GDP growth for FY 2021-22 could finish lower than expected before India returns to robust growth in FY 2022-23 with a projected 6.8% growth over FY 2021-22.

Global textile and apparel industry overview

The global textile market was estimated at USD 1000.3 billion in 2020 and expected to grow at a CAGR of 4.4% from 2021 to 2028. Rising apparel demand from the fashion industry along with growth of e-commerce platforms are expected to grow the market.

Asia-Pacific retained its dominance, accounting for over 47.6% share of global textile sector revenues in 2020. Growing penetration of organized retail, strengthening demographics, increasing incomes and suitable government policies are expected to catalyse demand for the textiles sector. In Europe, the market demand was pegged to be 83,298.8 kilotons in 2020 by volume and anticipated to increase owing to favorable government policies and trade agreements. The demand for textile in North America and Central and South America is expected to grow due to an increasing demand from sports, apparel and home furnishing textile products. The consumption of textile fibers (synthetic and cellulose) required for distillation in industrial applications is expected to catalyse market growth.

Following COVID-19 pandemic, the market is expected to recover following increased vaccination and a revival in consumer demand. (Source: grandviewresearch.com, mordorintelligence.com, fashionabc.org)

Global textile industry trends

Natural fibre: There is a growing appetite for natural fibres (lighter and stronger than conventional fibres). Natural fibres from plants and animals include cotton, silk, linen, wool, hemp, jute, and cashmere. These fibres are widely used to manufacture garments, apparel, construction materials, medical dressings, and interiors of automobiles, others.

Non-woven fabrics: The market is shifting towards non-woven fabrics, defined as sheet or web structures bonded together by entangling fibre or filaments mechanically, thermally or chemically. Non-woven fibre is ideal for single use products like wipes, medical products, feminine hygiene products, disposable diapers, etc.

Environmental sustainability: There is a preference for green textiles, including a movement towards fabric manufactured from coffee grounds, algae and spoiled milk.

Asian growth: The textile manufacturing hubs of Asia (China, India, Bangladesh, Vietnam, Pakistan, Sri Lanka and Indonesia) service the major export markets of United States, Europe and United Kingdom. Besides, the overall size of the apparel market in China and India could be greater than the combined size of America and Europe. (Source:fashionabc.org, en.wikipedia.org, blog.fieldtexcases.com, barnhardtcotton.net, study.com, mordorintelligence.com)

Global and Indian cotton industry overview

Cotton supports the global textiles market. India, China, Pakistan and United States are major cotton producers. The global cotton market was estimated at USD 38.54 billion in 2020 and expected to reach USD 46.56 billion by 2027, notwithstanding the decline in growth during 2020 on account of the pandemic.

China, India, Pakistan, and Bangladesh are the largest cotton consumers globally. United States, Brazil and India are significant cotton exporters. The decent importers are China, Bangladesh and Vietnam.

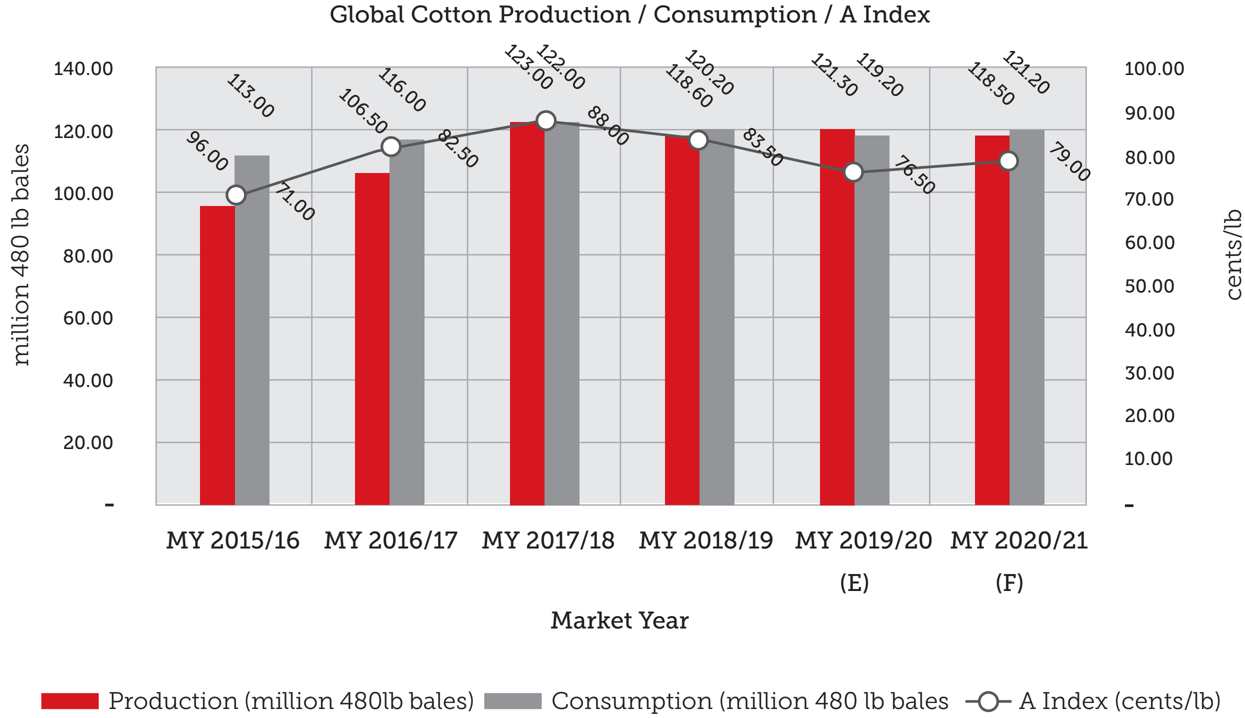
Global cotton mill use is forecast to continue its rebound from the disruptions that affected the global cotton supply chain during the spring and summer of 2020. For 2021-22, cotton mill use is projected at 121.5 million bales, 3.5 percent above 2020-21, which expanded 14 percent. In 2021-22, cotton use will once again be led by China, but the largest gains are expected in India, Turkey and Vietnam.

World cotton production in 2021-22 is forecast at 119.4 million bales, 6.3 million above the year before. Based on USDA's initial 2021-22 projection, each of the major cotton producers, except China, is expected to have a larger crop for the upcoming season, as global area is forecast to rise 4.5 percent amid higher cotton prices during the spring planting season. (Source:mordorintelligence.com, prnewswire.com, businesswire.com, fibre2fashion.com)

India is one of the largest global producers of cotton, accounting for about 26% of the world's cotton production. India has the distinction of having the largest area under cotton cultivation, which is about 41% of the world area under cotton cultivation. The yield per kgs hectare of cotton in 2020-21 is 487 kgs/ha, lower than the world average yield of about 768 kgs /ha.

The total cotton production in India was estimated at 371 lakh bales of 170 kgs. for the 2020-21 season. According to the Cotton Association of India, the opening stock of the season was estimated at 120.95 lakh bales and the carryover stock estimated at the end of the season was 97.95 lakh bales. Total consumption was expected to be around 330 lakh bales, whereas imports and exports were estimated at 11 lakh bales and 75 lakh bales respectively in FY21.

(Source: Cotton Corporation of India)



Global yarn industry overview

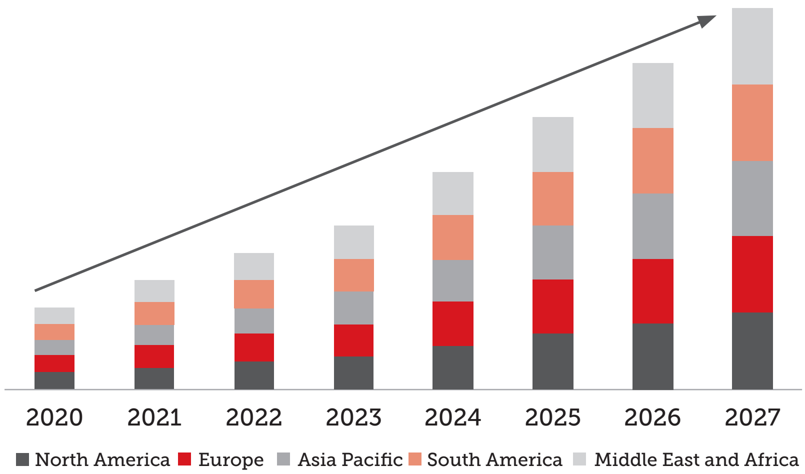
The global cotton yarn market was estimated at USD 74,380 million in 2020 expected to reach USD 95,530 million by 2026, growing at a CAGR of 3.6% during 2021-2026. Asia-Pacific accounted for the largest yarn consumption due to rising disposable incomes, population growth, transformation in consumer behaviour and a preference shift towards branded apparel.

Fancy yarn: The global fancy yarn market was estimated at USD 4107.3 million in 2019. Fancy yarn is a production of combination of art and science. The fancy yarn fulfils the demand for the ladies and children outerwear. Growing sales and production of fancy yarn, owing to rising demand for end-products such as curtains, scarves, knitwear, party wear and clothes, are catalysing the growth of the target market.

The Asia-Pacific fancy yarn market is expected to account for a majority revenue share in the global market by increasing production of textile and rising demand from the clothing industry especially from India and China. The European fancy yarn market is estimated to report attractive growth.

(Source: globenewswire.com; prnewswire.com; marketwatch.com; fibre2fashion.com; marketresearch.biz; financialexpress.com)

Global Textiles Yarn Market is Expected to Account for USD 12.20 billion by 2027



Source : Data Bridge Market Research Market Analysis Study 2020

Indian yarn industry

India's total yarn production was valued at 4,762 million/ kilograms in FY 2020. The production of spun yarn grew at a CAGR of 2% whereas the production of filament yarn declined to a CAGR of 2%. India's yarn exports declined over the last five years even as the export of nylon filament yarn increased at a CAGR of 17% in five years. The exports of spun yarn declined at a CAGR of 3% while the export of filament yarn remained unchanged across the period

(Source: statista.com, maiervidorno.com)

There is a growing preference for mèlange yarns, produced with combinations of raw white and dyed cottons or dyed fibres. Hundreds of shades are derived by mixing various percentages of cottons with various ratios. Mélange yarns are prominent for their attractive and unique fabric appearance, used in knitwear like T-shirts, uppers, trousers, under garments, swim wear, socks, bed sheets, curtains, towels and the denim industry.

Indian textiles and apparel industry

India ranks second in the production of textiles and garments worldwide. The textile industry is instrumental in the development of Indian economy as it contributes 2% to India's GDP and 7% of industry output by value. The industry is the second largest employer in the country, employing more than 4.5 crore people directly, 6 crore in allied sectors and contributing 15% export earnings in 2020-21. India's apparel export was expected to increase to USD 82 billion by 2021 at a CAGR of 12.06% from FY18.

India's domestic textile and apparel market was estimated at USD 75 billion in 2020-21 and estimated at a CAGR of 12% to USD 220 billion by 2025-26. Some 75% of the total consumption was in the domestic market and the rest by exports. Men's clothing continued to comprise a major share of the sector at 41%, while women's wear stood at 38%, followed by children's wear at 21%, the fastest growing segment in India. Growing population, demographic advantage and consumer preference for branded products could strengthen demand. India's textile and apparel exports were valued at USD 37 billion in FY19, USD 36 billion in FY20 and estimated at USD 70 billion by FY26.

India aims to double apparel exports in three years following free trade agreements with USA, UK and European Union along with comprehensive economic partnership agreement with Australia and Canada. The government aims to establish integrated textile parks and technology up gradation funds scheme to boost private investment in the Indian textile and apparel industry. (Source: IBEF, Invest India)

The Indian government signed an MOU between Nissenken Quality Evaluation Centre, Japan, and Textile Committee, India, for renovating the quality and testing of Indian textiles for the Japanese market.

The Government of India undertook measures like Amended Technology Upgradation Fund Scheme (A-TUFS), projected to generate employment for 35 lakh people and infuse investment worth Rs. 95,000 crore (USD 14.17 billion) by 2022.

The government launched a production-linked incentive scheme to incentivise manufacturers and exporters of textile goods specifically products made with man-made fibre (Sources: IBEF).

Budgetary provisions, 2021-22

- The Government of India allocated Rs. 3,614 crore to the textile and clothing industry.
- Allocated Rs. 700 crore for Amended Technology Upgradation Fund Scheme.
- Allocated Rs. 30 crore for Export Promotion Studies and Rs. 100 crore for Integrated Scheme for Skill Development.
- Establish seven mega textile parks over the next three years under Mega Investment Textile Region and Apparel Park (MITRA) scheme for establishing world-class textile facilities under the Atmanirbhar Bharat Abhiyan.
- Announced Production Linked Incentive (PLI) scheme for man-made fibers and technical textiles with an allocation of Rs. 10,683 crore (Source: Financial Express).

Indian home textiles industry overview

The offtake growth for Indian home textiles is supported by rising household income, increasing population, widening of organized retail and growth of end use sectors like housing, hospitality and healthcare. India accounts for 7 percent of global home textiles trade.

In India, the textile & garments industry is expected to reach USD 223 billion by 2021 from USD 140.4 billion in 2018. The industry accounts for 5% of the global trade in textiles and apparel. (Source: mordorintelligence.com, investindia.gov.in, equitymaster.com)

Demand drivers of the Indian textile industry

Working women: The textile industry is the largest employer of women in India, accounting for more than 60% of its workforce. (Source:catalyst.org, openglobalrights.org, cds.ac.in)

Single brand retail: The Indian government allows 100 per cent FDI for single brand retail and up to 51% FDI in multi-brand retail trading. (Source: fashionatingworld.com, pib.gov.in)

Abundance of natural fibre: The Indian textile industry is abundant with cotton, a competitive advantage.

Fashion market: The Indian fashion market size in FY20 was estimated to be USD 67 billion and the market is estimated to grow by 10% to reach USD 107 billion by 2025. (Source: Wazir Advisors)

Millennial demand: India is a young country with a median age of 29. Millennials comprise 34% of the total population and 47% of the nation's working population, strengthening textile product demand. (Sources: Mint)

Affluent middle-class: Since 2008, affluent households more than doubled to 24 million. Aspirers increased from 31 million households to 57 million. Elites earning beyond Rs. 20 lakhs jumped from 3 million to 9 million. (Source: Mint)

Growing population: India ranks second by population and growing at 0.97% per year, the largest population increment anywhere. Population and aspirations growth are strengthening apparel demand (Source: Worldometer).

Western wear demand: The western wear market is estimated to grow at a CAGR of 10.9% from FY 2020 to FY 2025. Owing to 40% of working population and growing urbanization the demand for western wear could grow. (Source: Wazir Advisory)

Increasing online brands: The Indian e-retail market is estimated at USD 84 billion in 2021 from USD 24 billion in 2017. Owing to increase in the country's internet penetration, online shopping and smartphone usage, e-retail of apparel is set to grow (Sources: Economic Times)

Textile and apparel industry in India (USD billion)

Year	Industry size
FY18	90
FY19	100
FY20	106
FY26	220

(Source: IBEF)

SWOT analysis

Strengths

- Adequate availability of raw material has helped moderate production costs and lead time across operations.
- Availability of low costs and skilled workforce.
- Growing population, increased urbanization and high disposable incomes.
- Flexibility in manufacturing short runs has enhanced market responsiveness.

Weaknesses

- Highly discontinuous.
- Excessive dependence on cotton.
- High power costs and export lead time, affecting export competitiveness.
- Unfavourable labour laws.

Opportunities

- Increase in trade between regional trade blocs due to bilateral agreements.
- Stronger supply chain management and information technology.
- Value-added products to boost unit value realization.
- Higher investments and 100% FDI.
- Emergence of organized retail.
- Increase in fashion seasons per year.

Threats

- Competition from small and nimble countries.
- Economic slowdowns.

Company overview

Sutlej Textiles and Industries Limited is one of the flagship companies of the multi-business conglomerate promoted by the late Dr. K.K. Birla. Sutlej is one of India's largest integrated textile manufacturing companies with a presence across the value chain – from yarn to home textiles. The Company manufactures synthetic, natural and blended yarns, all types of spun yarns and home textile furnishings; the Company also manufactures home textiles.

The Company is one of the largest manufacturers of spun-dyed yarn and value-added mélange yarn in India. The Company's units are located in Rajasthan, Jammu & Kashmir, Himachal Pradesh and Gujarat (4,20,840 spindles).

Key ratios and numbers

Particulars	FY21	FY20
Debt-equity ratio	0.92	0.89
Debtors' Turnover (days)	55	40
Inventory Turnover (days)	107	61
Debtors' Turnover	6.69	9.03
Inventory Turnover	3.41	5.94
Interest Coverage Ratio (x)	3.97	4.53
Current Ratio (x)	1.30	1.39
EBIDTA margin (%)	7.85	8.55
Net Profit margin (%)	0.51	1.52

The above ratios are based on Standalone Financials of the Company and are not comparable to previous year due to impact of COVID-19 pandemic.

Outlook

In FY22, the operational performance of the Company was impacted due to the complete lockdown in the first quarter. The Company expects to overcome the situation through proactive planning, exports, product development and closer engagements with customers.

Risk management

At Sutlej, a Risk Management Committee is engaged in the timely identification and mitigation of risks. The risk management framework is designed to identify evaluate and assess business risks and their impact on business.

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

Mitigation: On account of COVID-19, the Company's business continuity plans and risk mitigation frameworks are being reconsidered and strengthened.

Trend risk: There could be a failure to address consumer preferences.

Mitigation: The Company invested in product development. The Company allocated 32% of its spindles capacity for the production of value-added yarn and 67% of its fabric weaving capacity during the last decade, assuring high technological relevance.

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

Mitigation: The Company's innovation around spun yarns have emerged as industry benchmarks, widening the portfolio of spun-dyed and cotton blended and cotton mélange & dyed yarns – strengthening the Company's position as a one-stop textile solutions provider.

Raw material risk: Unpredictable raw material costs affect business

Mitigation: The Company works with various fibres (natural and man-made) to ensure reasonable raw material costs and increased productivity. The Company's raw material cost as a percentage of revenues was 56.20 % in FY21 (56.27 % in FY20).

Downstream demand risk: Demand from the downstream apparel sector could be weak.

Mitigation: The Company has broadbased its customer mix (knitting, weaving, home applications, industrial and miscellaneous).

Competition risk: Rising competition could affect profitability.

Mitigation: Sutlej exports to more than 60 countries. The Company has emerged as strong competitor on account of extensive scale, innovative products, strong brand recall and operational efficiency.

Internal control systems and adequacy

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

Human resources

The Company's prudent HR practices have helped reinforced its leadership. The Company's permanent workforce stood at 18,186 as at 31st March, 2021. The Company invested extensively in formal and informal training as well as on the job learning programmes. Sutlej reinforced engagements with employees across all levels by providing an enriched workplace, invigorating job profile and an on-going dialogue

Cautionary statement

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

Annexure-II to the Directors' Report

Conservation of Energy

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

1) Energy Conservation measures taken:

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

The Company is giving due importance to conservation of energy and makes continuous efforts to conserve energy by effecting process and machinery modifications, implementation of technological advancements, development of newer methods, energy audit, proper and timely maintenance and 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 2020-21 with a view to reduce cost of energy and consequently, the cost of production:

A. Spinning

a. Installed:

a) Energy efficient Compressors and Motors at a capital cost of Rs. 75.91 lakhs resulting in saving of 3,280 kwh/day and Rs. 82.16 lakhs per annum.

b) Inverters to reduce the suction pressure and on Ring Frames at a capital cost of Rs. 10.86 lakhs resulting in saving of 1,628 kwh/day and Rs. 36.79 lakhs per annum.

c) 12 Doffer motors and Doffer drives in place of differential gear box at a capital cost of Rs. 6.00 lakhs resulting in saving of 132 kwh/day and Rs. 3.30 lakhs per annum.

d) Condensate Detection System on New ZLD for increasing water temperature at a capital cost of Rs. 4.93 lakhs resulting in saving of 320 kgs. coal/day and Rs. 5.81 lakhs per annum.

e) VFD in closed loop on Blow Room & Carding WRS main centrifugal fans at a capital cost of Rs. 10.5 lakhs resulting in savings of 1,441 kwh/day and Rs. 16.69 lakhs per annum.

f) 20 VFD on supply and return fans in H. Plant at a capital cost of Rs. 29.97 lakhs resulting in savings of 3,650 units/per day and Rs. 41.90 lakhs per annum.

b. Optimised / converted:

a) Optimised Humidification Plant to reduce the power consumption without cost resulting in saving of 4,597 kwh/day and Rs. 99.29 lakhs per annum.

b) Plugged 1 S.A. duct to reduce frequency of S.A. fan without cost resulting in saving of 624 kwh/day and Rs. 15.63 lakhs per annum.

c) Converted Trumac Card with D.C. motor to A.C. motor at a capital cost of Rs. 4.50 lakhs resulting in saving of 90 kwh/day and Rs. 2.25 lakhs per annum.

d) Optimised WCS and Suction pressure of Autoconer without cost resulting in saving of 286 kwh/day and Rs. 7.17 lakhs per annum.

e) Stopping RA Fan of Humidification Plant without cost resulting in saving of 336 kwh/day and Rs. 8.42 lakhs per annum.

f) Reduced the lift and warve dia and increased the speed of Doubling without cost resulting in saving of 144 kwh/day and Rs. 3.61 lakhs per annum.

g) Reduced power by switching off lighting when not required in various sections without cost resulting in saving of 124 kwh/day and Rs. 3.11 lakhs per annum.

h) Automated the Heat recovery system in Dye House at a capital cost of Rs. 3.00 lakhs resulting in saving of 150 kgs. coal/day and Rs. 2.72 lakhs per annum.

i) Modified the system to use minimum 250 KLD water in Dye House at a capital cost of Rs. 4.42 lakhs resulting in saving of 670 kgs. coal/day and Rs. 12.16 lakhs per annum.

j) Modified Air compressor with installation of regulator on existing lines at a capital cost of Rs. 8.30 lakhs resulting in saving 2,100 units/day and Rs. 43.09 lakhs per annum.

k) Reduced the pressure at old and new Dye House from 7 kg/cm2, 5-6 bard to 4 kg/cm2, 4.5 kg/cm2 respectively at a capital cost of Rs. 5.00 lakhs resulting in saving 395 kgs. coal/day and Rs. 7.17 lakhs per annum.

l) Optimised energy consumption through Energy Audit by Voltas team at an investment cost of Rs. 5.00 lakhs resulting in saving of 764 kwh/day and Rs. 9.59 lakhs per annum.

m) Removed-1 Flexiclean and 1 Unimix from Grey Carding Line and feeding - 20 Carding machines without any investment resulting in saving of 600 kwh/day and Rs. 7.00 lakhs per annum.

n) Converted 2 Yarn conditioning machines from electrical heating to steam heating in cotton section at a capital cost of Rs. 0.60 lakhs resulting in saving of 425 units/per day and Rs. 8.72 lakhs per annum.

o) Arrested Air leakage at a capital cost of Rs. 5.85 lakhs which is expected to result in saving of 2,662 kwh/day and Rs. 54.08 lakhs per annum.

p) Reduced line losses from 7 volts to 1 volt by shifting 2 Ring Frames at a capital cost of Rs. 5.00 lakhs resulting in saving of 60 kwh/day and Rs. 1.50 lakhs per annum.

c. Replaced:

a) 490 mm impellers with 470 mm impellers and 460 mm impellers with 430 mm impellers in Ring Frames at a capital cost of Rs. 1.27 lakhs resulting in saving of 440 kwh/day and Rs. 11.02 lakhs per annum.

b) 40 electronic meters with disc type meters at a capital cost of Rs. 0.19 lakhs resulting in saving of 104 kwh/day and Rs. 2.60 lakhs per annum.

c) 30 normal impellers with energy efficient impellers in OHTC of TFO Machine at a capital cost of Rs. 1.32 lakhs resulting in saving of 120 kwh/day and of Rs. 3.01 lakhs per annum.

d) 12 Ring Frames main motor of 45 KW with 55 KW and efficiency of 97.5% in cotton section at a capital cost of Rs. 23.00 lakhs resulting in saving of 552 unit/day and Rs. 11.32 lakhs per annum.

e) Various other measures taken in earlier years are continuing.

B. Home Textiles

a) Insulation done of condensate line from condensate transfer pump to boiler feed water tank at a capital cost of Rs. 4.50 lakhs resulting in saving of 1,040 kgs. coal/day and Rs. 26.75 lakhs per annum.

b) Replaced old insulation of conductive heat exchanger with LBR insulation density 120 m3 at a capital cost of Rs. 15.00 lakhs resulting in saving of 1,132 kgs. coal/day and Rs. 23.00 lakhs per annum.

c) Recovered heat from blowdown of boiler through plate type heat exchanger at a capital cost of Rs. 5.00 lakhs resulting in saving of 938 kgs. coal/day and Rs. 24.11 lakhs per annum.

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

FORM – A

(A) Power and Fuel Consumption:

Particulars	2020-2021	2019-2020
1. Electricity:		
(a) Purchased:		
Units (in lakhs)	3,228.06	4,099.88
Total Cost (Rs. in lakhs)	15,908.88	20,251.70
Rate/Unit (Rs.)	4.93	4.94
(b) Own Generation:		
(i) Through Diesel Generators		
Units (in lakhs)	11.48	17.66
Units per liter of Diesel Oil (kwh/ltr.)	3.52	3.52
Cost/Unit (Rs.)	19.78	19.02
(ii) Through Furnace Oil Generators		
Units (in lakhs)	0.49	1.61
Units per litre of Furnace Oil	3.34	3.77
Cost/Unit (Rs.)	8.98	7.96
(iii) Through Thermal Power Plant		
Units (in lakhs)	-	93.09
Units per MT of Coal (including lignite)	-	945.47
Cost/Unit (Rs.)	-	7.78
(iv) Through Solar Power Plant		
Units (in lakhs)	38.46	37.90
Total Cost (Rs. in lakhs)	29.45	-
Cost/Unit (Rs.)	0.77	-
2. Coal - (a) Steam Coal		
Quantity (tons)	18,248.78	24,387.34
Total Cost (Rs. in lakhs)	1,140.56	1,671.15
Average Rate (Rs.)/ton	6,250.07	6,852.52
(b) Bio Mass Husk		
Quantity (tons)	-	97.39
Total Cost (Rs. in lakhs)	-	3.66
Average Rate (Rs.)/ton	-	3,762.12
(c) Pet Coke		
Quantity (tons)	8,901.56	12,337.43
Total Cost (Rs. in lakhs)	1,011.65	1,272.77
Average Rate (Rs.)/ton	11,364.90	10,316.34
3. Furnace Oil		
Quantity (kilo litres)	14.73	42.72
Total Cost (Rs. in lakhs)	4.42	12.81
Average Rate (Rs. per kilo litre)	29,980.45	29,982.35
4. HSD Oil		
Quantity (kilo litres)	326.63	501.28
Total Cost (Rs. in lakhs)	227.09	336.01
Average Rate (Rs. per kilo litre)	69,523.50	67,030.40

(B) Consumption per unit of production:

Particulars	2020-2021	2019-2020
Production :		
Electricity per ton of Yarn Production (units) @	3,783	4,059
Electricity per ton of Knitting Fabric Production (units) €	323	300
Coal per ton of Yarn Production (tons) #	0.370	0.372
Pet Coke per ton of Yarn Production (tons) #	0.146	0.175
Electricity per thousand meters of processed fabrics (units) €	559	311
Electricity per thousand meters of Home Furnishings (units) $	1,332	1,733
Coal per thousand meters of processed fabrics (tons)	0.92	0.69

@ 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 2021-22

A. Spinning

Following measures are contemplated to save energy consumption during the year 2021-22:

Install:

Cable additions in the plant to reduce line losses; steam saving devices through Steam Energy Audit; water pipe lines from pump house to worker hostel; inverters on 28 positive suction fans of Flexiclean machines; and inverters on Blower of Equalization Tank and maintain required DOV, all at an estimated capital cost of Rs. 64.40 lakhs which is expected to save 852 kwh/day, 30 kl/day and 400 kgs. coal/day and Rs. 29.02 lakhs per annum.

Replace / convert:

Trumac card with D.C. motor to A.C. motor; and 30 rewinded motors with energy efficient motors at an estimated capital cost of Rs. 35.00 lakhs which is expected to save 600 kwh/day and Rs. 15.12 lakhs per annum.

Automate:

Lighting in toilets; distribution of smart water in worker hostel; arrest compressed air leakages; remove 3 material transport fans from two way distributor and run 10 cards instead of 5 cards on two way distributor; and remove negative suction fan of 2 flexiclean blowroom and 1 dust collector fan, all at an estimated capital cost of Rs. 65.00 lakhs which is expected to save 3,729 kwh/day and 50 kl/day and Rs. 79.93 lakhs per annum.

B. Home Textiles

Replace:

Size of coal for thermopac from 2mm to 4mm which will result in reduction in consumption of coal upto 1.5 ton/day and Rs. 37.00 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. Spinning

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

The Company has well equipped most modern and state of the art Quality Testing & Development equipment, managed by committed team of highly qualified and experienced professionals.

We have well equipped lab for testing from raw material to finished goods, dyes and all kind of packing material, etc. For value addition in products our New Product Development team is also involved for new development with innovation from time to time based on market trends and their own creativity. We have separate cell for product development samples to fulfill customer requirements on time to their satisfaction. Our R&D lab has the latest equipment like Uster - 5 Evenness Tester, HVI Spectrum, Tenso Jet-Advance Fibre Information System i.e. AFISPRO-LMNT, Classimat-5 Yarn Fault Classifying System, Online Monitoring System, Lab Expert System all from Uster, Auto Dispenser, Beaker Dyeing Machines, etc. The Company is also having new version of quality standard ISO 9001-2015, Usterised, Oeko-Tex and GOTS/EKO, Organic Exchange and SA 8000 certifications. Recently, Shade Variation Channel was also installed on Auto Corner Machine for further improvement in product quality.

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

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

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

c) **Future plan for action**

The Company intends to install One Eveness Tester for all off line testing of material, 2 Cascade Wrapping System. One flat mounting machine for LC 636 cards and One machine for acid treatment on cots.

The Company also plans to replace Card of LC 1/3 by LC 300AV4 Lap Feed Cards, LR 6 manual doffing by 3Mcs LR9AX with Auto doffer, LDO/2S Draw Frame machines by LD F3S, China HY492C Speed Frame 120 spindles machines and LF 1400 & 1400A by LF4280A model Speed Frame with 120 spindles, Espero Autoconer machine by Savio Polar-M Autoconers (2X64 drums) for improving quality of product. Install Auto Doffer for Eco Pulsar-M Autoconer for better tail end in package of export material. Convert LK-54 comber from 350 Nips to 400 Nips to increase comber production, convert old compact conversion with New Spin pact 720 Spindle LR 9AX to improve in hairiness, install spindles monitoring system and Roving Stop motion for 17,616 spindles to reduce pneumafil bonda, install SKATT-Caipo attachment for fancy yarn in MDC to develop various types of fancy yarn and launch shade book of Sustainable Fibre product, Lineworld containing all Linen blend product, all function fibre product and launch new mèlange master shade book containing 600 shades. The Company will also develop a new range of sustainable products for coming future. We have also introduced good designers in Bhilwara and Mumbai market. Now focus will be to get nomination business from known buying houses.

B. Home Textiles

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

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

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

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

c) **Future plan for action**

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

2) Expenditure incurred towards R&D

(Rs. in lakhs)

Sr. No.	Particulars	2020-21	2019-20
a)	Capital	140.69	72.78
b)	Recurring	421.85	445.74
c)	Total	562.54	518.52
d)	Total R&D expenditure as a percentage of total turnover	0.307%	0.219%

2. Technology Absorption, Adaptation and Innovation

A. Spinning

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

a) Incurred Rs. 1,600.90 lakhs on replacement of old technology, plant machinery & equipment.

b) Incurred Rs. 1,798.96 lakhs on addition and modifications of existing plant and machinery.

c) Incurred Rs. 361.47 lakhs on purchase of machines and equipment for debottlenecking.

B. Home Textiles

The Company is having latest state of the art plant and machinery and plan for continuous modernization and upgradation of machines.

3. Foreign Exchange Earnings & Outgo

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

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

2. Total foreign exchange earned and used

(Rs. in crore)

Sr. No.	Particulars	2020-21	2019-20
i)	Foreign Exchange Earned	620.56	713.43
ii)	Foreign Exchange Used	25.40	120.12

Annexure-III to the Directors' Report

Report on Corporate Governance

A. Corporate Governance Philosophy

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

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

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

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

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

- Proper business conduct by the Board members, senior management and employees.

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

Your Company confirms compliance to the Corporate Governance requirements as enshrined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as Listing Regulations, 2015), the details of which for the financial year ended 31st March, 2021 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 judgement on issues of strategy and performance. The Company's Board of Directors presently comprises of nine Directors; five of whom are Independent Directors (including a Woman Director); two of whom are Non-Executive Directors; and two Executive Directors viz., Executive Chairman and Wholetime Director. The Non-Executive Directors account for more than 75 per cent of the Board's strength as against the minimum requirement of 50 per cent as per the Listing Regulations, 2015. All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board thereby ensuring best interest of stakeholders and the Company. The present strength of the Board reflects judicious mix of professionalism, competence and sound knowledge which enables the Board to provide effective leadership to the Company. None of the Directors are inter-se related to each other.

None of the Directors on the Company's Board are members of more than 10 (ten) committees and chairman of more than 5 (five) committees (being, Audit Committee and Stakeholders' Relationship Committee) across all the companies, in which he / she is a Director. All the Directors have made necessary disclosures regarding committee positions held by them in other companies and do not hold the office of Director in more than 10 (ten) public companies as on 31st March, 2021. 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, 2021 and 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. #Avadh Sugar & Energy Limited - Non - Executive Co - Chairman 2. #SIL Investments Limited - Non - Executive Chairman 3. #New India Retailing & Investment Limited - Non - Executive Chairman 4. #Magadh Sugar & Energy Limited- Non - Executive Chairperson 5. #Chambal Fertilisers & Chemicals Limited - Non - Executive Director 6. #Ronson Traders Limited - Non - Executive Director 7. Yashovardhan Investment & Trading Company Limited - Director 8. Allahabad Canning Limited - Chairman	2	0	Leadership experience of running large enterprise. Experience of leading operations of large organizations with deep understanding of complex business processes, regulatory and governance environment, risk management and ability to visualize and manage change.
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 - Independent Director 3. #Indus Towers Limited - Independent Director 4. Max Specialty Films Limited - Independent Director	1	3	Financial management and accounting. Business strategies and governance.
Mr. Rohit Dhoot (DIN: 00016856)	NED	Nil	1. #Dhoot Industrial Finance Limited - Managing Director 2. #Hindustan Oil Exploration Company Limited - Non Executive Non Independent Director 3. Aakarshak Synthetics Limited - Director 4. Young Buzz India Limited - 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, 2021, 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 to evaluate the performance of the Directors, Chairman and Executive Directors.

FAMILIARISATION OF BOARD MEMBERS

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

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

The induction process is designed to:

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

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

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

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

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

BOARD MEETINGS AND PROCEDURE

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

During the year under review, seven Board meetings were held on 12th May, 2020; 12th June, 2020; 11th August, 2020; 06th November, 2020; 11th December, 2020, 03rd February, 2021 and 26th March, 2021. 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	7	7	Yes
Mr. U. K. Khaitan	7	7	No
Mr. Amit Dalal	7	7	Yes
Mr. Rajan Dalal	7	7	Yes
Mr. Rajiv K. Podar	7	4	No
Mrs. Sonu Bhasin	7	7	Yes
Mr. Rohit Dhoot	7	7	Yes
Mr. Ashok Mittal	7	6	Yes
Mr. Bipeen Valame	7	7	Yes

BOARD SUPPORT

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

INFORMATION TO THE BOARD

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

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

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

Inter alia, the following information, as may be applicable and required under the Act and Listing Regulations, 2015, is provided to the Board as a part of the agenda papers:

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

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

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

The Board Committe 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 26th March, 2021 without the presence of Executive Directors or management representatives and inter alia discussed:

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

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

Board Evaluation / Performance Evaluation

In terms of the requirements of the Act and Listing Regulations, 2015, the Board has evaluated its own performance, performance of the Directors individually as well as the evaluation of the working of its Committees. A structured questionnaire was circulated, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

Code of Conduct and Ethics

The Company has laid down a Code of Conduct (the Code) for the entire Board of Directors and senior management to avoid a conflict of interest. The Code is derived from three inter linked fundamental principles, namely: good corporate governance, good corporate citizenship and exemplary personal conduct. The Directors and senior management have affirmed compliance with the Code for the financial year 2020 - 21. A declaration to this effect signed by the President and CEO is attached and forms part of this report. The Code is available on the Company's website www.sutlejtextiles.com

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

C. SUBSIDIARY COMPANIES

The Company has one wholly owned subsidiary viz. Sutlej Holdings, Inc. and a wholly owned step-down subsidiary viz. American Silk Mills, LLC. During the financial year 2020 - 21, the Audit Committee reviewed the financial statements of the subsidiary company. Minutes of the Board meetings of the subsidiaries were regularly placed before the Board. The Board / 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 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 Dalal. The other members of the Committee are: Mr. Amit Dalal, Mr. Rajiv K. Podar and Mr. Rohit Dhoot.

TERMS OF REFERENCE

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

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

MEETINGS AND ATTENDANCE

During the year under review, the Audit Committee met four times on 11th June, 2020; 10th August, 2020; 05th November, 2020 and 03rd February, 2021.

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

Name of the member	Status	Category	Number of meetings attended
Mr. Rajan Dalal	Chairman	Independent	4
Mr. Amit Dalal	Member	Independent	4
Mr. Rajiv K. Podar	Member	Independent	1
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, presently comprises of two Independent Directors and one Executive Director of the Company. The Committee is headed by Mr. Amit Dalal. The other members of the Committee are Mr. Rajiv K. Podar and Mr. Bipeen Valame.

TERMS OF REFERENCE

The Committee, inter alia, oversees the redressal of shareholder and investor complaints / requests for transmission of shares, sub-division and consolidation of share certificates, issue of duplicate share certificates, requests for dematerialisation and rematerialisation of shares, non-receipt of declared dividend and non-receipt of Annual Report. It also recommends measures for improvement in investor services. The Committee also keeps a close watch on the performance of Link Intime India Private Limited, the Registrar & Share Transfer Agents (RTA) of the Company. The Committee also reviews various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensures timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company. 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 thrice on 10th August, 2020; 05th November, 2020 and 03rd February, 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	3
Mr. Rajiv K. Podar	Member	Independent	2
Mr. Bipeen Valame	Member	Executive	3

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 only one complaint / letter from a shareholder which was duly attended. The average period of redressal of grievances is 7 (seven) days from the date of receipt of letters / complaints. There were no unresolved complaints as on 31st March, 2021.

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 Dalal and Mr. Rajiv K. Podar. The Committee is headed by Mr. U. K. Khaitan.

TERMS OF REFERENCE

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

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

MEETINGS AND ATTENDANCE

During the year under review, the Committee met once on 26th March, 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	1
Mr. Rajan Dalal	Member	Independent	1
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 12th June, 2020 and 24th February, 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 composition of Risk Management Committee was revised w.e.f. 01st April, 2021. It presently comprises of Mr. Rajiv K. Podar, Independent Director as Chairman, Mr. Updeep Singh Chatrath, President and CEO (w.e.f. 01st April, 2021) and Mr. Bipeen Valame, Wholetime Director & CFO. Mr. S. K. Khandelia, President and CEO was a member of the Committee upto 31st March, 2021. The Committee has been formed voluntarily as part of better Corporate Governance practice.

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 once on 26th February, 2021. The attendance of the members of the Committee was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. Rajiv K. Podar	Member	Independent	1
Mr. Bipeen Valame	Member	Executive	1
Mr. S. K. Khandelia	Member	President and CEO	1

VI. FINANCE & CORPORATE AFFAIRS COMMITTEE

COMPOSITION

The Finance & Corporate Affairs Committee presently comprises of two Executive Directors and three Independent Directors and is headed by Mr. C. S. Nopany, Executive Chairman of the Board. Other members of the Committee are Mr. U. K. Khaitan, Mr. Rajiv K. Podar, Mrs. Sonu Bhasin and Mr. Bipeen Valame.

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 once on 01st August, 2020. 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	1
Mr. U. K. Khaitan	Member	Independent	1
Mr. Rajiv K. Podar	Member	Independent	1
Mrs. Sonu Bhasin	Member	Independent	1
Mr. Bipeen Valame	Member	Executive	1

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. 4,00,000/- per year payable proportionately to their tenure in office as Directors of the Company.

The total commission payable to all the Non-Executive Directors for the financial year 2020-21 will be Rs. 28,00,000/- for which provision has been made in the books of accounts. The commission shall be paid after the adoption of annual accounts of the Company for the financial year ended 31st March, 2021 by the shareholders at the forthcoming AGM. The commission to all the Non-Executive Directors of the Company is determined after taking into account their valuable guidance in the various business initiatives and decisions at the Board level and also profitability of the Company. The details of commission payable and sitting fees (including for Committee meetings) paid to the Non-Executive Directors during the financial year 2020 - 21 is as follows:

Sr. No.	Name of Director	Commission (Rs.)	Sitting Fees (Rs.)
1.	Mr. U. K. Khaitan	4,00,000	2,25,000
2.	Mr. Amit Dalal	4,00,000	2,87,500
3.	Mr. Rajan Dalal	4,00,000	2,37,500
4.	Mr. Rajiv K. Podar	4,00,000	1,62,500
5.	Mrs. Sonu Bhasin	4,00,000	2,12,500
6.	Mr. Rohit Dhoot	4,00,000	2,25,000
7.	Mr. Ashok Mittal	4,00,000	1,50,000
	Total	**28,00,000**	**15,00,000**

ii. Remuneration paid / payable to the Executive Directors of the Company for the year ended 31st March, 2021 is as under:

(in Rs.)

Executive Chairman and Wholetime Director	Salary etc.	Perquisites	Sitting Fees	Total
Mr. C. S. Nopany	1,50,00,000	-	1,87,500	1,51,87,500
Mr. Bipeen Valame	81,53,254	13,56,326	-	95,09,580

F. COMPANY POLICIES

i. WHISTLE BLOWER POLICY

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

ii. REMUNERATION POLICY

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

iii. POLICY ON RELATED PARTY TRANSACTIONS

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

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

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

iv. CORPORATE SOCIAL RESPONSIBILITY POLICY

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

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

v. MATERIAL SUBSIDIARY POLICY

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

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

vi. BOARD DIVERSITY POLICY

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

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

vii. BUSINESS RESPONSIBILITY POLICY

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

G. MANAGEMENT DISCUSSION AND ANALYSIS

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

H. DISCLOSURES

(a) Related Party Transactions

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

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

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

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

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

(c) Accounting treatment in preparation of financial statements

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

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

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

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

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

(f) Insider Trading

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

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

The Board of Directors periodically review the compliance of all applicable laws. The Company is in 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 review 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. One complaint was received by the Internal Complaints Committee and was reddressed and appropriate action was taken.

(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, 2021, was placed before the Board at its meeting held on 07th May, 2021.

(n) Remuneration to the Statutory Auditor

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 encashed / claimed dividends for seven consecutive years from the date of declaration were required to be transferred to the demat account of the Investor Education and Protection Fund (IEPF) Authority. The shareholders whose dividend / shares are transferred to the IEPF Authority can claim their dividend/ shares from the Authority.

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

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company and the list of shareholders whose shares have been transferred to the IEPF Authority on the Company's website: www.sutlejtextiles.com

J. SHAREHOLDER INFORMATION

(i) Means of communication

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

However, this year in view of the outbreak of COVID-19 pandemic, social distancing norms and restrictions on movement of persons at several places in the country and pursuant to General Circular Nos. 14/2020, 17/2020, 20/2020 and 02/2021 dated 08th April, 2020, 13th April, 2020, 5th May, 2020 and 13th January, 2021, respectively issued by the Ministry Corporate Affairs and Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated 12th May, 2020 and 15th January, 2021, respectively issued by the Securities and Exchange Board of India, the Notice of the AGM and the Annual Report for the financial year 2020 - 21 are being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/DPs.

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

The quarterly and annual audited financial results of the Company are sent to the Stock Exchanges immediately after they are approved by the Board. The results are normally published in Business Standard in English and Rajasthan Patrika / Dainik Bhaskar in Hindi in terms of

Regulation 47 of the Listing Regulations, 2015. The results are also hosted on the website of the Company - www.sutlejtextiles.com

The Company organizes / participates in press meets / analyst's meets to apprise and make public the information relating to the Company's working and future outlook. The same is also available on the website of the Company.

Further, the Company disseminates to the stock exchanges i.e. BSE Limited and National Stock Exchange of India Limited where 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
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. 3. Appointment of Mr. Ashok Mittal as a Director of the Company. 4. Re-appointment of Mr. Umesh Khaitan as an Independent Director. 5. Re-appointment of Mr. Amit Dalal as an Independent Director. 6. Re-appointment of Mr. Rajan Dalal as an Independent Director. 7. Re-appointment of Mr. Rajiv K. Podar as an Independent Director. 8. Re-appointment of Mrs. Sonu Bhasin as an Independent Director. 9. To raise financial resource through issue of securities for long term requirement of the Company.

AGM	Financial Year	Date	Time	Venue	Special business/s if any, passed
13th	2017-18	31st August, 2018	3.00 p.m.	Registered Office: Pachpahar Road Bhawanimandi (Raj)	1. Ratification of Remuneration paid to M/s. K. G. Goyal & Associates, Cost Auditor. 2. Appointment of Mr. Rohit Dhoot as a Director. 3. Re-appointment of Mr. C. S. Nopany as Executive Chairman. 4. Alteration of Articles 153 and 181 of the Articles of Association of the Company. 5. Raise financial resource through issue of securities for long term requirement of the Company.

The 16th Annual General Meeting of the Company is proposed to be held on Tuesday, 31st August, 2021 at 3.00 p.m. through Video Conference or any Other Audio Visual Means.

Postal Ballot:

During the financial year 2020 - 21, 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 to the Investor Education and Protection Fund in accordance with the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer, and Refund) Rules, 2016 (IEPF Rules) read with Section 124(6) of the Act.

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

(iv) General Shareholders' information

a) 16th Annual General Meeting:

Date	31st August, 2021
Day	Tuesday
Time	3.00 p.m.
Mode	Through Video Conference or any Other Audio Visual Means

b) Record Date

The record date for the purpose of entitlement of dividend will be Monday, 30th August, 2021.

c) Tentative financial calendar:

Next financial year	1st April, 2021 to 31st March, 2022
First Quarter Results & Limited Review	mid August, 2021
Second Quarter Results & Limited Review	mid November, 2021
Third Quarter Results & Limited Review	mid February, 2022
Audited Annual Results (2021-22)	mid May, 2022

(v) Dividend

Payment date (tentative): on or after 05th September, 2021.

The Board of Directors at their meeting held on 07th May, 2021, have recommended a Dividend of Rs. 0.30 per share for the year ended 31st March, 2021, subject to shareholders' approval at the forthcoming 16th AGM. If approved, the dividend will be paid to the shareholders on or after 05th September, 2021 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:

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 2021 - 22 has been paid to the Stock Exchanges within the stipulated time.

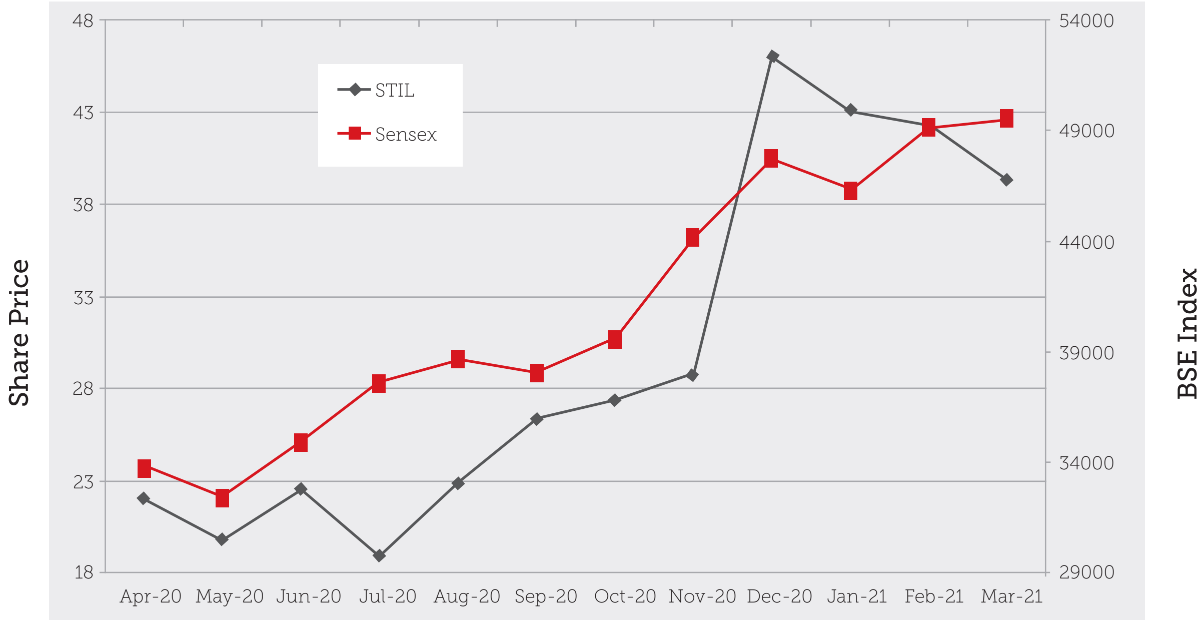
(vii) Corporate Identification Number

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, 2020	26.60	18.50	24.40	18.50
May, 2020	23.00	18.85	22.95	18.70
June, 2020	26.85	19.80	27.00	18.90
July, 2020	25.00	17.75	22.55	18.75
August, 2020	25.15	18.00	25.20	17.55
September, 2020	28.25	20.00	28.50	19.50
October, 2020	33.00	26.00	33.00	25.80
November, 2020	30.00	26.25	30.20	26.00
December, 2020	49.80	28.50	51.80	28.60
January, 2021	51.90	41.05	52.00	41.40
February, 2021	46.05	37.10	46.70	38.50
March, 2021	46.40	38.30	46.50	39.05



(ix) Distribution of shareholding:

The distribution of shareholding as on 31st March, 2021 was as follows:

Sr. No.	Number of equity shares	Number of shares held	% of total shares
1.	Up to 1000	29,25,382	1.79
2.	1001 to 5000	44,18,825	2.70
3.	5001 to 10000	29,04,888	1.77
4.	10001 to 50000	60,40,588	3.69
5.	50001 to 100000	31,64,696	1.93
6.	100001 to 1000000	80,52,502	4.92
7.	1000001 to 5000000	1,96,57,209	11.99
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, 2021 was as under:

Sr. No.	Particulars	As on 31st March, 2021	
		No. of shares	%
1.	Promoters	10,46,78,660	63.90
2.	Financial Institutions / Banks / Mutual Funds / UTI / Insurance Cos. / NBFCs	40,300	0.02
3.	Central Government / State Government(s) / IEPF	11,67,220	0.71
4.	Indian Public :		
a.	Bodies Corporate	2,93,42,454	17.91
b.	Individuals / HUF	2,78,11,629	16.98
c.	Stock Exchange Clearing Members	1,30,596	0.08
d.	FIIs, FPIs	0	0
e.	NRI / Foreign Nationals	6,57,661	0.40
f.	Others / Trusts	100	0
	TOTAL	**16,38,28,620**	**100.00**

(xi) Dematerialisation of shares and liquidity

The equity shares of the Company are listed on the BSE Limited and National Stock Exchange of India Limited. The Company has an agreement with NSDL and CDSL for providing depository services for holding the shares in dematerialised mode. As a result, as on 31st March, 2021, 99.41% of the total equity share capital of the Company was held in dematerialised form. The Company has paid the requisite fees to all these authorities for the year 2020 - 21.

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

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

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

(xiii) Share transfer system

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

(xiv) Address for Shareholders' Correspondence

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

(xv) Registrar and Share 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

(xvi) Compliance Officer's Details:

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

(xvii) Investor Relations:

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

(xviii) 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 Agents to receive dividends, if declared, via the NECS / ECS mode.

(iii) Timely Encashment of Dividends

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

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

Under the Act, dividends which remain unclaimed for a period of seven consecutive years are required to be transferred to Investor Education and Protection Fund (IEPF) administered by the Central Government. Dates of declaration of dividends since 2013 - 14 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 31.03.2021 (Rs.)	Last date for claiming unpaid Dividend amount (on or before)	Date when amount becomes due for transfer to IEPF
31.03.2014	23.08.2014	24,93,336.00	29.09.2021	29.10.2021
31.03.2015	31.08.2015	19,19,710.00	07.10.2022	06.11.2022
31.03.2016	27.08.2016	23,05,420.00	03.10.2023	02.11.2023
31.03.2017	31.08.2017	22,87,506.00	07.10.2024	06.11.2024
31.03.2018	31.08.2018	14,45,806.70	07.10.2025	06.11.2025
31.03.2019	22.08.2019	6,01,810.95	28.09.2026	28.10.2026
31.03.2020	16.09.2020	2,11,543.84	23.10.2027	22.11.2027

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

Accordingly, shareholders holding shares in physical form are requested to register their email addresses and changes therein from time to time, by directly sending the relevant email addresses along with the details such as name, address, folio number, number 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 DPs. Upon registration of the email address, the Company proposes to send Documents, in electronic form to such shareholders.

(vii) Addresses for correspondence:

Sutlej Textiles and Industries Limited
Pachpahar Road, Bhawanimandi - 326 502 (Rajasthan).
Tel.: 07433-222 052 / 222 082 / 222 090
Fax: 07433-222 354
Email Id: 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
Email Id: rnt.helpdesk@linkintime.co.in

(viii) Location of the Plants:

Units	Location	Products
Chenab Textile Mills	Kathua 184 102 (Jammu & Kashmir)	Cotton and Manmade Fibre Yarn
Rajasthan Textile Mills	Pachpahar Road, Bhawanimandi 326 502 (Rajasthan)	Cotton and Manmade Fibre Yarn
Birla Textile Mills	Baddi, Solan 173 205 (Himachal Pradesh)	Cotton and Manmade Fibre Yarn
Damanganga Home Textiles	Village Daheli, Near Bhilad, Umbergaon, District: Valsad 396 105 (Gujarat)	Home Textiles Furnishing
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: 21st April, 2021

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, 2021 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 Board of Directors,
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, 2021.

Place: Mumbai
Date: 26th April, 2021

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

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Sutlej Textiles and Industries Limited
CIN: L17124RJ2005PLC020927
Pachpahar Road, Bhawanimandi,
Jhalawar-326502, 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, 2021.

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 Listing Regulations for the financial year ended 31st March, 2021.

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.

NOTE: We have conducted online verification and examination of records as facilitated by the Company due to Covid 19 and subsequent lockdown situation for the purpose of issuing this certificate.

Place : JAIPUR
Date : 07th May, 2021

UDIN: F005118C000249010

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

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

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
CIN : L1724RJ2005PLC020927
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 (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications [including Directors Identification Number (DIN) status on 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 31.03.2021 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 KantiKumar 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.

* NOTE: We have conducted online verification and examination of records as facilitated by the Company due to Covid 19 and subsequent lockdown situation for the purpose of issuing this report.

Place : JAIPUR
Date : 26th April, 2021

UDIN: F005118C000175926

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

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, development of rural infrastructure, conservation of environment, health and sanitation and promotion of sports and cultural activities.

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

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.

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

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
-	-	-	-

6. Average net profit of the Company as per Section 135(5): Rs. 9,532 lakhs.

7. (a) Two percent of average net profit of the Company as per Section 135(5): Rs. 191 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. 191 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. 192.12 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 Implementa-tion - Through Implementing 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 Implementa-tion - Direct (Yes/No)	Mode of Implementation– Through Implementing Agency	
				State	District			Name	CSR Registration number
1.	Contribution to J&K Relief Fund for fight against COVID 19.	Health Care and Sanitation	Yes	Kathua, J&K		25.00	Yes	N. A.	N. A.
2.	Difference in amount paid for Ambulance given to Chief Medical Officer, Kathua.		Yes	Kathua, J&K		0.23	Yes	N. A.	N. A.
3.	Distribution of COVID 19 Kits.		Yes	Baddi, Himachal Pradesh		6.84	Yes	N. A.	N. A.
4.	Help for COVID 19 affected families.		Yes	Jhalawar, Rajasthan		0.21	No	Anang Kumar Jain Charitable Trust	-
5.	Transportation arrangement for migrants during lockdown.	Rural Development and Social Welfare	Yes	Jhalawar, Rajasthan		4.17	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 Implementa-tion - Direct (Yes/No)	Mode of Implementation– Through Implementing Agency	
				State	District			Name	CSR Registration number
6.	Construction of boundary wall and small shed at cremation ground.		Yes	Kathua, J&K		4.86	Yes	N. A.	N. A.
7.	Distribution of food packets amongst poor through local administration.		Yes	Jhalawar, Rajasthan		0.53	Yes	N. A.	N. A.
8.	Contribution for construction of Dharamshala.		Yes	Jhalawar, Rajasthan		5.51	Yes	N. A.	N. A.
9.	Construction and renovation of Panchayat Bhavan.		Yes	Bhilad, Valsad, Gujarat		4.00	Yes	N. A.	N. A.
10.	Contribution to Police Martyrs North Zone Sports Tournament.	Promotion of Sports Activities	Yes	Kathua, J&K		3.50	Yes	N. A.	N. A.
11.	Maintenance of public park at Baddi.	Environment Sustainability	Yes	Baddi, Himachal Pradesh		0.12	Yes	N. A.	N. A.
12.	Repair work at Government School, Bhatauli, Kalan.	Promotion of Education	Yes	Baddi, Himachal Pradesh		3.15	Yes	N. A.	N. A.
13.	Contribution towards promotion of education.		No	Ranchi, Jharkhand		75.00	No	Through Manav Vikas Vidyalaya Trust	-
14.	Contribution towards promotion of education.		No	Kolkata, West Bengal		34.00	No	Through Nopany Foundation	-
15.	Contribution towards promotion of education.		No	Kolkata, West Bengal		25.00	No	Through Nopany Education Trust	-
	TOTAL					**192.12**			

(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. 192.12 lakhs

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

(Rs. in lakhs)

Sr. No.	Particulars	Amount
(i)	Two percent of average net profit of the Company as per Section 135(5)	191.00
(ii)	Total amount spent for the financial year	192.12
(iii)	Excess amount for the financial year [(ii)-(i)]	1.12
(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)]	1.12

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
-	-	-	-	-	-	-	-	-

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 per cent 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. Email id: hoffice@sutlejtextiles.com
6. Financial year reported: 2020 - 2021
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 mèlange 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 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): 1,861.08 crore
3. Total profit after taxes (INR): 9.51 crore
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): The Company has spent Rs. 1.92 crore on CSR for the year ended 31st March, 2021 which is 20.19 % of the profit after tax for the financial year 2020 - 2021.
5. List of activities in which expenditure in 4 above has been incurred: Please refer Corporate Social Responsibility Report for the year at page no. 85 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

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

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

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

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

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

Sr. 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 being approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?					Yes				
5	Does the company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?					Yes				

Sr. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
6	Indicate the link for the policy to be viewed online?	http://sutlejtextiles.com/pdf/Policies%20&%20Codes/Business-Responsibility-Policy.pdf								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The Policy is communicated to key 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?	The Company is in the process of undertaking an evaluation on the working of this Policy.								

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

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

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

   - No complaints were received from any of the stakeholders 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. Setting up of a Recycled Polyester Staple Fibre Plant with a capacity of 120 tons/day which will extract Polyester Staple Fibre by recycling PET bottles. The Polyester Staple Fibre is thereafter used as raw material in the manufacture of yarns.

     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 Mèlange yarn, 100% Organic Cotton mèlange yarn, 100% organic yarn, 100% BCI yarn, yarn made from recycled polyester. A range of sheers to drapery and upholstery weights are made with post-consumer recycled polyester yarn blended with fine cotton. Our design team collaborates with local artists to make and create beautiful art each day. Along with growing our business with their skill and perfection, we support local artists, most of whom are women.

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

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

   - Power consumption has been reduced from 4,059 units per ton of yarn production to 3,783 units per ton as compared to the previous year.
   - Power consumption has been reduced from 1,733 units to 1,322 units per thousand meters of Home Furnishing 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 276 units per ton of yarn production and 411 units per thousand meters of Home Furnishing 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.

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's repairs, etc. are availed from local vendors / persons.

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

   - For a few varieties of Mèlange Yarn products, 20-25% usable waste is used, which is acceptable to the market.
   - Boiler ash is being re-cycled between 60% to 100% by installing ash re-circulation system in Boiler.
   - ETP sludge is being re-used in cement plant by co- processing with eco friendly manner in one of our units.
   - Micro dust generated from Cotton is sold and is being used by industries having small boilers.
   - Waste water is treated and recycled back into process for resource conservation.

Principle 3

1. Please indicate the Total number of employees:
   - 18,186 permanent employees.
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis:
   - 3,297 contract workers.
3. Please indicate the Number of permanent women employees:
   - 1,989 permanent women employees.
4. Please indicate the Number of permanent employees with disabilities:
   - 13 differently abled persons.
5. Do you have an employee association that is recognized by management:
   - Yes, at three plant locations.
6. What percentage of your permanent employees is members of this recognized employee association?
   - Around 10% at those particular plant locations.

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.

Sr. 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	1	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 : 54.56

   (b) Permanent Women Employees : 54.32

   (c) Casual/Temporary/Contractual Employees: 55.52

   (d) Employees with Disabilities : 65

Principle 4

1. Has the company mapped its internal and external stakeholders?:

   • Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

   • Not applicable as none in this category.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

   • As there are no stakeholders in this category, no initiative was taken. However, as responsible Corporate we do support communities under our CSR road map.

Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?:

   • Yes, covers all.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?:

   • No such 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 respects, protects and makes effort 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, trees 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 2020 - 21 the Company generated 38.10 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 is Reduce, Reuse and Recycle.
- Wet scrapper has been installed to reduce air emission in boiler before stack discharge. Condensate water is used as boiler feed water which has reduced fresh feed water consumption.
- Boiler ash is used by reinjecting which has reduced coal consumption. We are also reusing waste heat through Heat Recovery units for process requirement thereby reducing steam consumption.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.
    - The Company generated 38.10 lakh units of solar power during the year 2020- 21.
    - The Company has switched to latest technology machinery which makes efficient use of energy and technology. Conventional lights have been replaced with LED lights in all units.
6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB / SPCB for the financial year being reported?
    - The emissions are being monitored and are well within the permissible limits.
7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.
    - Nil

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
    a. Federation of Indian Chambers of Commerce and Industry (FICCI).
    b. Confederation of Indian Textile Industry (CITI).
    c. The Cotton Textiles Export Promotion Council (TEXPROCIL).
    d. Federation of Indian Export Organisations (FIEO).
    e. The Synthetic and Rayon Textiles Export Promotion Council (SRTEPC).
    f. Indian Spinners' Association (ISA).
    g. Textile Sector Skill Council.
2. Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).
    - The Company is part of various trade associations and is party to 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 2020-21, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21 are as under:

Sr. No.	Name of Director / KMP	Remuneration of Director/ KMP for FY 2020-21 (Rs. in lakhs)	Designation	Percentage increase in Remuneration	Ratio of Remuneration of each Director to median remuneration of employees
1.	Mr. C. S. Nopany	150.00	Executive Chairman	-	118.17
2.	Mr. U. K. Khaitan	4.00	Non-Executive Director	-	3.15
3.	Mr. Amit Dalal	4.00	Non-Executive Director	-	3.15
4.	Mr. Rajan Dalal	4.00	Non-Executive Director	-	3.15
5.	Mr. Rajiv K.Podar	4.00	Non-Executive Director	-	3.15
7.	Mrs. Sonu Bhasin	4.00	Non-Executive Director	-	3.15
8.	Mr. Rohit Dhoot	4.00	Non-Executive Director	-	3.15
9.	Mr. Ashok Mittal	4.00	Non-Executive Director	-	3.15
10.	Mr. Bipeen Valame	95.10	Wholetime Director & Chief Financial Officer	-	74.92
11.	Mr. S. K. Khandelia	462.97	President & Chief Executive Officer	-	364.73
12.	Mr. Manoj Contractor	66.36	Company Secretary & Compliance Officer	-	52.28

2. In the financial year, there was decrease of 13.87% in the median remuneration of employees;
3. There were 18,186 permanent employees on the rolls of Company as on 31st March, 2021;
4. Average percentage decrease made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2020-21 was 15.35% whereas the decrease in the managerial remuneration for the same financial year was 28.01%;
5. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

Notes:

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

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

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

(in Rs.)

Sr. No.	Employee Name	Designation	Remuneration in FY 2021
1.	Mr. C. S. Nopany	Executive Chairman	1,50,00,000
2.	Mr. S. K. Khandelia	President & CEO	4,62,96,824
3.	Mr. Updeep Singh Chatrath	Dy. Chief Executive Officer	1,64,23,486
4.	Mr. Bipeen Valame	Wholetime Director & CFO	95,09,580
5.	Mr. Umesh Gupta	Executive President	90,99,490
6.	Mr. R. R. Kankani	Sr. Vice President (Marketing)	87,80,887
7.	Mr. Hari Mohan Vashisth	Executive President	80,13,814
8.	Mr. Manoj Contractor	Company Secretary and Compliance Officer	66,36,202
9.	Mr. Rajeev Gupta	Executive President	64,01,868
10.	Mr. Vipul Saxena	Executive Vice President (Group HR)	63,58,553

(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 (in 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	1,50,00,000	C.A., Masters Degree in Science of Industrial Administration from Carnegie Mellon University, Pittsburgh, USA 31 years	Regular	Executive Management	1st July, 2015	55	Chairman and Managing Director of Oudh Sugar Mills Ltd.
Mr. S. K. Khandelia, President & Chief Executive Officer	4,62,96,824	B.Com., FCA, 45 years	Regular	Overall Management	1st July, 2005	70	Sutlej Industries Ltd.
Mr. Updeep Singh Chatrath, Dy. Chief Executive Officer	1,64,23,486	BSC, MBA (Mktg. & HR) 33.5 years	Regular	Overall Management	24th January, 2018	56	ITEMA Weaving India Pvt. 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 (in Rs.)	Qualifications & Experience	Nature of Employment	Nature of duties	Date of commence-ment of employment	Age (Yrs.)	Last Employment held before joining the Company
-	-	-	-	-	-	-	-

Notes:

1. Other Terms & Conditions: As per Company's Rules and Regulations.
2. Remuneration received includes Salary, Reward, Encashment of Leave, Medical Expenses, Premium on Personal Accident Policy, Perquisites and Company's contribution to Provident Fund and Superannuation Fund; but excludes Gratuity.
3. Above employees are not relative of 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, 2021

[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, 2021, 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, 2021, 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 / rematerialization of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
- The Company has complied with the requirements under the Equity Listing Agreements and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with BSE Limited and National Stock Exchange of India Limited.

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

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

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

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

II. Redemption / buy-back of securities.

III. Merger / amalgamation / reconstruction, etc.

IV. Foreign technical collaborations.

* NOTE:

- We have conducted on-line verification and examination of records as facilitated by the Company due to Covid 19 and subsequent lockdown situation for the purpose of issuing this report.
- The Company has complied with all the notifications / guidelines / Circulars or regulations given by the SEBI / Ministry of Corporate Affairs / RBI or any other regulatory authority due to COVID-19 period in relation to extension / relief of time period, etc.

For R. CHOUHAN & ASSOCIATES
Place : JAIPUR (ICSI Unique Code: S2001RJ036300)
Date : 26.04.2021 UDIN: F005118C000175631

Sd/-
RAJENDRA CHOUHAN - PROPREITOR
COMPANY SECRETARY IN PRACTICE
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 : 26.04.2021
UDIN: F005118C000175631

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

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

Annexure-VIII to the Directors' Report

Form AOC - I

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

Part "A": Subsidiaries

(in Rs.)

Sr. No.	Name of the Subsidiary	Sutlej Holdings, Inc.	American Silk Mills, LLC.
1.	Reporting Period	FY 2020-2021	FY 2020-2021
2.	Reporting currency	INR	INR
3.	Exchange Rate	-	-
4.	Share Capital	37,96,04,658	28,27,37,460
5.	Reserves and Surplus	1,55,00,025	(26,92,01,791)
6.	Total Assets	39,87,49,561	26,86,22,191
7.	Total Liabilities	36,44,878	25,50,86,522
8.	Investments	28,27,37,460	-
9.	Turnover	-	24,31,63,627
10.	Profit & Loss before Taxation	11,78,833	(13,17,16,853)
11.	Provision for Taxation	10,75,469	-
12.	Profit & Loss after Taxation	1,03,364	(13,17,16,853)
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: 07th May 2021

C. S. Nopany
Executive Chairman
DIN: 00014587
Place: New York
Date: 07th May 2021

Updeep Singh Chatrath
President & CEO
Place: Mumbai
Date: 07th May 2021

Bipeen Valame
Wholetime Director and CFO
DIN: 07702511
Place: Mumbai
Date: 07th May 2021

Manoj Contractor
Company Secretary
M. No. A11661
Place: Mumbai
Date: 07th May 2021

Annexure IX to 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, 2021, 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, 2021.

For and on behalf of the Board

C. S. Nopany
Executive Chairman
DIN: 00014587

Place : New York
Dated: 07th May, 2021

FINANCIAL SECTION

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 2021, 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 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of the Key Audit Matters

The Key Audit Matter	How the matter was addressed in our audit
Impairment of Damanganga - 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 136.66 Crore as on 31 March 2021) is incurring losses due to increased input costs, competitive pressure and unfavorable market conditions. There is a risk that the carrying value of CGU is higher than the recoverable value, thereby triggering impairment.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: – Assessed the appropriateness of accounting policy for impairment as per relevant accounting standard; – Evaluated the design and implementation of key internal financial controls with respect to the assessment of impairment of Damanganga CGU including determination of recoverable value and tested the operating effectiveness of such controls; – Evaluated the objectivity, independence and competence of the valuation specialist engagement by the Company;

The Key Audit Matter	How the matter was addressed in our audit
The assessment process of impairment is complex as it involves significant judgement in estimating the recoverable value. The recoverable amount has been determined based on fair value less costs to sell model using work of independent valuer basis reassessment of previous year fair valuation after considering changes in key assumptions wherever applicable. 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.	– 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 subsidiaries (including step-down subsidiary) which represent significant portion (1.84%) of the Company's total assets as at 31 March 2021. In case there is an any indicator of impairment, the company adjusts the carrying value of the investment for the consequential impairment loss, if any. The recoverable amount has been derived from discounted forecast cash flow model. This model uses several key assumptions, including future sales volumes, prices, operating margin, growth rates and the discount rate. We have identified the assessment of impairment in respect of investment in the wholly owned subsidiaries (including step down subsidiary) as a key audit matter since it involves significant judgement in making the above estimates and is dependent on external factors such as future market conditions and the economic environment.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: – Assessed the appropriateness of accounting policy for impairment of investment in wholly owned subsidiary (including step-down subsidiary) as per relevant accounting standard. – Evaluated the Company's assessment for identification of indicators of impairment. – Evaluated the design and implementation of key internal financial controls with respect to impairment including determination of recoverable value and tested the operating effectiveness of such controls. – We assessed the business plan by comparing the growth rates to the market and assessed that the overall growth rates appear to be reasonable. – 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 which changes to assumptions would change the outcome of impairment assessment; – Assessed the adequacy of the disclosures relating to impairment of investment.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/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, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account
   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
   e) On the basis of the written representations received from the directors as on 1 April 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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 2021 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. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

(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 directors is in excess of the limit laid down under Section 197 of the Act. Accordingly, the Company has obtained shareholder's approval by way of special resolution for such payments. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN: 21094549AAAACF3386

Place: Gurugram
Date: 07 May 2021

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 2021

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (property, plant and equipment and intangible assets).

(b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. In accordance with this program, certain fixed assets were verified during the year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties are held in the name of the Company except for the below assets for which registration is pending and are currently held in the name of respective units :-

(Rs. in crore)

Particulars	Gross block as at 31 March 2021	Net block as at 31 March 2021
Leasehold land at Kathua	2.92	2.48
Freehold land at Baddi (Himachal Pradesh)	0.08	0.08

In respect of the immovable properties taken on lease and disclosed as right-of-use-assets in the standalone financial statements, the lease agreements are in the name of the Company. Further, based on the confirmation received from bank by the management, where such deeds are kept as security against loan, title deed of immovable properties are held in the name of the Company as on balance sheet date.

(ii) The inventories, except goods-in-transit, has been physically verified by the management. For goods-in transit, all materials were substantially received/ delivered till the date of issuance of the report. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on verification between the physical inventory and the book records were not material.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships, or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with provisions of section 186 of the Companies Act, 2013 in respect of investments made. According to information and explanations given by the management, there are no loans, guarantee and securities given in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.

(v) According to the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under.

(vi) We have broadly reviewed the books of account maintained by the Company as specified under section 148(1) of the Act, for maintenance of cost records in respect of products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Duty of Customs, Cess and any other material statutory dues, to the extent applicable, have generally been regularly deposited with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-Tax, Sales Tax, Goods and Services Tax, Duty of Customs, Cess and other material statutory dues, to the extent applicable, were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, and on the basis of the records of the Company examined by us, there are no dues outstanding of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Goods and Services Tax which has not been deposited as on 31 March 2021 on account of disputes, except as mentioned below: -

Name of the Statute	Nature of dues	Amount (net of paid) Rs. in crore	Forum where dispute is pending	Period to which amount relates
Himachal Pradesh Tax on entry of goods in local area act, 2010	Entry Tax	5.43	High Court, Himachal Pradesh	2011-2017
The Central Excise Act, 1944	Excise Duty	0.53	Central Excise & Service Tax Appellate Tribunal, New Delhi	2010-2011
		0.07	Central Excise & Service Tax Appellate Tribunal, Ahmedabad	2009-11
		0.07	High Court, Jammu	2004-05
Income Tax Act, 1961	Income Tax	0.19	CIT (Appeal)	2016-17
		0.02	CIT (Appeal)	2017-18

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any banks and financial institutions. The Company did not have any outstanding loans or borrowings from government and there are no dues to debenture holders during the year.

(ix) According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instrument) during the year. Further, the term loans taken by the Company have been applied for the purpose for which term loans were raised.

(x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided by the Company in accordance with provisions of Section 197 read with Schedule V of the Companies Act, 2013.

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

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable, and the details have been disclosed in the standalone financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of its shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN: 21094549AAAACF3386

Place: Gurugram
Date: 07 May 2021

Annexure B to the Independent Auditors' report on the standalone financial statements of Sutlej Textiles and Industries Limited for the period ended 31 March 2021.

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 2021 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 2021, 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 registration number: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN: 21094549AAAACF3386

Place: Gurugram
Date: 07 May 2021

Standalone Balance Sheet as at 31 March, 2021

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

Particulars	Notes	As at 31 March, 2021	As at 31 March, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3A	1,182.06	1,027.96
Capital work-in-progress	3B	42.11	176.42
Right-of-use assets	3C	4.04	4.10
Intangible assets	4	2.44	2.31
Financial assets			
(i) Investments	5	40.40	31.43
(ii) Loans	6	5.67	8.48
Non-current tax assets (net)	7	6.03	5.75
Other non-current assets	8	6.15	18.44
Total non-current assets		**1,288.90**	**1,274.89**
Current assets			
Inventories	9	452.91	460.48
Financial assets			
(i) Trade receivables	10	275.34	261.23
(ii) Cash and cash equivalents	11	8.36	2.76
(iii) Bank balances other than (ii) above	12	1.46	1.70
(iv) Loans	13	0.01	0.01
(v) Other current financial assets	14	70.15	53.78
Other current assets	15	51.98	62.46
Assets classified as held for sale	16	0.19	0.21
Total current assets		**860.40**	**842.63**
Total assets		**2,149.30**	**2,117.52**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	16.38	16.38
Other equity	18	963.64	954.62
Total equity		**980.02**	**971.00**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	19	439.07	469.55
(ii) Lease liabilities	47	0.46	0.46
(iii) Other financial liabilities	20	9.11	13.96
Provisions	21	9.74	10.41
Deferred tax liabilities (net)	22A	42.36	37.99
Other non-current liabilities	23	7.17	7.74
Total non-current liabilities		**507.91**	**540.11**
Current liabilities			
Financial liabilities			
(i) Borrowings	24	333.03	285.45
(ii) Trade payables	25		
(a) Total outstanding dues of micro and small enterprises		6.79	2.13
(b) Total outstanding dues of creditors other than micro and small enterprises		104.78	110.59
(iii) Other financial liabilities	26	187.77	176.00
Other current liabilities	27	15.63	18.16
Provisions	28	11.14	14.08
Current tax liabilities (net)	29	2.23	-
Total current liabilities		**661.37**	**606.41**
Total liabilities		**1,169.28**	**1,146.52**
Total equity and liabilities		**2,149.30**	**2,117.52**
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

Rajiv Goyal
Partner
Membership No -094549

Place : Gurugram
Date: 07 May 2021

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

Rajan Dalal
Director
DIN: 00546264
Place : Mumbai
Date: 07 May 2021

C. S. Nopany
Executive Chairman
DIN: 00014587
Place : New York
Date: 07 May 2021

Updeep Singh Chatrath
President & CEO
Place : Mumbai
Date: 07 May 2021

Bipeen Valame
Whole time Director and CFO
DIN : 07702511
Place : Mumbai
Date: 07 May 2021

Manoj Contractor
Company Secretary
M.No. : A11661
Place : Mumbai
Date: 07 May 2021

Standalone Statement of Profit and Loss for the year ended 31 March, 2021

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

Particulars	Notes	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Revenue from operations	30	1,861.08	2,379.43
Other income	31	31.11	25.29
Total income		**1,892.19**	**2,404.72**
Expenses			
Cost of materials consumed	32	929.63	1,242.50
Purchase of stock-in-trade		34.38	94.38
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	81.88	1.99
Employee benefits expense	34	291.75	345.79
Finance costs	35	36.83	44.94
Depreciation and amortization expense	36	94.07	99.53
Other expenses	37	408.51	516.57
Total expenses		**1,877.05**	**2,345.70**
Profit before exceptional items and tax		**15.14**	**59.02**
Exceptional items	38	-	4.36
Profit before tax		**15.14**	**54.66**
Tax expense:	22B		
Current tax		1.26	9.53
Deferred tax		4.37	9.01
Tax expenses		**5.63**	**18.54**
Profit for the year		**9.51**	**36.12**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	22C	6.80	1.34
Tax relating to remeasurement of defined benefit plans		(2.38)	(0.45)
Total other comprehensive income for the year		**4.42**	**0.89**
Total comprehensive income for the year		**13.93**	**37.01**
Earnings per equity share of face value of Rs. 1 each	39		
Basic and diluted (in Rs.)		0.58	2.20
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

Rajiv Goyal
Partner
Membership No -094549

Place : Gurugram
Date: 07 May 2021

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

Rajan Dalal
Director
DIN: 00546264
Place : Mumbai
Date: 07 May 2021

C. S. Nopany
Executive Chairman
DIN: 00014587
Place : New York
Date: 07 May 2021

Updeep Singh Chatrath
President & CEO
Place : Mumbai
Date: 07 May 2021

Bipeen Valame
Whole time Director and CFO
DIN : 07702511
Place : Mumbai
Date: 07 May 2021

Manoj Contractor
Company Secretary
M.No. : A11661
Place : Mumbai
Date: 07 May 2021

Standalone Statement of Cash Flows for the year ended 31 March, 2021

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

CIN No: L17124RJ2005PLC020927

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
A. Cash flow from operating activities		
Profit before tax	15.14	54.66
Adjustments for :-		
Depreciation and amortization expense	94.07	99.53
Profit on sale/discard of property, plant and equipment (net)	(1.52)	(0.22)
Finance cost	36.83	44.94
Dividend from preference shares	-	(4.05)
Interest income	(9.72)	(9.89)
Deferred government grants	(1.13)	(0.98)
Net fair value gain on financial assets measured at FVTPL	(0.13)	1.28
Provision for doubtful debts	-	3.06
Provision for Expected credit loss	1.70	-
Unrealised (gain)/ loss on foreign currency fluctuations (net)	(4.21)	-
Fair value (gain)/ loss on derivatives	(10.93)	11.31
Provision for doubtful claims written back	(0.77)	-
Sundry credit balances written back (net)	(0.82)	(0.73)
Operating profit before working capital changes	**118.51**	**198.91**
Net change in		
Inventories	7.57	94.73
Trade receivables	(18.40)	34.12
Other financial assets	(11.55)	6.50
Other assets	6.50	2.63
Trade payables	0.09	(0.52)
Other financial liabilities	(1.28)	(0.02)
Provisions	3.19	(0.98)
Other liabilities	(2.53)	2.18
Cash generated from operations	**102.10**	**337.55**
Income tax paid (net of refund)	(1.69)	(17.55)
Net cash from operating activities	**100.41**	**320.00**
B. Cash flow from investing activities		
Increase in deposits with banks	0.24	0.08
Interest received	7.31	10.00
Purchase of right-of-use of assets	-	(0.46)
Dividend received from preference shares	-	4.05
Purchase of property, plant and equipment	(101.09)	(241.93)
Investment in equity shares of foreign subsidiary company	(8.84)	-
Proceeds from redemption of preference shares	-	24.35
Proceeds from sale of property, plant and equipment	2.38	0.22
Grants/subsidy from government	0.11	(1.46)
Net cash used in investing activities	**(99.89)**	**(205.15)**

Standalone Statement of Cash Flows for the year ended 31 March, 2021

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

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
C. Cash flow from financing activities		
Net proceeds/ (repayment) of long term borrowings	(11.61)	40.28
Net proceeds/ (repayment) of short term borrowings	54.73	(95.40)
Finance costs (net of interest subsidies)	(33.09)	(45.21)
Repayment of lease liabilities	(0.04)	(0.04)
Dividend paid (including dividend distribution tax)	(4.91)	(12.84)
Net cash used in financing activities	**5.08**	**(113.21)**
Net increase/ (decrease) in cash and cash equivalents	**5.60**	**1.64**
Cash and cash equivalents at the beginning of the year*	2.76	1.12
Cash and cash equivalents at the end of the year*	8.36	2.76
	5.60	**1.64**

* Refer note 11 for details.

Notes:

1 The Cash flow statement has been prepared in accordance with 'Indirect Method' as set out in Ind AS-7 -'Statement of Cash Flows', as notified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder.

2 Changes in liabilities arising from financing activities

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening balance of borrowings		
Term loan (including current maturities)	579.27	538.99
Current borrowings	285.45	380.85
Cash flows*		
Repayment of term loan	(125.58)	(105.47)
Proceeds from term loan	113.02	145.75
Change in current borrowings (net)	47.58	(95.40)
Closing balance of borrowings		
Term loan (including current maturities)	566.71	579.27
Current borrowings	333.03	285.45

* 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

Rajan Dalal
Director
DIN: 00546264
Place : Mumbai
Date: 07 May 2021

C. S. Nopany
Executive Chairman
DIN: 00014587
Place : New York
Date: 07 May 2021

Updeep Singh Chatrath
President & CEO
Place : Mumbai
Date: 07 May 2021

Place : Gurugram
Date: 07 May 2021

Bipeen Valame
Whole time Director and CFO
DIN : 07702511
Place : Mumbai
Date: 07 May 2021

Manoj Contractor
Company Secretary
M.No. : A11661
Place : Mumbai
Date: 07 May 2021

Standalone Statement of Changes in Equity for the year ended 31 March, 2021

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

(a) Equity share capital

Particulars	For the year ended 31 March, 2021		For the year ended 31 March, 2020	
	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
Change in equity share capital during the year	-	-	-	-
Balance at the end of the year	**16,38,28,620**	**16.38**	**16,38,28,620**	**16.38**

(b) Other equity

Particulars	Reserves and surplus			Total
	General reserve	Retained earnings	Other comprehensive income	
Balance as at 31 March 2019	**185.06**	**742.86**	**2.53**	**930.45**
Profit for the year as per statement of profit and loss	-	36.12	-	36.12
Other comprehensive income for the year	-	-	0.89	0.89
Total comprehensive income for the year	**-**	**36.12**	**0.89**	**37.01**
Transfer to general reserve	4.00	(4.00)	-	-
Dividend paid	-	(10.65)	-	(10.65)
Dividend distribution tax	-	(2.19)	-	(2.19)
Balance as at 31 March 2020	**189.06**	**762.14**	**3.42**	**954.62**
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**

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

Rajiv Goyal
Partner
Membership No -094549

Place : Gurugram
Date: 07 May 2021

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

Rajan Dalal
Director
DIN: 00546264
Place : Mumbai
Date: 07 May 2021

C. S. Nopany
Executive Chairman
DIN: 00014587
Place : New York
Date: 07 May 2021

Updeep Singh Chatrath
President & CEO
Place : Mumbai
Date: 07 May 2021

Bipeen Valame
Whole time Director and CFO
DIN : 07702511
Place : Mumbai
Date: 07 May 2021

Manoj Contractor
Company Secretary
M.No. : A11661
Place : Mumbai
Date: 07 May 2021

Notes to the Standalone Financial Statements for the year ended 31 March, 2021

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 07 May 2021.

2.2 Basis of measurement

The standalone financial statements have been prepared under the historical cost basis except for the following items: -

- Defined benefit liability/(assets): Fair value of plan assets less present value of defined benefit obligation
- Certain financial assets and liabilities (including financial instrument) – measured at Fair value;
- Other financial assets and liabilities- measured at amortised cost.

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in the financial statements is determined on such a basis, except measurements that have some similarities to fair value but are not fair value, such as net realizable value in inventories or value in use in impairment of assets. The basis of fair valuation of these items is given as part of their respective accounting policies.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, as described below:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- **Level 2** inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- **Level 3** inputs are unobservable inputs for the asset or liability.

2.3 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for the period ended is included below:

- Measurement of defined benefit obligations: key actuarial assumptions; (note 44)
- Recognition of deferred tax assets: availability of future taxable profit against which Minimum Alternative Tax (MAT) credit can be used (note 22A)
- Useful life and residual value of property, plant and equipment, and intangible assets
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources (note 40)
- Impairment of financial assets: key assumptions used in estimating recoverable cash flows (note 46)
- Impairment of non-financial assets: key assumptions used in estimating recoverable amount (note 5B and 51)

2.4 Classification of assets and liabilities as current and non- current

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

An liability is treated as current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax liabilities are classified as non-current liabilities.

The operating cycle is the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.5 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost of an item of property, plant and equipments comprises its purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred up to the date when the assets are ready to use.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate item (major components) of property, plant and equipment.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation on property, plant and equipment is calculated on straight line method and is recognized in the statement of profit and loss. The rates are

Notes to the Standalone Financial Statements *(contd.)*

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 5 years against useful life of 4 years as per Companies Act, 2013.

Amortisation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the statement of profit and loss when the asset is derecognised.

2.7 Non-current assets (or disposal groups) held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

2.8 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate assets belongs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

Impairment loss in respect of assets is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the statement of profit and loss.

2.9 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use or sale.

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the effective interest rate (EIR) method over the term of the loan.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

2.10 Foreign currency transactions

The financial statements are presented in Indian Rupees ('INR'), which is also the Company's functional currency. All amounts have been rounded off to the nearest crores, except share data and as stated otherwise.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of the following:

Exchange difference on foreign currency borrowings included in the borrowing cost when they regarded as an adjustment to interest costs on those foreign currency borrowings.

Conversion

Foreign currency monetary items are reported

Notes to the Standalone Financial Statements *(contd.)*

using the closing foreign currency exchange rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

2.11 Employee benefits

a. Short term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme and also towards superannuation scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

c. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

For defined benefit plan, the cost of providing benefits is determined annually by an independent actuary using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income (OCI) in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment. Net interest is recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement of net defined benefit liability

The defined benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in 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.

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.

Notes to the Standalone Financial Statements *(contd.)*

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 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 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).

Notes to the Standalone Financial Statements *(contd.)*

c. **Investments in Subsidiaries**

Investments in Subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when: The rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, financial instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

d **Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Derecognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when and only when there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.19 Income tax

Income tax expense comprises current and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to items recognised directly in equity or in other comprehensive Income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimates of the tax amount expected to be paid on received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and liabilities are offset only if, the Company:

a) Has a legally enforceable right to set off the recognised amounts; and

b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current

Notes to the Standalone Financial Statements *(contd.)*

tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Minimum Alternative Tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset the said asset is created by way of credit to the statement of profit and loss and included in deferred tax assets. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

2.20 Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Company have been identified as being the chief operating decision maker by the management of the Company. Refer note 41 for segment information presented.

2.22 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents is as defined above, net of outstanding bank overdrafts.

2.23 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.24 Dividend

The Company recognises a liability to make distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.25 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 01 April 2021.

Notes to the Standalone Financial Statements *(contd.)*

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

3. Property, Plant and equipments

3A. Property, Plant and equipments

Particulars	Freehold Land	Leasehold Land	Buildings (refer note 2)	Plant and equipments	Vehicles	Furniture and Fixtures	Office Equip-ments	Total
Gross Block								
Balance as at 31 March 2019	38.53	3.90	463.04	886.44	11.10	11.89	7.68	1,422.58
Transition impact of Ind AS 116	-	(3.90)	-	-	-	-	-	(3.90)
Restated cost as at 01 April 2019	**38.53**	**-**	**463.04**	**886.44**	**11.10**	**11.89**	**7.68**	**1,418.68**
Additions	-	-	23.15	49.96	1.22	0.89	3.24	78.46
Disposals	-	-	-	1.06	0.12	0.03	0.02	1.23
Balance as at 31 March 2020	**38.53**	**-**	**486.19**	**935.34**	**12.20**	**12.75**	**10.90**	**1,495.91**
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**
Accumulated Depreciation								
Balance as at 31 March 2019	-	0.20	43.59	311.64	4.46	4.98	4.68	369.55
Transition impact of Ind AS 116	-	(0.20)	-	-	-	-	-	(0.20)
Restated cost as at 01 April 2019	**-**	**-**	**43.59**	**311.64**	**4.46**	**4.98**	**4.68**	**369.35**
Additions	-	-	13.57	81.77	1.34	1.29	1.20	99.17
Disposals	-	-	-	0.45	0.07	0.03	0.02	0.57
Balance as at 31 March 2020	**-**	**-**	**57.16**	**392.96**	**5.73**	**6.24**	**5.86**	**467.95**
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**
Net Block								
Balance as at 31 March 2020	**38.53**	**-**	**429.03**	**542.38**	**6.47**	**6.51**	**5.04**	**1,027.96**
Balance as at 31 March 2021	**38.53**	**-**	**470.16**	**656.63**	**5.94**	**6.18**	**4.62**	**1,182.06**

Notes

1. In case of Kathua leasehold land having carrying value as at 31 March 2021 and 31 March 2020 Rs.2.48 crore and Rs.2.51 crore respectively (Original cost Rs. 2.92 crore) and in case of Baddi unit freehold land having carrying value as at 31 March 2021 and 31 March 2020 Rs 0.08 crore (Original cost Rs.0.08 crore) are pending for registration in the name of the company.
2. Building, includes share of the company in a premises at Haridwar (jointly owned with others) having carrying value as at 31 March 2021 Rs.0.63 crore and 31 March 2020 Rs.0.64 crore respectively (Original Cost Rs. 1.23 crore as at 31 March 2021 and Rs.1.23 crore as at 31 March 2020)
3. Borrowing cost capitalized amounting to Rs.10.38 crore (31 March 2020 Rs.7.29 crore) under the head plant and equipment, building and capital work-in-progress (refer note 43)
4. Property, plant and equipment given as security for borrowings refer note 19 (a)
5. Refer note no 51

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.42.11 crores (31 March 2020 : Rs.176.42 crores)

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

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening Balance	11.97	-
Salaries , Wages and Bonus	5.32	2.91
Contribution to Provident and other funds	0.21	-
Cost of materials consumed	36.14	-
Consumption of stores & spares	3.49	0.20
Power and fuel	7.13	0.23
Insurance	0.14	0.21
Miscellaneous Expenses	1.27	2.72
Interest Expenses	10.38	7.29
Freight & Forwarding	0.76	-
Total	76.81	13.56
Less: Revenue from operations*	35.63	-
Pre-operative expenses and trial run expenses	41.18	13.56
Less : Capitalised to respective property, plant and equipment	39.42	1.59
Closing balance	**1.76**	**11.97**

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

3C. Right-of-use assets*

Particulars	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**

Particulars	Gross Block				Depreciation				Net Block	
	As at 31 March, 2019	Transition impact of Ind AS 116	Additions	As at 31 March, 2020	As at 31 March, 2019	Transition impact of Ind AS 116	Additions	As at 31 March, 2020	As at 31 March, 2020	As at 31 March, 2019
Right-of-use assets	-	3.90	0.46	4.36	-	0.20	0.06	0.26	4.10	-
	-	**3.90**	**0.46**	**4.36**	**-**	**0.20**	**0.06**	**0.26**	**4.10**	**-**

*Refer note 47 for lease liability

Notes to the Standalone Financial Statements *(contd.)*

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

4. Intangible Assets

	Gross Block				Depreciation				Net Block	
	As at 31 March, 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**

	Gross Block				Depreciation				Net Block	
	As at 31 March, 2019	Additions	Disposals	As at 31 March, 2020	As at 31 March, 2019	Additions	Disposals	As at 31 March, 2020	As at 31 March, 2020	As at 31 March, 2019
Software	1.55	1.66	-	3.21	0.60	0.30	-	0.90	2.31	0.95
	1.55	**1.66**	**-**	**3.21**	**0.60**	**0.30**	**-**	**0.90**	**2.31**	**0.95**

Additional disclosure as per previous GAAP

	As at 31 March, 2020			As at 31 March, 2021		
	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block
Tangible assets						
Freehold land	38.54	0.01	38.53	38.54	0.01	38.53
Buildings	541.87	112.84	429.03	597.11	126.95	470.16
Plant and equipment	1,492.35	949.97	542.38	1,670.57	1,013.94	656.63
Vehicles	14.62	8.15	6.47	14.88	8.94	5.94
Furniture and fixtures	19.24	12.73	6.51	20.20	14.02	6.18
Office equipments	16.50	11.46	5.04	17.48	12.86	4.62
Leasehold land	-	-	-	-	-	-
Right-of-use assets	4.92	0.82	4.10	4.92	0.88	4.04
Total	**2,128.04**	**1,095.98**	**1,032.06**	**2,363.70**	**1,177.60**	**1,186.10**
Capital work-in-progress	176.42	-	176.42	42.11	-	42.11
Total	**2,304.46**	**1,095.98**	**1,208.48**	**2,405.81**	**1,177.60**	**1,228.21**

Intangible Assets

	As at 31 March, 2020			As at 31 March, 2021		
	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block
Intangible assets						
Software	8.07	5.76	2.31	8.63	6.19	2.44
Total	**8.07**	**5.76**	**2.31**	**8.63**	**6.19**	**2.44**

Notes to the Standalone Financial Statements *(contd.)*

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

5. Non current investments

	As at 31 March, 2021	As at 31 March, 2020
A. Investment in equity instruments (fully paid-up) valued at FVTPL		
Unquoted		
50 (31 March 2020: 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 2020: 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		
5,700 (31 March 2020: 4,500) equity shares of Sutlej Holdings Inc. of USD 1,000 each	39.48	30.64
	39.48	**30.64**
Total investments cost (A+B)	**39.48**	**30.64**

Note :

The Company held investments in subsidiary which has further invested in a step-down subsidiary. Company assesses at each reporting date if there is an indication, based on either internal or external sources of information, that investments in subsidiary including step down subsidiary may be impaired in terms of Ind AS 36 ""Impairment of Assets"". Where such indicators exist, management performs impairment testing.

In performing such impairment assessments, Company compared the carrying value of each of the identifiable cash generating units ("CGUs") to which investments in subsidiary including step down subsidiary have been allocated with their respective recoverable amounts. The recoverable amount of the CGUs, which is based on the value in use derived from discounted forecast cash flow models to determine if any impairment loss should be recognized.

On account of losses during the current year and previous year and erosion of net worth in step down subsidiary, Company has carried out the impairment assessment of the aforesaid CGU using value in use model which is based on the net present value of the future cash flows, after considering current economic conditions and trends, estimated future operating results, growth rates and anticipated future economic conditions. The Company believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit. Accordingly, impairment loss is not recognised.

Following key assumptions were considered while performing Impairment testing:

Long term growth rate	1.75%	1.75%
Revenue growth rate	4%-8%	4%-8%
Weighted average cost of capital	8.36%	11.50%

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, 2021	As at 31 March, 2020
C. Investment in preference shares (fully paid up) [refer note 46(I)] valued at FVTPL		
Unquoted		
1,300,000 (31 March 2020: 1,300,000) 8.5% Non-Convertible Cumulative Redeemable Preference shares in Palash Securities Limited of Rs 10 each	0.92	0.79
Total investments measured at FVTPL	**0.92**	**0.79**
Aggregate value of unquoted investment (A+B+C)	**40.40**	**31.43**
Aggregate value of impairment in the value of investments	-	-
Movement of investment in preference shares		
Opening balance	0.79	26.42
Change in fair value of preference shares	0.13	(1.28)
Investment redeemed during the year of Avadh Sugar & Energy Limited	-	(24.35)
Closing balance	**0.92**	**0.79**

6. Loans - Non Current

	As at 31 March, 2021	As at 31 March, 2020
Unsecured, considered good unless otherwise stated		
Security deposits	5.67	8.48
	5.67	**8.48**

7. Non current tax assets (net)

	As at 31 March, 2021	As at 31 March, 2020
Income tax receivable	6.03	5.75
	6.03	**5.75**

8. Other non-current assets

	As at 31 March, 2021	As at 31 March, 2020
Unsecured, considered good unless otherwise stated		
Capital advances	2.02	18.37
Balances with government authorities	3.98	-
Prepaid expenses	0.15	0.07
	6.15	**18.44**

Notes to the Standalone Financial Statements *(contd.)*

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

9. Inventories*

	As at 31 March, 2021	As at 31 March, 2020
(Valued at lower of cost and net realisable value)		
Raw materials	243.63	179.49
Dyes and chemicals	9.16	7.46
Work-in-progress	76.75	87.09
Finished goods	101.74	163.09
Stock in trade	1.53	2.38
Stores, spare-parts and consumables	14.89	16.95
Wastage material	5.21	4.02
	452.91	**460.48**
Goods in transit included in above inventories are as under :		
Raw materials	8.02	1.93
Stores, spare-parts and consumables	0.65	0.27

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

*Refer note no. 38 and 52

10. Trade receivables

	As at 31 March, 2021	As at 31 March, 2020
Trade Receivables considered good, Unsecured - Others*	275.34	261.23
Trade Receivables credit impaired	2.36	4.52
	277.70	265.75
Less: Allowance for credit impairment	(2.36)	(4.52)
	275.34	**261.23**

Note

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

(b) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Further no trade or other receivables are due from firms or private companies respectively in which any director is a partner, or director or member.

(c) The Company's exposure to credit and currency risk, and loss allowances related to trade receivables is disclosed in note 46.

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

11. Cash and cash equivalents

	As at 31 March, 2021	As at 31 March, 2020
Balances with banks:		
- In current accounts	8.21	2.26
Cash on hand	0.15	0.50
	8.36	**2.76**

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, 2021	As at 31 March, 2020
Earmarked balances with banks:		
Unpaid dividend account	1.13	1.19
Deposits with remaining maturity for more than 3 months but less than 12 months	0.33	0.51
	1.46	**1.70**

13. Loans (Current)

	As at 31 March, 2021	As at 31 March, 2020
Unsecured, considered good unless otherwise stated		
Security deposits	0.01	0.01
	0.01	**0.01**

14. Other current financial assets

	As at 31 March, 2021	As at 31 March, 2020
Unsecured, considered good unless otherwise stated		
Insurance claim receivable*	9.55	1.61
Export benefit receivable - considered good	24.91	19.80
Government subsidies - considered good	30.94	24.81
Government subsidies - credit impaired	1.70	-
Less: Allowance for credit impairment	(1.70)	-
	30.94	**24.81**
Advances recoverable in cash or kind	3.43	7.48
Forward contract receivables	1.28	-
Interest accrued on deposits	0.04	0.08
	70.15	**53.78**

* Refer note 52

15. Other current assets

	As at 31 March, 2021	As at 31 March, 2020
Unsecured, considered good unless otherwise stated		
Balances with government authorities	31.82	46.72
Duty paid under protest	0.33	0.33
Prepaid expenses	2.79	3.27
Advances to suppliers	12.56	12.14
Prepaid Gratuity	4.48	-
	51.98	**62.46**

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, 2021	As at 31 March, 2020
Plant and equipments held for sale	0.19	0.21
	0.19	**0.21**

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, 2021	As at 31 March, 2020
Authorised:		
500,000,000 equity shares of Rs.1/- each (31 March 2020: 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 2020: 163,828,620 of Rs.1/- each)	16.38	16.38
	16.38	**16.38**

a. **Terms and rights attached to equity shares**

Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. There is no restriction on distribution of dividend. However, distribution of dividend is subject to the approval of the shareholders in the Annual General Meeting.

b. **Reconciliation of number of shares outstanding at the beginning and end of the year :**

	As at 31 March, 2021		As at 31 March, 2020	
	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)

17. Equity Share capital *(contd...)*

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

	As at 31 March, 2021		As at 31 March, 2020	
	No. of shares	Percentage	No. of shares	Percentage
Uttar Pradesh Trading Company Limited.	3,04,16,970	18.57%	3,04,16,970	18.57%
Hargaon Investment & Trading Company Limited	1,71,13,960	10.45%	1,71,13,960	10.45%
New India Retailing and Investment Limited	1,70,63,040	10.42%	1,70,63,040	10.42%
Yashovardhan Investment and Trading Company Limited	1,48,68,360	9.08%	1,48,68,360	9.08%
Birla Institute of Technology and Science	1,12,86,580	6.89%	1,12,86,580	6.89%
The Hindustan Times Limited	98,03,690	5.98%	-	-
Earthstone Holding (Two) Private Limited	-	-	98,03,690	5.98%
Ronson Traders Limited	97,23,730	5.94%	97,23,730	5.94%

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

18. Other equity

		As at 31 March, 2021	As at 31 March, 2020
a.	**General reserve**		
	Balance at the beginning of the year	189.06	185.06
	Add: Amount transferred from retained earnings	1.00	4.00
	Balance at the end of the year	**190.06**	**189.06**
b(i).	**Retained earnings**		
	Balance at the beginning of the year	762.14	742.86
	Profit for the year	9.51	36.12
	Less: Dividend on equity shares (including tax thereon)	(4.91)	(12.84)
	Less: Amount transferred to general reserve	(1.00)	(4.00)
		765.74	**762.14**
b(ii).	**Other comprehensive income**		
	Balance at the beginning of the year	3.42	2.53
	Addition during the year	4.42	0.89
	Balance at the end of the year	**7.84**	**3.42**
	Sub total (b(i)+ b(ii))	**773.58**	**765.56**
		963.64	**954.62**

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.

Notes to the Standalone Financial Statements *(contd.)*

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

18. Other equity *(contd...)*

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, 2021	For the year ended 31 March, 2020
Final dividend for the year ended 31 March 2020 Rs.0.30 per equity share of Rs. 1 each (31 March 2019 Rs. 0.65 per equity share of Rs.1 each)	4.91	10.65
Dividend distribution tax on final dividend	-	2.19
	4.91	**12.84**

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.

	As at 31 March, 2021	As at 31 March, 2020
Proposed final dividend for the year ended 31 March 2021 Rs.0.30 per equity share of Rs. 1 each * (Previous year Rs.0.30 per equity share of Rs. 1 each)	4.91	4.91
	4.91	**4.91**

* On 07 May 2021, the Board of Directors of the Company has recommended a final dividend of Rs.0.30 per share (face value of Rs. 1 per share) for the financial year ended 31 March 2021, subject to approval of the shareholders in the ensuing Annual General Meeting.

Notes to the Standalone Financial Statements *(contd.)*

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

19. Non - Current Borrowings

	As at 31 March, 2021	As at 31 March, 2020
Term loans (Secured)		
- From banks	439.07	469.55
	439.07	**469.55**

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, 2021	As at 31 March, 2020
Punjab National Bank, Kota	Quarterly	FY 2023-25	8.85	46.67	67.18
Bank of Maharashtra, Jaipur	Quarterly	FY 2026	7.50	118.69	143.66
Jammu & Kashmir Bank, Kathua	Quarterly	FY 2022-29	6.70 to 6.90	245.47	254.74
ICICI Bank, Kolkata	Quarterly	FY 2026	7.98	29.78	-
State Bank of India, Mumbai	Quarterly	FY 2023	9.25	4.13	6.63
United Bank of India, Delhi	Quarterly	FY 2024	-	-	7.10
HDFC Bank, Jaipur	Quarterly	FY 2023-26	7.05 to 7.90	121.97	100.34
				566.71	**579.65**
Less : Current maturities of long term debt (refer note 26)				127.64	110.10
				439.07	**469.55**

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, 2021	As at 31 March, 2020
Trade deposits	6.21	5.98
Retention money	-	4.22
Employee security deposits	0.03	0.04
Deferred payment liabilities	2.87	3.72
	9.11	**13.96**

21. Provisions

	As at 31 March, 2021	As at 31 March, 2020
Provisions for employee benefit		
Provision for compensated absenses (refer note 44)	9.74	10.41
	9.74	**10.41**

Notes to the Standalone Financial Statements *(contd.)*

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

22. Deferred Tax Liabilities (Net)

A. Movement in deferred tax balances

Particulars	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	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**

Particulars	As at 31 March, 2019	Recognized during the year	Utilised during the year	As at 31 March, 2020
Deferred tax assets				
MAT credit entitlement @	65.30	-	(7.71)	57.59
Disallowances u/s 43B of Income Tax Act, 1961	13.87	-	(0.90)	12.97
Provision for doubtful debts and others	1.52	1.37	-	2.89
Total (A)	**80.69**	**1.37**	**(8.61)**	**73.45**
Deferred tax liabilities				
Property, plant and equipment	109.67	1.77	-	111.44
Total (B)	**109.67**	**1.77**	**-**	**111.44**
Net deferred tax liability (B)-(A)	**28.98**	**0.40**	**8.61**	**37.99**

@ 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 2020-21.

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, 2021	For the year ended 31 March, 2020
Current tax expense		
Current tax	1.26	9.53
	1.26	**9.53**
Deferred tax expense		
Origination and reversal of temporary differences	4.37	9.01
	4.37	**9.01**
Tax Expense	**5.63**	**18.54**

C. Amounts recognised in other comprehensive income

Particulars	For the year ended 31 March, 2021			For the year ended 31 March, 2020		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Remeasurements of defined benefit liability	6.80	(2.38)	4.42	1.34	(0.45)	0.89
	6.80	**(2.38)**	**4.42**	**1.34**	**(0.45)**	**0.89**

D. Reconciliation of effective tax rate

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Profit before tax from operations	15.14	54.66
Tax using the Company's domestic tax rate @ 34.94 % (31 March 2020: 34.94%)	5.29	19.10
Tax effect of:		
Non-deductible expenses	0.50	2.51
Tax on exempt income	-	(0.97)
Tax incentives	-	(0.75)
Others	(0.16)	(1.34)
Income tax expenses reported in the statement of profit and loss	**5.63**	**18.54**
Effective tax rate	**37.19%**	**33.92%**

23. Other Non-Current Liabilities

	As at 31 March, 2021	As at 31 March, 2020
Deferred government grants (refer note 40 B (b))		
Capital subsidies on specific plant and machineries	6.19	6.44
Non-current portion of the gain on deferred payment liabilities	0.98	1.30
	7.17	**7.74**
Movement of deferred government grants is as below:		
Balance at the beginning of the year	6.44	7.42
Subsidy sanctioned during the year	1.00	-
Refund of subsidy	(0.12)	-
Grant amortized and transferred to statement of profit and loss	(1.13)	(0.98)
Balance at the end of the year	**6.19**	**6.44**

Notes to the Standalone Financial Statements *(contd.)*

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

24. Current Borrowings

	As at 31 March, 2021	As at 31 March, 2020
Loan repayable on demand (Secured)*		
- From banks	332.86	283.31
Bills discounted**	0.17	2.14
	333.03	**285.45**

* Working capital facilities from banks are secured/to be secured by hypothecation of moveable's including book debts, both present and future, of the units, ranking pari-passu inter se.

** Bills discounted are secured against the books debts which have been discounted.

25. Trade Payables

	As at 31 March, 2021	As at 31 March, 2020
Total outstanding dues of micro enterprises and small enterprises #	6.79	2.13
Total outstanding dues of creditors other than micro enterprises and small enterprises*	104.78	110.59
Total	**111.57**	**112.72**
Note		
The Company's exposure to credit and currency risk, and loss allowances related to trade payable is disclosed in note 46.		
* Trade payable includes due from related parties, refer note 45.		
# Dues to Micro Enterprises and Small Enterprises (as per the intimation received from vendors):		
a. Principal and interest amount remaining unpaid	6.79	2.13
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.	-	-
	6.79	**2.13**

Notes to the Standalone Financial Statements *(contd.)*

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

26. Other Financial Liabilities

	As at 31 March, 2021	As at 31 March, 2020
Current maturities of long-term debt (refer note 19) {Includes interest accrued and due on borrowings 31 March 2021: Rs 3.7 (31 March 2020: Rs 2.37)}	131.34	112.47
Unpaid dividend	1.13	1.19
Employees related liabilities	36.63	39.30
Forward contract payables	-	9.65
Creditors for capital goods	4.34	6.16
Current portion of deferred payment liabilities	1.25	1.25
Security deposits (Including Retention money)	6.75	1.01
Director's commission	0.26	0.25
Others	6.07	4.72
	187.77	**176.00**

27. Other Current Liabilities

	As at 31 March, 2021	As at 31 March, 2020
Contract liabilities	7.90	8.62
Statutory dues	7.41	9.22
Current portion of gain on deferred payment liabilities	0.32	0.32
	15.63	**18.16**

28. Provisions

	As at 31 March, 2021	As at 31 March, 2020
Provisions for employee benefit (refer note 44)		
Compensated absenses	3.37	3.77
Gratuity	0.25	2.55
Others (super annuation fund)	-	0.45
Others		
Others - contingencies	7.52	7.31
	11.14	**14.08**

Others - Contingencies

Provision for disputed statutory matters have been made, where the Company anticipates probable outflow. The amount of provision is based on estimate made by the Company considering the facts and circumstances of each case. The timing and amount of cash flow will be determined by the relevant authorities on settlement of cases.

The movement of provisions is presented below:

	31 March, 2021	31 March, 2020
Balance at the beginning of the year	7.31	12.57
Provision made during the year	0.21	0.96
Provision reversed during the year	(0.00)	(6.22)
Balance at the end of the year	**7.52**	**7.31**

Notes to the Standalone Financial Statements *(contd.)*

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

29. Current Tax Liabilities

	As at 31 March, 2021	As at 31 March, 2020
Provision for Income tax	2.23	-
	2.23	**-**

30. Revenue from operations @

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Sale of products (net of taxes)		
Manufactured goods	1,786.65	2,223.97
Traded goods	38.08	98.00
Total (i)	**1,824.73**	**2,321.97**
Sale of services		
Job processing	14.27	18.29
Others	4.29	19.07
Total (ii)	**18.56**	**37.36**
Total [(iii) = (i) + (ii)]	**1,843.29**	**2,359.33**
Other operating revenue		
Export incentives	17.79	20.10
Total (iv)	**17.79**	**20.10**
Revenue from operations [(iii) + (iv)]	**1,861.08**	**2,379.43**

@ Net of amount transferred to trial run expenses refer note 3B.

31. Other Income

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Interest income from financial assets measured at amortised cost		
- from bank deposits	0.02	0.05
- from others *	9.70	9.84
Dividend from preference shares (refer note 45)	-	4.05
Profit on sale/discard of property, plant and equipment (net)	1.52	0.22
Foreign currency transactions and translation (net)	12.33	-
Sundry credit balances written back (net)	0.82	0.73
Provision for doubtful debts written back (refer note 46 II (ii))	0.77	-
Insurance claims	0.27	0.21
Deferred government subsidies (refer note 23)	1.13	0.98
Miscellaneous income (including scrap sales)	4.55	9.21
	31.11	**25.29**

* Includes interest subsidy received pursuant to Government scheme for revival of business sector in Union Territory of Jammu and Kashmir, amounting to Rs.2.45 crores (31 March 2020 : Nil).

Notes to the Standalone Financial Statements *(contd.)*

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

32. Cost of materials consumed @

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Raw material consumed*	866.41	1,148.82
Consumption of dyes and chemicals	63.22	93.68
	929.63	**1,242.50**

@ Net of amount transferred to trial run expenses refer note 3B.

* Refer note 52

33. Changes in Inventories of finished Goods, Work-In-Progress and Stock In Trade

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Closing 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 (A)	**185.23**	**256.58**
Opening inventory		
Work-in-progress	87.09	76.94
Finished goods	163.09	179.46
Stock- in- trade	2.38	2.50
Wastage material	4.02	3.25
Total (B)	**256.58**	**262.15**
Add:		
Inventories transferred from trial run production on 28.02.2021: (refer note 3B)		
Work-in-progress	1.49	-
Finished goods	8.69	-
Waste	0.35	-
Less : Insurance claim against Work-in-progress lost by fire .	-	(0.26)
Less: Write down of finished goods to Net realisable value transfer to exceptional item (refer note 38) (Previous year Insurance claim against Finished goods lost by fire).	-	(3.32)
Total (C)	**10.53**	**(3.58)**
Total (B-A+C)	**81.88**	**1.99**

34. Employee benefits expense

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Salaries and wages	262.03	310.27
Contribution to provident and other funds	27.48	32.38
Staff welfare expenses	2.24	3.14
	291.75	**345.79**

Net of amount capitalised refer note 3B

Notes to the Standalone Financial Statements *(contd.)*

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

35. Finance costs @

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Interest expenses #	34.46	40.55
Exchange difference on the principal amount of foreign currency borrowing. *	1.36	3.56
Other borrowing costs	1.01	0.83
	36.83	**44.94**

@ Net of amount capitalized refer note 43 and note 3B

Net of interest subsidies under various schemes amounting to Rs. 10.36 crores (31 March 2020 Rs. 14.40 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"

36. Depreciation and Amortisation Expense

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Depreciation on property, plant and equipment (refer note 3A)	93.59	99.17
Amortisation on intangible assets (refer note 4)	0.42	0.30
Depreciation on right-of-use assets (refer note 3C)	0.06	0.06
	94.07	**99.53**

37. Other expenses @

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Processing and job charges	2.07	3.47
Consumption of stores, spares and consumables	62.50	75.25
Power, fuel and water charges	184.16	243.49
Rent	1.14	1.07
Insurance	8.16	7.49
Rates and taxes	0.23	0.54
Repairs and maintenance:		
Buildings	6.97	6.67
Plant and machineries	26.08	31.16
Others	1.81	2.33
Freight and forwarding expenses	63.56	62.14
Selling commission and brokerage	20.16	22.66
Auditor's remuneration #	0.76	0.68
Charity and donation ##	0.21	3.01
Foreign currency transactions and translation (net)	-	8.77
Loss allowance for doubtful debts / write off (refer note 46 II (ii))	-	3.06
Provision for expected credit loss (refer note 14)	1.70	-
Director's commission and fees	0.45	0.56
Travelling expenses	0.51	7.58
Vehicle expenses	5.98	5.97
Corporate social responsibility expenses (refer below note)	1.92	2.79
Net fair value loss on financial assets measured at FVTPL	-	1.28
Miscellaneous expenses	20.14	26.60
	408.51	**516.57**

@ Net of amount capitalised refer note 3B.

Notes to the Standalone Financial Statements *(contd.)*

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

37. Other expenses @ *(contd.)*

 # Auditor's remuneration (net of taxes)

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
As auditor:		
Statutory audit fee	0.53	0.42
Tax audit fee	0.04	0.04
For limited review	0.12	0.12
Certification fee and other matters	0.04	0.01
Re-imbursement of expenses	0.03	0.09
	0.76	**0.68**

31 March 2020 includes Rs. 3.00 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, 2021	For the year ended 31 March, 2020
(i) Gross amount required to be spend during the year	1.91	2.71
(ii) Amount spent during the year		
(a) Construction/ acquisition of any asset	0.15	0.65
(b) On purpose other than (a) above	1.77	2.14
	1.92	**2.79**

38. Exceptional Items

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Exceptional items*	-	4.36
	-	**4.36**

* Exceptional items amounting to Rs.4.36 for the year ended 31 March 2020 includes following in view of outbreak of COVID-19 and resultant lockdown by the Government:

a. Write down of finished goods to net realizable value amounting to Rs.3.32 due to sharp decline in raw material prices.

b. Mark to market loss (MTM) of forward contracts due to non-execution of export orders amounting to Rs.0.69.

c. Interest and employee's costs capitalization for ongoing projects suspended due to lockdown amounting to Rs.0.35.

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

39. Earning per share

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Profit for the year	9.51	36.12
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.)	**0.58**	**2.20**

40. Contingent Liabilities and Commitments

A. Contingent liabilities (to the extent not provided for) in respect of:

	As at 31 March, 2021	As at 31 March, 2020
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	4.97	4.91
2. Other matters for which the Company is contingently liable:		
a) Demand raised by excise department for various matters	0.07	0.10
b) Demand raised by the income tax authorities	0.22	0.22
c) Bank Guarantee given to Dakshin Gujarat Vij Company Limited	1.67	-

3. Liability of customs duty towards export obligation undertaken by the Company under "Export Promotion Capital Goods Scheme (EPCG)" amounting to Rs. 17.60 (31 March 2020: Rs.31.23).

   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. 105.63 (31 March 2020: Rs.166.64) 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.

B. Commitments

	As at 31 March, 2021	As at 31 March, 2020
a) Estimated amount of contracts remaining to be executed on capital account [net of advances] not provided for	12.80	52.13

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.

Notes to the Standalone Financial Statements *(contd.)*

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

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, depreciation and tax (EBITDA) 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, 2021	For the Year ended 31 March, 2020	For the Year ended 31 March, 2021	For the Year ended 31 March, 2020	For the Year ended 31 March, 2021	For the Year ended 31 March, 2020
External revenues	1,784.32	2,265.55	77.36	114.08	1,861.68	2,379.63
Inter-segment revenue	0.60	-		0.20	0.60	0.20
Segment revenue	**1,783.72**	**2,265.55**	**77.36**	**113.88**	**1,861.08**	**2,379.43**
Segment result	68.97	128.41	(21.72)	(26.12)	47.25	102.29
Finance costs	-	-	-	-	36.83	44.94
Exceptional items (refer note 38)	-	-	-	-	-	4.36
Unallocated corporate income (net of expenses)	-	-	-	-	4.72	1.67
Profit before tax					**15.14**	**54.66**
Tax expense					5.63	18.54
Profit after tax					**9.51**	**36.12**

(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 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**
As at 31 March 2020						
Yarn	1,872.66	-	1,872.66	876.29	-	876.29
Home textiles	204.69	-	204.69	97.36	-	97.36
Unallocated	-	40.17	40.17	-	172.87	172.87
Total	**2,077.35**	**40.17**	**2,117.52**	**973.65**	**172.87**	**1,146.52**

	Capital expenditure	
	Segement capital expenditure	Total capital expenditure
As at 31 March 2021		
Yarn	100.39	100.39
Home textiles	14.40	14.40
Total	**114.79**	**114.79**
As at 31 March 2020		
Yarn	201.97	201.97
Home textiles	34.99	34.99
Total	**236.96**	**236.96**

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, 2021	For the year ended 31 March, 2020
Domestic	1,207.75	1,632.23
E xport *	636.14	727.30
	1,843.89	**2,359.53**
Other operating income	17.79	20.10
Segment revenue	**1,861.68**	**2,379.63**
***Export**		
Bangladesh	115.41	92.58
Singapore	84.78	3.68
Turkey	60.66	147.49
Rest of the World	375.29	483.55
	636.14	**727.30**

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, 2021	As at 31 March, 2020
India	1,242.47	1,237.71
Rest of the world	-	-
	1,242.47	**1,237.71**

** Non-current assets exclude investments and tax assets

42. The Company's operations and financial statements for the year ended 31 March 2021 have been adversely affected due to Covid-19 pandemic. Therefore, Financial statements for year ended are not comparable to previous corresponding year. The revenue from operations and operating profit for the year ended have significantly decreased. The decrease is primarily attributable to COVID -19 related lockdown period, subsequent restrictions on gradual unlocking of economy and market volatility during the year. The Company has considered internal and external information while finalizing various estimates in relation to its standalone financial statement captions up to the date of approval of the standalone financial statement by the Board of Directors. The actual impact of the global pandemic may be different from that which has been estimated, as the COVID-19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions.

43. Borrowing cost

During the year, Company has capitalized borrowing cost amounting to Rs.10.38 crores (31 March 2020: Rs.7.29 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. 6.33% (31 March 2020 6.25%).

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, 2021	For the year ended 31 March, 2020
Contribution to provident fund	17.52	20.58
Contribution to employee's state insurance	3.87	5.01
Contribution to superannuation scheme	0.19	0.57

(ii) Defined benefit plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972 (as amended). Employees in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of completed years of service. Gratuity liabilty (other than for Baddi unit) is being contributed to the gratuity fund formed by the Company and in case of Baddi unit, company makes contributions to Group Gratuity cum Life Assurance Schemes administered by the LIC of India.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity

Notes to the Standalone Financial Statements *(contd.)*
(all amounts are in Rupees crore, unless otherwise stated)

44. Employee benefits *(contd.)*

were carried out at 31 March 2021. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Reconciliation of present value of defined benefit obligation:

Particulars	As at and for the year ended 31 March, 2021			As at and for the year ended 31 March, 2020		
	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	47.60	45.05	2.55	46.00	46.00	-
Amount Recognised in profit and loss						
Current service cost	5.92	-	5.92	6.22	-	6.22
Interest cost	3.33	(3.33)	-	3.56	(3.56)	-
	9.25	**(3.33)**	**5.92**	**9.78**	**(3.56)**	**6.22**
Remeasurement						
Actuarial loss (gain) arising from:						-
- Changes in financial assumptions	-	-	-	(1.18)	-	(1.18)
- Changes in experience adjustment	(4.07)	-	(4.07)	(1.57)	-	(1.57)
- Return on plan assets recognised in OCI	-	(2.73)	(2.73)	-	1.41	1.41
Total amount recognised in OCI	**(4.07)**	**(2.73)**	**(6.80)**	**(2.75)**	**1.41**	**(1.34)**
Contributions paid by the employer	-	5.71	-	-	2.15	-
Adjustments for previous year	-	0.19	-	-	0.18	-
Benefits paid	(6.37)	(6.37)	-	(5.43)	(5.43)	-
Interest income	-	6.07	-	-	2.15	-
Balance at the end of the year	**46.41**	**50.65**	**(4.24)**	**47.60**	**45.05**	**2.55**

B. Plan assets

For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the total plan assets:

Particulars	Amounts		% Composition	
	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2021	As at 31 March, 2020
State/ Govt. of India securities	15.20	16.93	30%	39%
Corporation Bonds/ Fixed deposits with Banks	2.16	1.93	4%	4%
Special Deposit Scheme with Bank	3.51	3.51	7%	8%
HDFC Group unit linked plan-Option B	21.13	15.42	42%	34%
Other Investments- UTI Master Shares	3.53	2.26	7%	5%
Life Insurance Corporation Fund	4.35	3.51	9%	8%
Others Refundable net	0.77	1.49	1%	3%
	50.65	**45.05**	**100%**	**100%**

Notes to the Standalone Financial Statements *(contd.)*

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

44. Employee benefits *(contd.)*

C. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

Particulars	As at 31 March, 2021	As at 31 March, 2020
Discount rate	7.00%	7.00%
Expected rate of future salary increase	5.50%	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 Company expects to pay Rs.7.27 crores (Previous year Rs.7.48 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.

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (50 basis points movement)	(2.15)	2.34	(2.70)	1.86
Expected rate of future salary increase (50 basis points movement)	2.36	(2.19)	1.88	(2.74)

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, 2021	As at 31 March, 2020
0 to 1 year	5.87	6.69
1 to 2 year	2.22	0.74
2 to 3 year	2.41	0.74
3 to 4 year	2.03	2.62
4 to 5 year	2.28	2.13
5 to 6 year	1.99	2.13
6 year onwards	29.61	32.55

44. Employee benefits *(contd.)*

F. Description of risk exposures:

Defined benefit plans expose the Company to below actuarial risks :

Changes in bond yields:	Decrease in bond yields will increase plan liabilities, although this will partially be offset by the increase in value of the plan assets.
Life expectancy:	Defined benefit obligaitons are to provide benefits for the life of the members of the plan, so increase in life expectancy will result in increase in plan's liabilities. This is particularly significant where inflationary increase results in higher sensitivity to the changes in life expectancy.
Asset Volatility	Asset volatility is the risk when assets underperform in comparison to the bond yield, then this create asset deficit.

45. Related Parties

A. Related parties and their relationships

i Key Managerial Personnel (KMP) and their relatives

Name	Relationship
Mr. C. S. Nopany	Executive Chairman
Mr. U. K. Khaitan	Non-executive Director
Mr. Amit Dalal	Non-executive Director
Mr. Rajan Dalal	Non-executive Director
Mr. Rajiv K.Podar	Non-executive Director
Ms. 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

Notes to the Standalone Financial Statements *(contd.)*

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

45. Related Parties *(contd.)*

B. Transactions with the above in the ordinary course of business

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
a) Remuneration to Key Managerial Personnel		
Mr. C S Nopany		
- Short-term employee benefits	1.50	2.75
Mr. S.K.Khandelia		
- Short-term employee benefits	4.63	6.19
- Post-employment benefits	-	0.02
Mr. Bipeen Valame		
- Short-term employee benefits	0.95	1.11
- post-employment benefits	0.04	0.06
b) Director sitting fees		
Mr. C S Nopany	0.02	0.03
Mr. U.K. Khaitan	0.02	0.04
Mr. Amit Dalal	0.03	0.05
Mr. Rajan Dalal	0.02	0.04
Mr. Rajiv K. Podar	0.02	0.04
Ms. Sonu Bhasin	0.02	0.03
Mr. Rohit Dhoot	0.02	0.03
Mr Ashok Mittal	0.02	0.02
c) Director commission		
Mr. U.K. Khaitan	0.04	0.04
Mr. Amit Dalal	0.04	0.04
Mr. Rajan Dalal	0.04	0.04
Mr. Rajiv K. Podar	0.04	0.04
Ms. Sonu Bhasin	0.04	0.04
Mr. Rohit Dhoot	0.04	0.04
Mr Ashok Mittal	0.04	0.04
d) Rent expenses		
Mr. C S Nopany	0.05	0.05
e) Transactions with Avadh Sugar & Energy Ltd		
Redemption of investment in preference shares	-	24.35
Reimbursement of expenses	0.42	0.33
Dividend income	-	4.05
f) Transactions with American Silk Mills, LLC		
Sales of goods	1.36	0.76
Consultancy fees	0.16	-
g) Transactions with Sutlej Holding Inc.		
Investment in equity shares	8.84	-
h) Contribution to Post employment benefit entity		
Sutlej Textiles and Industries Employee Gratuity Fund	5.71	2.15

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, 2021	As at 31 March, 2020
Investments		
Sutlej Holding Inc.	39.48	30.64
Trade Recievables		
American Silk Mills, LLC	0.52	0.51
Payables		
Rent		
Mr. C S Nopany	-	0.01
Avadh Sugar & Energy Limited		
Reimbursement of expenses	0.42	0.33
Post employment Benefit payables		
Mr. S.K.Khandelia	1.48	1.49
Mr. Bipeen Valame	0.29	0.25
Director Commission Payables:		
Mr. U.K. Khaitan	0.04	0.04
Mr. Amit Dalal	0.04	0.04
Mr. Rajan Dalal	0.04	0.04
Mr. Rajiv K. Podar	0.04	0.04
Ms. Sonu Bhasin	0.04	0.04
Mr. Rohit Dhoot	0.04	0.04
Mr Ashok Mittal	0.04	0.04
Payables		
Sutlej Textiles and Industries Employee Gratuity Fund	-	2.55
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

Particulars	As at 31 March, 2021		As at 31st March, 2020	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets				
Investments				
Equity shares of JNSB*	0.00	-	0.00	-
Equity Shares of Sutlej Holdings Inc	-	39.48	-	30.64
Preference shares	0.92	-	0.79	-
Non-current loans	-	5.67	-	8.48
Trade receivables	-	275.34	-	261.23
Cash and cash equivalents	-	8.36	-	2.76
Bank balances other than above	-	1.46	-	1.70
Current Loans	-	0.01	-	0.01
Other current financial assets	1.28	68.87	-	53.78
	2.20	**399.19**	**0.79**	**358.60**
Financial liabilities				
Non -Current Borrowings	-	439.07	-	469.55
Lease liabilities	-	0.46	-	0.46
Other non-current financial liabilities	-	9.11	-	13.96
Short terms borrowings	-	333.03	-	285.45
Trade payables	-	111.57	-	112.72
Other current financial liabilities	-	187.77	9.65	166.35
	-	**1,081.01**	**9.65**	**1,048.49**

*The total amount of investments in absolute value is Rs. 5,000 (31 March 2020: 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.

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 2021				
Financial assets				
Financial Investments at FVTPL				
Investments				
Equity shares of JNSB*	-	-	0.00	0.00
Preference shares	-	-	0.92	0.92
Derivative Assets	-	1.28	-	1.28
Total	**-**	**1.28**	**0.92**	**2.20**
As at 31 March 2020				
Financial assets				
Financial Investments at FVTPL				
Investments				
Equity shares of JNSB*	-	-	0.00	0.00
Preference shares	-	-	0.79	0.79
Financial liabilities				
Derivative liability	-	9.65	-	9.65
Total	**-**	**9.65**	**0.79**	**10.44**

*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)

Particulars	Unlisted equity shares*		Unlisted preference shares	
	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2021	As at 31 March, 2020
Balance at the beginning of the year	0.00	0.00	0.79	26.42
Redemption of Preference shares	-	-	-	(24.35)
Gain/(losses) recognised in statement of profit or loss	-	-	0.13	(1.28)
Balance at the end of the year	**0.00**	**0.00**	**0.92**	**0.79**

*The total amount of investments in absolute value is Rs. 5,000, but for reporting purpose rounded up to Rs. 0.0 crores.

Valuation inputs and relationships to fair value

Type of Financial Instruments	Fair Value as at		Significant unobservable inputs	Probability-weighted range
	31 March, 2021	31 March, 2020		
Unquoted preference shares in M/s Palash Securities Limited	0.92	0.79	Non dividend paying shares hence higher discount rate considered as per RBI Guideline	16% (31 March 2020: 16%)
Unquoted equity shares (In equity shares of Co-operative Bank: The Jhalawar Nagrik Sahkari Bank Ltd., Bhawanimandi*)	-	-	-	-

* The total amount of investments in absolute value is Rs. 5,000 (31 March 2020: Rs. 5000), for reporting purpose rounded up to Rs. 0.0 crores. Sensitivity analysis of unlisted equity shares has been ignored being not material.

Valuation process

The Company involves independent valuer to carry out the valuation of the investments, required for financial reporting purposes, including level 3 fair values. The main level 3 inputs for unlisted preference shares used by the Company are derived and evaluated as follows:

- Risk adjusted discount rates are estimated based on expected cash inflows arising from the instrument and the entity's knowledge of the business and how the current economic environment is likely to impact it.

Changes in level 2 and 3 fair values are analysed at the end of each reporting year.

Notes to the Standalone Financial Statements *(contd.)*

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

46. Financial instruments – Fair values and Risk Management *(contd.)*

C. Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Investment in equity shares of Sutlej Holdings Inc	39.48	39.48	30.64	30.64
Other non-current financial assets	5.67	5.67	8.48	8.48
Trade receivables	275.34	275.34	261.23	261.23
Cash and cash equivalents	8.36	8.36	2.76	2.76
Bank balances other than above	1.46	1.46	1.70	1.70
Current Loans	0.01	0.01	0.01	0.01
Other current financial assets	68.87	68.87	53.78	53.78
	399.19	**399.19**	**358.60**	**358.60**
Financial liabilities				
Borrowings	439.07	439.07	469.55	469.55
Lease liabilities	0.46	0.46	0.46	0.46
Other non-current financial liabilities	9.11	9.11	13.96	13.96
Short term borrowings	333.03	333.03	285.45	285.45
Trade payables	111.57	111.57	112.72	112.72
Other current financial liabilities	187.77	187.77	166.35	166.35
	1,081.01	**1,081.01**	**1,048.49**	**1,048.49**

II. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk and
- Market risk

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the processes to ensure that executive management controls risks through the mechanism of properly defined risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure. The Company monitor credit risk very closely both in domestic and export market. The Management impact analysis shows credit risk and impact assessment as low.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. 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.

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.)*

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

The carrying amount (net of loss allowances) of trade receivables is Rs. 275.34 (31 March 2020 Rs. 261.23).

Ageing of trade receivables is as below:

Particulars	Less than 6 months	6-12 months	More than 12 months	Total
As at 31 March 2021	272.16	2.79	0.39	275.34
As at 31 March 2020	253.92	6.93	0.38	261.23

During the year, the Company has made no write-offs of trade receivables, it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off. The Company management also pursue all legal options for recovery of dues wherever necessary based on its internal assessment.

Reconciliation of loss allowance provision – Trade receivables

Particulars	For the Year ended 31 March, 2021	For the Year ended 31 March, 2020
Balance at the beginning of the year	(4.52)	(1.51)
Less :Provision for doubtful debts written back	0.77	-
Add: Provision for doubtful debts made	-	(3.01)
Bad debts	1.39	-
Balance at the end of the year	**(2.36)**	**(4.52)**

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

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

46. Financial instruments – Fair values and Risk Management *(contd.)*

involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

The Company have access to the following undrawn borrowing facilities as at reporting date:

Particulars	As at 31 March, 2021	As at 31 March, 2020
Floating rate		
Expiring within one year (credit limit and other facilities)	109.43	145.53
Expiring within one year (Term loans)	-	-
	109.43	**145.53**

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 11 months as at 31 March 2021 (31 March 2020 - 3 years and 9 months).

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and the impact of netting agreements.

Particulars	Carrying Amounts	Contractual cash flows			
		Total	Less than 12 months	1–5 years	More than 5 years
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 assets	**1081.01**	**1081.01**	**633.31**	**380.66**	**67.04**
As at 31 March 2020					
Non-derivative financial liabilities					
Borrowings	469.55	469.55	-	396.80	72.75
Lease liabilities	0.46	0.46	-	0.15	0.31
Other non-current financial liabilities	13.96	13.96	-	9.11	4.85
Short term borrowings	285.45	285.45	285.45	-	-
Trade payables	112.72	112.72	112.72	-	-
Other current financial liabilities	166.35	166.35	166.35	-	-
Total non-derivative liabilities	**1048.49**	**1048.49**	**564.52**	**406.06**	**77.91**
Derivative financial liabilities					
Foreign exchange forward contracts	9.65	9.65	9.65	-	-
Total derivative liabilities	**9.65**	**9.65**	**9.65**	**-**	**-**
Total financial liabilities	**1058.14**	**1058.14**	**574.17**	**406.06**	**77.91**

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

Notes to the Standalone Financial Statements *(contd.)*

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

46. Financial instruments – Fair values and Risk Management *(contd.)*

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company uses derivatives such as forward contracts to manage market risks on account of foreign exchange and various debt instruments on account of interest rates. All such transactions are carried out as per guidelines of the Management.

a. Currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD , EUR and GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (Rupees). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the Rupees cash flows of highly probable forecast transactions by hedging the foreign exchange inflows on regular basis. The Company also consults external experts for their views on the currency rates in volatile foreign exchange markets.

Currency risks related to payables and receivables denominated in foreign currencies have been partially hedged using forward contracts taken by the Company.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates whenever, necessary, to address short-term imbalances.

(i) Exposure to currency risk

The quantitative data about the Company's exposure to currency risk as reported by the management of the Company is as follows

Particulars	USD	EUR	GBP	CHF
31 March 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**
31 March 2020				
Financial assets/liabilities				
Trade receivables	1.76	0.00	0.00	-
Advances to suppliers	0.01	0.00	0.00	0.00
Foreign currency working capital borrowings	(2.02)	-	-	-
Trade Payables	(0.11)	(0.00)	-	-
Contract liabilities	(0.10)	(0.00)	0.00	-
Net statement of financial position exposure	**(0.47)**	**(0.00)**	**0.00**	**0.00**

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

46. Financial instruments – Fair values and Risk Management *(contd.)*

(ii) Unhedged foreign currency exposure

Particulars	USD	EUR	GBP	CHF
Net statement of financial position exposure				
31 March 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**
31 March 2020				
Financial assets/ liabilities				
Trade receivables	-	0.00	0.00	-
Advances to suppliers	0.01	0.00	0.00	0.00
Foreign currency working capital borrowings	(2.02)	-	-	-
Trade payables	(0.11)	(0.00)	-	-
Contract liabilities	(0.10)	(0.00)	-	-
Net statement of financial position exposure	**(2.23)**	**0.00**	**0.00**	**0.00**

(iii) Derivative instruments

Particulars	As at 31 March, 2021			As at 31 March, 2020		
	USD	EURO	GBP	USD	EURO	GBP
Forward Contract for export trade receivables outstanding	2.39	0.01	-	2.77	-	-

The following significant exchange rates have been applied

Particulars	Average Rates		Year end spot rates	
	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2021	As at 31 March, 2020
USD 1	74.07	71.02	73.11	75.32
EURO 1	86.73	78.92	85.71	82.98
GBP 1	97.31	90.17	100.71	93.51
CHF 1	80.37	78.18	77.50	78.38

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Rupees (Rs.) against foreign currencies at year end would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Profit or loss*		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 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)	-	-

Notes to the Standalone Financial Statements *(contd.)*

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

46. Financial instruments – Fair values and Risk Management *(contd.)*

Particulars	Profit or loss*		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2020				
USD (10% movement)	(0.05)	0.05	(0.03)	0.03
EURO (10% movement)	0.00	(0.00)	-	-
GBP (10% movement)	0.00	(0.00)	-	-
CHF (10% movement)	0.00	(0.00)	-	-

* 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 2020-21 and financial year 2019-20, the Company's borrowings at variable rates were denominated in Rupees.

Currently, the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

Particulars	Nominal Amount	
	As at 31 March, 2021	As at 31 March, 2020
Fixed-rate instruments		
Financial assets	-	-
Fixed deposits with banks	0.33	0.51
Financial liabilities	-	-
	0.33	**0.51**
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	903.44	867.47
	903.44	**867.47**

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and statement of profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Profit or loss		Equity, net of tax	
	50 basis points increase	50 basis points decrease	50 basis points increase	50 basis points decrease
31 March 2021				
Variable-rate instruments	(4.52)	4.52	(2.94)	2.94
Cash flow sensitivity	**(4.52)**	**4.52**	**(2.94)**	**2.94**
31 March 2020				
Variable-rate instruments	(4.33)	4.33	(2.82)	2.82
Cash flow sensitivity	**(4.33)**	**4.33**	**(2.82)**	**2.82**

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

46. Financial instruments – Fair values and Risk Management *(contd.)*

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

c. **Commodity price risks**

The Company is exposed to the risk of price fluctuations of raw materials, dyes and chemicals, work-in-progress and finished goods. The Company manages its commodity price risk by maintaining adequate inventory of raw materials, dyes and chemicals, work-in-progress and finished goods considering anticipated movement in prices. To counter raw materials price fluctuation risk, the Company works with varieties of fibers (natural and manmade) with the objective to moderate raw material cost, enhance application flexibility and increase product functionality and also invests in product development and innovation.

Inventory sensitivity analysis (raw material and dyes and chemicals)

A reasonably possible change of 10% in prices of inventory at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Inventories (raw materials, dyes and chemicals, work-in-progress and finished goods)	Profit or loss		Equity, net of tax	
	10% increase	10% decrease	10% increase	10% decrease
31 March 2021	43.13	(43.13)	28.06	(28.06)
31 March 2020	43.71	(43.71)	28.44	(28.44)

47. Lease liabilities

The following is the movement in lease liabilities during the year ended 31 March 2021:

Lease Liabilities	31 March 2021	31 March 2020
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 2021 on an undiscounted basis:

Maturity analysis – contractual undiscounted cash flows

Particulars	31 March 2021	31 March 2020
Less than one year	0.04	-
After one year but not longer than five years	0.21	0.25
More than five years	1.17	1.21
Total	**1.42**	**1.46**

Notes to the Standalone Financial Statements *(contd.)*

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

47. Lease liabilities *(contd.)*

Lease liabilities included in the statement of financial position at 31 March 2021

Particulars	31 March 2021	31 March 2020
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.

49. Disclosure u/s 186(4) of the Companies Act, 2013 :

a) **Particulars of Investments made:-**

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
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	0.92	0.79
2 Investment in Equity shares of Sutlej Holdings Inc. (wholly owned subsidiary) (Refer Note 5 B)		
Investment made during the year	8.84	-
Balance outstanding as at reporting date	39.48	30.64

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

50. Capital management

The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility. The Board of directors regularly review the Company's capital structure in light of the economic conditions, business strategies and future commitments. For the purpose of the Company's capital management, capital includes issued share capital and all other equity reserves. Debt includes short term and long term borrowings. During the financial year ended 31 March 2021, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

(i) Debt equity ratio:

Particulars	As at 31 March, 2021	As at 31 March, 2020
Net debt*	889.92	860.64
Total debt (A)	**889.92**	**860.64**
Equity share capital	16.38	16.38
Other equity	963.64	954.62
Total equity (B)	**980.02**	**971.00**
Debt equity ratio (C=A/B)	**0.91**	**0.89**

*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

Particulars	As at 31 March, 2021	As at 31 March, 2020
Profit after tax	9.51	36.12
Equity share capital	16.38	16.38
Other equity	963.64	954.62
Total equity	**980.02**	**971.00**
Return on equity ratio (%)	**0.97%**	**3.72%**

(iii) The Company's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.The weighted-average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 6.33 % (31 March 2020: 6.25%).

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

Notes to the Standalone Financial Statements *(contd.)*

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

valuation is calculated using certain assumptions i.e. prevailing market dynamics. The Company has also involved independent valuer to re assess fair valuation carried out by the valuer of the property, plant and equipment performed during the previous year. Basis reassessment, no impairment is required to be recognized in the standalone statement of profit and loss account.

52 There was an incident involving fire at Baddi plant where certain raw material inventories were damaged during the year. The Company has assessed the loss of inventory due to the said incident aggregating to Rs.9.06 crore. The said inventories were covered under valid insurance policy and the Company has lodged its initial assessment of the claim with the insurance company and survey is currently under progress. The Company is confident of realizing the amount claimed from Insurance Company as per the policy terms. Accordingly, an amount of Rs. 9.06 crore to the extent of carrying value has been netted off from loss on inventories due to fire recorded under consumption of raw material and presented as a claim receivable under "Other Current Financial Assets".

53 The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these standalone financial statements since the requirement does not pertain to financial year ended 31 March 2021.

54 During the year, the Company 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.

Signatures to Notes 1 to 54

The notes referred to above 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

Rajiv Goyal
Partner
Membership No -094549

Place : Gurugram
Date: 07 May 2021

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

Rajan Dalal
Director
DIN: 00546264
Place : Mumbai
Date: 07 May 2021

C. S. Nopany
Executive Chairman
DIN: 00014587
Place : New York
Date: 07 May 2021

Updeep Singh Chatrath
President & CEO
Place : Mumbai
Date: 07 May 2021

Bipeen Valame
Whole time Director and CFO
DIN : 07702511
Place : Mumbai
Date: 07 May 2021

Manoj Contractor
Company Secretary
M.No. : A11661
Place : Mumbai
Date: 07 May 2021

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 2021, 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 2021, of its consolidated loss 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 the Key Audit Matters

The Key Audit Matter	How the matter was addressed in our audit
Impairment of Damanganga - a cash generating unit ('CGU') See notes 2.10 and 53 to the consolidated financial statements The Damanganga cash generating unit (which includes property, plant and equipment with a carrying value of Rs 136.66 Crore as on 31 March 2021) is incurring losses due to increased input costs, competitive pressure and unfavorable market conditions. There is a risk that the carrying value of CGU is higher than the recoverable value, thereby triggering impairment.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: – Assessed the appropriateness of accounting policy for impairment as per relevant accounting standard; – Evaluated the design and implementation of key internal financial controls with respect to the assessment of impairment of Damanganga CGU including determination of recoverable value and tested the operating effectiveness of such controls; – Evaluated the objectivity, independence and competence of the valuation specialist engagement by the Group;

<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 basis reassessment of previous year fair valuation after considering changes in key assumptions wherever applicable. 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>– 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' 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.

As at 31 March 2021, the goodwill represents 0.74% of the total net assets.

The Consolidated Financial Statements reflect goodwill on acquisition of business and on consolidation of subsidiary (including its step down subsidiary). The process of annual impairment testing of goodwill is complex as it involves significant judgement in in estimating the recoverable amount. The recoverable amount has been derived from discounted forecast cash flow model. This model uses several key assumptions, including estimates of future sales volumes, prices, operating margin, growth rates and the discount rate (generally based on weighted-average cost of capital).

Given the significant level of judgement involved in making the above estimates and the quantitative significance of goodwill, we have determined this to be a key audit matter.</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.

– We assessed the business plan by comparing the growth rates to the market and assessed that the overall growth rates appear to be reasonable.

– 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 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 financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditor, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ 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 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 Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Other Matters

(a) We did not audit the financial statements of wholly owned subsidiary and step-down subsidiary (subsidiaries), whose financial statements reflect total assets (before consolidation adjustments) of Rs. 66.84 crores as at 31 March 2021, total revenues (before consolidation adjustments) of Rs. 24.58 crores and net cash flows outflow amounting to Rs. 5.02 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

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 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 2021 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 2021 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 2021 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 2021.

   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 2021.

   iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2021.

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 in excess of the limit laid down under Section 197 of the Act. Accordingly, the Company has obtained shareholder's approval by way of special resolution for such payments. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN: 21094549AAAACF3386

Place: Gurugram
Date: 07 May 2021

Annexure A to the Independent Auditors' report on the consolidated financial statements of Sutlej Textiles and Industries Limited for the period ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph A(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2021, 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 2021, 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 respective 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 registration number: 101248W/W-100022

Rajiv Goyal
Partner
Membership No. 094549
ICAI UDIN: 21094549AAAACF3386

Place: Gurugram
Date: 07 May 2021

Consolidated Balance Sheet as at 31 March, 2021

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

Particulars	Notes	As at 31 March, 2021	As at 31 March, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3A	1,182.30	1,028.57
Capital work-in-progress	3B	42.11	176.42
Right-of-use assets	3C	5.20	5.11
Goodwill	4	7.03	7.17
Other intangible assets	4	4.03	3.29
Intangible assets under development	4	0.01	0.41
Financial assets			
(i) Investments	5	0.92	0.79
(ii) Loans	6	5.89	8.59
Non-current tax assets (net)	7	6.03	5.75
Other non-current assets	8	6.16	18.44
Total non-current assets		**1,259.68**	**1,254.54**
Current assets			
Inventories	9	465.49	476.88
Financial assets			
(i) Trade receivables	10	275.95	262.47
(ii) Cash and cash equivalents	11	10.76	10.19
(iii) Bank balances other than (ii) above	12	1.46	1.71
(iv) Loans	13	0.01	0.01
(v) Other current financial assets	14	70.14	53.79
Other current assets	15	54.93	64.97
Assets classified as held for sale	16	0.19	0.21
Total current assets		**878.93**	**870.23**
Total assets		**2,138.61**	**2,124.77**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	16.38	16.38
Other equity	18	938.26	942.72
Total equity		**954.64**	**959.10**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	19	441.20	469.55
(ii) Lease liabilities	20	0.92	1.37
(iii) Other financial liabilities	21	9.11	13.96
Provisions	22	9.74	10.41
Deferred tax liabilities (net)	23A	42.72	38.24
Other non-current liabilities	24	7.17	7.74
Total non-current liabilities		**510.86**	**541.27**
Current liabilities			
Financial liabilities			
(i) Borrowings	25	338.57	291.43
(ii) Lease liabilities	20	0.72	0.14
(iii) Trade payables			
(a) Total outstanding dues of micro and small enterprises	26	6.79	2.13
(b) Total outstanding dues of creditors other than micro and small enterprises		109.90	121.37
(iv) Other financial liabilities	27	187.87	176.46
Other current liabilities	28	15.89	18.79
Provisions	29	11.14	14.08
Current tax liabilities (net)	30	2.23	-
Total current liabilities		**673.11**	**624.40**
Total liabilities		**1,183.97**	**1,165.67**
Total equity and liabilities		**2,138.61**	**2,124.77**
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: 07 May 2021

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

Rajan Dalal
Director
DIN: 00546264
Place : Mumbai
Date: 07 May 2021

C. S. Nopany
Executive Chairman
DIN: 00014587
Place : New York
Date: 07 May 2021

Updeep Singh Chatrath
President & CEO
Place : Mumbai
Date: 07 May 2021

Bipeen Valame
Whole time Director and CFO
DIN : 07702511
Place : Mumbai
Date: 07 May 2021

Manoj Contractor
Company Secretary
M.No. : A11661
Place : Mumbai
Date: 07 May 2021

Consolidated Statement of Profit and Loss for the year ended 31 March, 2021

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

Particulars	Notes	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Revenue			
Revenue from operations	31	1,884.03	2,416.65
Other income	32	31.12	25.37
Total income		**1,915.15**	**2,442.02**
Expenses			
Cost of materials consumed	33	933.33	1,252.09
Purchase of stock-in-trade		44.30	112.65
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	84.85	(1.88)
Employee benefits expense	35	302.11	356.44
Finance costs	36	37.77	45.70
Depreciation and amortization expense	37	95.58	101.10
Other expenses	38	415.13	525.22
Total expenses		**1,913.07**	**2,391.32**
Profit before exceptional items and tax		**2.08**	**50.70**
Exceptional items	39	-	4.36
Profit before tax		**2.08**	**46.34**
Tax expense:	23B		
Current tax		1.26	9.53
Deferred tax		4.48	9.11
Tax expenses		**5.74**	**18.64**
Profit for the year		**(3.66)**	**27.70**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	23C	6.80	1.34
Tax relating to remeasurement of defined benefit plans		(2.38)	(0.45)
Items that will be reclassified subsequently to profit and loss			
Exchange differences on translation of operations into reporting currency		(0.31)	1.50
Total other comprehensive income for the year		**4.11**	**2.39**
Total comprehensive income for the year		**0.45**	**30.09**
Earnings per equity share of face value of Rs 1 each	40		
Basic and diluted (in Rs.)		(0.22)	1.69
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: 07 May 2021

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

Rajan Dalal
Director
DIN: 00546264
Place : Mumbai
Date: 07 May 2021

C. S. Nopany
Executive Chairman
DIN: 00014587
Place : New York
Date: 07 May 2021

Updeep Singh Chatrath
President & CEO
Place : Mumbai
Date: 07 May 2021

Bipeen Valame
Whole time Director and CFO
DIN : 07702511
Place : Mumbai
Date: 07 May 2021

Manoj Contractor
Company Secretary
M.No. : A11661
Place : Mumbai
Date: 07 May 2021

Consolidated Statement of Cash Flows for the year ended 31 March, 2021

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

Particulars		For the year ended 31 March, 2021	For the year ended 31 March, 2020
A.	**Cash flow from operating activities**		
	Profit before tax	2.08	46.34
	Adjustments for :-		
	Depreciation and amortization expense	95.58	101.10
	Profit on sale/discard of property, plant and equipment (net)	(1.52)	(0.23)
	Finance cost	37.77	45.70
	Dividend from preference shares	-	(4.05)
	Interest received	(9.73)	(9.97)
	Deferred government grants	(1.13)	(0.98)
	Net fair value gain on financial assets measured at FVTPL	(0.13)	1.28
	Provision for doubtful debts	-	3.06
	Provision for expected credit loss	1.70	-
	Unrealised (gain)/ loss on foreign currency fluctuations (net)	(4.21)	-
	Fair value (gains)/ loss on derivatives	(10.93)	11.31
	Provision for doubtful claims written back	(0.77)	-
	Sundry credit balances written back (net)	(0.82)	(0.73)
	Operating profit before working capital changes	**107.89**	**192.83**
	Net change in		
	Inventories	11.39	88.58
	Trade receivables	(17.77)	39.25
	Other financial assets	(11.64)	6.47
	Other assets	6.06	0.55
	Trade payables	(5.57)	3.67
	Other financial liabilities	0.09	1.74
	Provisions	2.88	0.52
	Other liabilities	(2.90)	2.82
	Cash generated from operations	**90.43**	**336.43**
	Income tax paid (net of refund)	(1.69)	(17.55)
	Net cash from operating activities	**88.74**	**318.88**
B.	**Cash flow from investing activities**		
	Increase/ (decrease) in deposits with banks	0.25	0.07
	Interest received	7.32	10.09
	Purchase of right-of-use of assets	(1.14)	(2.52)
	Dividend received from preference shares	-	4.05
	Proceeds from redemption of preference shares	-	24.35
	Purchase of property, plant and equipment	(100.46)	(243.41)
	Proceeds from sale of property, plant & equipment	2.38	0.23
	Grants/ subsidy from government	0.11	(1.44)
	Net cash used in investing activities	**(91.54)**	**(208.58)**

Consolidated Statement of Cash Flows for the year ended 31 March, 2021

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

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
C. Cash flow from financing activities		
Net proceeds /(repayment) of long term borrowings	(10.81)	40.66
Net proceeds /(repayment) of short term borrowings	54.29	(89.42)
Finance costs (net of interest subsidies)	(34.12)	(46.02)
Repayment of lease liabilities	(1.08)	(1.01)
Dividend paid (previous year including dividend distribution tax)	(4.91)	(12.83)
Net cash used in financing activities	**3.37**	**(108.62)**
Net increase /(decrease) in cash and cash equivalents	**0.57**	**1.68**
Cash and cash equivalents at the beginning of the year *	10.19	8.51
Cash and cash equivalents at the end of the year *	10.76	10.19
	0.57	**1.68**

* Refer note 11 for details.

Notes:

1. The Cash flow statement has been prepared in accordance with 'Indirect Method' as set out in Ind AS-7- 'Statement of Cash Flows', as notified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder.

2. Changes in liabilities arising from financing activities

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening balance of borrowings		
Term loan (including current maturities)	579.65	538.99
Current borrowings	291.43	380.85
Cash flows*		
Repayment of term loan	(120.13)	(105.47)
Proceeds from term loan	113.02	146.13
Change in current borrowings (net)	47.14	(89.42)
Closing balance of borrowings		
Term loan (including current maturities)	572.54	579.65
Current borrowings	338.57	291.43

* 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

Rajan Dalal
Director
DIN: 00546264
Place : Mumbai
Date: 07 May 2021

C. S. Nopany
Executive Chairman
DIN: 00014587
Place : New York
Date: 07 May 2021

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President & CEO
Place : Mumbai
Date: 07 May 2021

Place : Gurugram
Date: 07 May 2021

Bipeen Valame
Whole time Director and CFO
DIN : 07702511
Place : Mumbai
Date: 07 May 2021

Manoj Contractor
Company Secretary
M.No. : A11661
Place : Mumbai
Date: 07 May 2021

Consolidated Statement of Changes in Equity for the year ended 31 March, 2021

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

(a) Equity share capital

Particulars	For the year ended 31 March, 2021		For the year ended 31 March, 2020	
	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
Change in equity share capital during the year	-	-	-	-
Balance at the end of the year	**16,38,28,620**	**16.38**	**16,38,28,620**	**16.38**

(b) Other equity

Particulars	Reserves and surplus			Total
	General reserve	Retained earnings	Other comprehensive income	
Balance as at 31 March 2019	185.06	735.64	4.76	925.46
Profit for the year as per statement of profit and loss	-	27.70	-	27.70
Other comprehensive income for the year	-	-	2.39	2.39
Total comprehensive income for the year	**-**	**27.70**	**2.39**	**30.09**
Transfer to general reserve	4.00	(4.00)	-	-
Dividend paid	-	(10.64)	-	(10.64)
Dividend distribution tax	-	(2.19)	-	(2.19)
Balance as at 31 March 2020	**189.06**	**746.51**	**7.15**	**942.72**
Profit for the year as per statement of profit and loss	-	(3.66)	-	(3.66)
Other comprehensive income for the year	-	-	4.11	4.11
Total comprehensive income for the year	**-**	**(3.66)**	**4.11**	**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**	**11.26**	**938.26**

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: 07 May 2021

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

Rajan Dalal
Director
DIN: 00546264
Place : Mumbai
Date: 07 May 2021

C. S. Nopany
Executive Chairman
DIN: 00014587
Place : New York
Date: 07 May 2021

Updeep Singh Chatrath
President & CEO
Place : Mumbai
Date: 07 May 2021

Bipeen Valame
Whole time Director and CFO
DIN : 07702511
Place : Mumbai
Date: 07 May 2021

Manoj Contractor
Company Secretary
M.No. : A11661
Place : Mumbai
Date: 07 May 2021

Notes to the Consolidated Financial Statements for the year ended 31 March, 2021

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 incorpora-tion	Percentage holding as at 31 March 2021	Percentage holding as at 31 March, 2020
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 07 May 2021.

2.2 Basis of consolidation:

The Company consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company and its subsidiary (including its step down subsidiary). Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiary are consolidated from the date control commences until the date control ceases. The financial statements of the Group is consolidated on a line-by-line basis and intra-group balances and transactions are eliminated upon consolidation. Consolidated financial statements are prepared using uniform accounting policies for the like transactions and other events in similar circumstances.

Consolidation procedure

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the

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.)*

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.

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/ 3 years and 6 years
Office equipment	5 years	5 years
Furniture and fixtures	5-10 years	10 years
Vehicles	8 years and 10 years	8 years and 10 year

Related to subsidiary and step down subsidiary of the parent Company:

Assets	Useful lives
Plant and equipment	3 to 5 years
Office equipment	3 to 5 years
Furniture and fixtures	3 to 5 years

Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions to or on disposal of assets is calculated on pro-rata basis. Leasehold land is being amortised over the period of lease tenure. Additions on rented premises (offices and guest houses) are being amortised over the period of rent agreement.

Individual assets costing below Rs. 5000 are fully depreciated in the year of purchase as these assets have no significant useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Capital work-in-progress

Capital work-in-progress includes assets in the course of construction for production and supply of goods or services or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalized.

2.8 Intangible assets

Intangible assets acquired separately are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method basis over the estimated useful life. Estimated useful life of the software is considered as 5 years against useful life of 4 years as per Companies Act, 2013.

Amortisation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised

Notes to the Consolidated Financial Statements *(contd.)*

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.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the statement of profit and loss.

2.11 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use or sale.

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the effective interest rate (EIR) method over the term of the loan.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

2.12 Foreign currency transactions

The Group's consolidated financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All amounts have been rounded off to the nearest crores, except share data and as stated otherwise.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of following:-

a. Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in the statement of profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in Other Comprehensive Income (OCI). These exchange differences are reclassified from equity to the statement of profit or loss on disposal of the net investment.

b. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.13 Employee benefits

a. Short term employee benefits

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Parent Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Notes to the Consolidated Financial Statements *(contd.)*

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.

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.

Sale 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.

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

Notes to the Consolidated Financial Statements *(contd.)*

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.

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.

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:

Notes to the Consolidated Financial Statements *(contd.)*

The rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Group applies the simplified approach as permitted by Ind AS 109, financial instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

c. **Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when and only when there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.21 Income tax

Income tax expense comprises current and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimates of the tax amount expected to be paid on received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and liabilities are offset only if, the Group:

a) Has a legally enforceable right to set off the recognised amounts; and

b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary 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.

Notes to the Consolidated Financial Statements *(contd.)*

In the year in which the MAT credit becomes eligible to be recognized as an asset the said asset is created by way of credit to the statement of profit and loss and included in deferred tax assets. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal income tax during the specified period.

2.22 Leases

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Group have been identified as being the chief operating decision maker by the Management of the Group. Refer note 42 for segment information presented.

2.24 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents is as defined above, net of outstanding bank overdrafts.

2.25 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.26 Dividend

The Group recognises a liability to make distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.27 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 01 April 2021.

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 2)	Plant and equipment	Vehicles	Furniture and Fixtures	Office Equip-ments	Lease improve-ments	Total
Gross Block									
Balance as at 31 March 2019	38.53	3.90	463.04	886.61	11.10	12.28	7.89	0.16	1,423.51
Transition impact of Ind AS 116 (refer note 2.22)	-	(3.90)	-	-	-	-	-	-	(3.90)
Restated cost as at 01 April 2019	**38.53**	**-**	**463.04**	**886.61**	**11.10**	**12.28**	**7.89**	**0.16**	**1,419.61**
Additions	-	-	23.15	50.02	1.22	0.96	3.42	0.14	78.91
Disposals	-	-	-	1.06	0.12	0.03	0.02	-	1.23
Balance as at 31 March 2020	**38.53**	**-**	**486.19**	**935.57**	**12.20**	**13.21**	**11.29**	**0.30**	**1,497.29**
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**
Accumulated Depreciation									
Balance as at 31 March 2019	-	0.20	43.59	311.75	4.45	5.06	4.72	0.01	369.78
Transition impact of Ind AS 116 (refer note 2.22)	-	(0.20)	-	-	-	-	-	-	(0.20)
Restated cost as at 01 April 2019	**-**	**-**	**43.59**	**311.75**	**4.45**	**5.06**	**4.72**	**0.01**	**369.58**
Additions	-	-	13.57	81.78	1.33	1.42	1.29	0.17	99.56
Disposals	-	-	-	0.36	0.06	-	-	-	0.42
Balance as at 31 March 2020	**-**	**-**	**57.16**	**393.17**	**5.72**	**6.48**	**6.01**	**0.18**	**468.72**
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**
Net Block									
Balance as at 31 March 2020	**38.53**	**-**	**429.03**	**542.40**	**6.48**	**6.73**	**5.28**	**0.12**	**1,028.57**
Balance as at 31 March 2021	**38.53**	**-**	**470.16**	**656.60**	**5.94**	**6.29**	**4.77**	**0.01**	**1,182.30**

Notes

1. In case of Kathua leasehold land having carrying value as at 31 March 2021 and 31 March 2020 Rs.2.48 crore and Rs.2.51 crore respectively (Original cost Rs.2.92 crore) and in case of Baddi unit freehold land having carrying value as at 31 March 2021 and 31 March 2020 Rs.0.08 crore (Original cost Rs.0.08 crore) are pending for registration in the name of the holding company.

2. Building, includes share of the holding company in a premises at Haridwar (jointly owned with others) having carrying value as at 31 March 2021 Rs.0.63 crore and 31 March 2020 Rs.0.64 crore respectively (Original Cost Rs. 1.23 crore as at 31 March 2021 and Rs.1.23 crore as at 31 March 2020)

3. Borrowing cost capitalized amounting to Rs. 10.38 crore (31 March 2020 Rs.7.29 crore) under the head plant and equipment, building and capital work-in-progress (refer note 44)

4. Property, plant and equipment given as security for borrowings refer note 19 (a)

5. Refer note no 53

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.42.11 crore (31 March 2020 Rs.176.42 crore)

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

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening Balance	11.97	-
Salaries , Wages and Bonus	5.32	2.91
Contribution to Provident and other funds	0.21	-
Cost of materials consumed	36.14	-
Consumption of stores & spares	3.49	0.20
Power and fuel	7.13	0.23
Insurance	0.14	0.21
Miscellaneous Expenses	1.27	2.72
Interest Expenses	10.38	7.29
Freight & Forwarding	0.76	-
Total	**76.81**	**13.56**
Revenue from operations*	35.63	-
Pre-operative expenses and trial run expenses	41.18	13.56
Less : Capitalised to respective property, plant and equipment	39.42	1.59
Closing balance	**1.76**	**11.97**

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

3C. Right-of-use assets*

	Gross Block				Depreciation				Net Block	
	As at 31 March, 2020	Additions	Other adjust-ments	As at 31 March, 2021	As at 31 March, 2020	Additions	Other adjust-ments	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**

	Gross Block				Depreciation				Net Block	
	As at 31 March, 2019	Transition impact of Ind AS 116	Additions	As at 31 March, 2020	As at 31 March, 2019	Transition impact of Ind AS 116	Additions	As at 31 March, 2020	As at 31 March, 2020	As at 31 March, 2019
Right-of-use assets	-	3.90	2.52	6.42	-	0.20	1.11	1.31	5.11	-
	-	**3.90**	**2.52**	**6.42**	**-**	**0.20**	**1.11**	**1.31**	**5.11**	**-**

*Refer note 20 for lease liability

Notes to the Consolidated Financial Statements *(contd.)*

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

4. Intangible Assets

	Gross Block				Amortisation				Net Block	
	As at 31 March, 2020	Additions/ other adjustment	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**

	Gross Block				Amortisation				Net Block	
	As at 31 March, 2019	Additions/ other adjustment	Disposals	As at 31 March, 2020	As at 31 March, 2019	Additions	Disposals	As at 31 March, 2020	As at 31 March, 2020	As at 31 March, 2019
Goodwill	6.73	0.44	-	7.17	-	-	-	-	7.17	6.73
	6.73	**0.44**	**-**	**7.17**	**-**	**-**	**-**	**-**	**7.17**	**6.73**
Other Intangible assets										
Software	1.56	2.77	-	4.33	0.61	0.43	-	1.04	3.29	0.95
	1.56	**2.77**	**-**	**4.33**	**0.61**	**0.43**	**-**	**1.04**	**3.29**	**0.95**
Intangible assets under development	0.78	0.32	0.69	0.41	-	-	-	-	0.41	0.78
	0.78	**0.32**	**0.69**	**0.41**	**-**	**-**	**-**	**-**	**0.41**	**0.78**

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 2021 and 31 March 2020. As at 31 March 2021, the estimated cash flow for a period of 5 years were developed using internal forecasts using a long term growth rate of 1.75%, and a discount rate of 8.36%. 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, 2021	As at 31 March, 2020
A.	**Investment in equity instruments (fully paid-up) valued at FVTPL**		
	Unquoted		
	50 (31 March 2020: 50) equity shares of The Jhalawar Nagrik Sahkari Bank Ltd (JNSB) of Rs. 100 each*	0.00	0.00
		0.00	**0.00**
	*The total amount of investments in absolute value is Rs. 5,000, but for reporting purpose rounded up to Rs. 0.0 crores.		
B	**Investment in preference shares valued at FVTPL (fully paid up) [refer note 47(I)]**		
	Unquoted		
	1,300,000 (31 March 2020: 1,300,000) 8.5% Non-Convertible Cumulative Redeemable Preference shares in Palash Securities Limited of Rs 10 each	0.92	0.79
	Total investments measured at FVTPL	**0.92**	**0.79**
	Aggregate value of unquoted investment (A+B)	**0.92**	**0.79**
	Aggregate value of impairment in the value of investments	**-**	**-**
	Movement of investment in preference shares		
	Opening balance	**0.79**	**26.42**
	Change in fair value of preference shares	0.13	(1.28)
	Investment redeemed during the year of Avadh Sugar & Energy Limited	-	(24.35)
	Closing balance	**0.92**	**0.79**

6. Loans - Non Current

	As at 31 March, 2021	As at 31 March, 2020
Unsecured, considered good unless stated otherwise		
Security deposits	5.89	8.59
	5.89	**8.59**

7. Non current tax assets (net)

	As at 31 March, 2021	As at 31 March, 2020
Income tax receivable	6.03	5.75
	6.03	**5.75**

8. Other non-current assets

	As at 31 March, 2021	As at 31 March, 2020
Unsecured, considered good unless otherwise stated		
Capital advances	2.02	18.37
Balances with government authorities	3.98	-
Prepaid expenses	0.16	0.07
	6.16	**18.44**

Notes to the Consolidated Financial Statements *(contd.)*

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

9. Inventories*

	As at 31 March, 2021	As at 31 March, 2020
(Valued at lower of cost or net realisable value)		
Raw materials	246.68	183.11
Dyes and chemicals	9.16	7.46
Work-in-progress	76.75	87.09
Finished goods	101.74	163.09
Stock-in-trade	11.05	15.16
Stores, spare-parts and consumables	14.90	16.95
Wastage material	5.21	4.02
	465.49	**476.88**
Goods in transit included in above inventories are as under :		
Raw materials*	8.02	1.93
Stores,spare-parts and consumables	0.65	0.27
Finished goods	1.11	0.93

Inventories are hypothecated to secure borrowings (Refer note 19 and 25)

*Refer note no. 39 and 54

10. Trade receivables

	As at 31 March, 2021	As at 31 March, 2020
Trade Receivables considered good, Unsecured - Others	275.95	262.47
Trade Receivables credit impaired	2.38	4.54
	278.33	267.01
Less : loss allowance	(2.38)	(4.54)
	275.95	**262.47**

Note

(a) Trade receivables are hypothecated to secure current borrowings (Refer note 19 and 25)

(b) No trade or other receivables are due from directors or other officers of the Group, either severally or jointly with any other person. Further, no trade or other receivables are due from firms or private companies in which any director is a partner, or director or member.

(c) The Group's exposure to credit and currency risk, and loss allowances related to trade receivables is disclosed in Note 47.

11. Cash and cash equivalents

	As at 31 March, 2021	As at 31 March, 2020
Balance with banks:		
- In current accounts	10.61	9.68
Cash on hand	0.15	0.51
	10.76	**10.19**

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, 2021	As at 31 March, 2020
Earmarked balances with banks:		
Unpaid dividend account	1.13	1.19
Deposits with remaining maturity for more than 3 months but less than 12 months	0.33	0.52
	1.46	**1.71**

13. Loans (Current)

	As at 31 March, 2021	As at 31 March, 2020
Unsecured, considered good unless otherwise stated		
Security deposits	0.01	0.01
	0.01	**0.01**

14. Other current financial assets

	As at 31 March, 2021	As at 31 March, 2020
Unsecured, considered good unless otherwise stated		
Insurance claim receivable*	9.55	1.61
Government subsidies / export benefit receivable - considered good	55.85	44.62
Government subsidies / export benefit receivable - credit impaired	1.70	-
Less: Allowance for credit impairment	(1.70)	-
	55.85	**44.62**
Advances recoverable in cash	3.42	7.48
Forward contract receivables	1.28	-
Interest accrued on deposits	0.04	0.08
	70.14	**53.79**

* Refer note 54

15. Other current assets

	As at 31 March, 2021	As at 31 March, 2020
Unsecured, considered good unless otherwise stated		
Balances with government authorities	31.82	46.72
Duty paid under protest	0.33	0.33
Prepaid expenses	5.23	5.28
Advances to suppliers	13.07	12.64
Prepaid Gratuity	4.48	-
	54.93	**64.97**

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, 2021	As at 31 March, 2020
Plant and equipments held for sale	0.19	0.21
	0.19	**0.21**

The Parent Company decided to sell obsolete plant and equipments which were originally purchased for production and manufacturing. The Parent Company is actively searching for buyers to sell these assets. No liability is attached to these assets.

Non – current fair value measurements :

Assets classified as held for sale are measured at lower of their carrying amount and fair value less cost to sell at the time of reclassification. Fair value of the assets was determined using expected market realizable value using past trend and management assessment. Fair value measurement of assets held for sale is a level 3 measurement and key inputs under this approach are price per asset comparable for the machine in similar business and technology.

17. Equity Share capital

	As at 31 March, 2021	As at 31 March, 2020
Authorised:		
500,000,000 equity shares of Rs.1/- each (31 March 2020: 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 2020: 163,828,620 of Rs.1/- each)	16.38	16.38
	16.38	**16.38**

a. **Terms and rights attached to equity shares**

Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. There is no restriction on distribution of dividend. However, same is subject to the approval of the shareholders in the Annual General Meeting.

b. **Reconciliation of number of shares outstanding at the beginning and end of the year :**

	As at 31 March, 2021		As at 31 March, 2020	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	16,38,28,620	16.38	16,38,28,620	16.38
Balance at the end of the year	**16,38,28,620**	**16.38**	**16,38,28,620**	**16.38**

c. **Shares held by holding company or its ultimate holding company or subsidiaries or associates of the holding company or the ultimate holding company in aggregate.**

There are no holding or ultimate holding company of the Company.

Notes to the Consolidated Financial Statements *(contd.)*

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

17. Equity Share capital *(contd*

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

	As at 31 March, 2021		As at 31 March, 2020	
	No. of shares	Percentage	No. of shares	Percentage
Uttar Pradesh Trading Company Limited.	3,04,16,970	18.57%	3,04,16,970	18.57%
Hargaon Investment & Trading Company Limited	1,71,13,960	10.45%	1,71,13,960	10.45%
New India Retailing and Investment Limited	1,70,63,040	10.42%	1,70,63,040	10.42%
Yashovardhan Investment and Trading Company Limited	1,48,68,360	9.08%	1,48,68,360	9.08%
Birla Institute of Technology and Science	1,12,86,580	6.89%	1,12,86,580	6.89%
The Hindustan Times Limited	98,03,690	5.98%	-	-
Earthstone Holding (Two) Private Limited	-	-	98,03,690	5.98%
Ronson Traders Limited	97,23,730	5.94%	97,23,730	5.94%

18. Other equity

	As at 31 March, 2021	As at 31 March, 2020
a. General reserve		
Balance at the beginning of the year	189.06	185.06
Add: Transferred from retained earnings	1.00	4.00
Balance at the end of the year	**190.06**	**189.06**
b(i). Retained earnings		
Balance at the beginning of the year	746.51	735.64
Profit for the year	(3.66)	27.70
Less: Dividend on equity shares (including tax thereon)	(4.91)	(12.83)
Less: transferred to general reserve	(1.00)	(4.00)
	736.94	**746.51**
b(ii). Other comprehensive income		
Balance at the beginning of the year	3.42	2.53
Addition during the year	4.42	0.89
Balance at the end of the year	**7.84**	**3.42**
Sub total (b(i)+ b(ii)	**744.78**	**749.93**
c. Exchange differences on translation of operations into reporting currency		
Balance at the beginning of the year	3.73	2.23
Addition during the year	(0.31)	1.50
Balance at the end of the year	**3.42**	**3.73**
	938.26	**942.72**

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

Notes to the Consolidated Financial Statements *(contd.)*

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

18. Other equity *(contd.)*

Nature and purpose of reserves/ other equity

General reserve

The Group appropriates a portion to general reserves out of the profits voluntarily to meet future contingencies. The said reserve is available for payment of dividend to the shareholders as per the provisions of the Companies Act, 2013.

Retained earnings:

Retained earnings are the profit that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to investors.

Other comprehensive income

Remeasurements of defined benefit plans represents the following as per Ind AS 19-Employee Benefits:

(a) actuarial gains and losses;

(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

Exchange differences on translation of foreign operations

These comprise of all exchange difference arising from translation of financial statement of foreign operations.

Dividend

The following dividends were declared and paid by the Parent Company:

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Final dividend for the year ended 31 March 2020 Rs. 0.30 per equity share of Rs. 1 each (31 March 2019 Rs.0.65 per equity share of Rs. 1 each)	4.91	10.64
Dividend distribution tax on final dividend	-	2.19
	4.91	**12.84**

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, 2021	For the year ended 31 March, 2020
Proposed final dividend for the year ended 31 March 2021 Rs.0.30 per equity share of 1 each ** (Previous year Rs.0.30 per equity share of Rs. 1 each)	4.91	4.91
	4.91	**4.91**

** On 07 May 2021, the board of directors of the Parent Company has recommended a final dividend of Rs.0.30 per share (face value of Rs.1 per share) for the financial year ended 31 March 2021, subject to approval of the shareholders in the upcoming Annual General Meeting of the Parent Company.

19. Non - Current Borrowings

	As at 31 March, 2021	As at 31 March, 2020
Term loans (Secured)		
- From banks	441.20	469.55
	441.20	**469.55**

Notes to the Consolidated Financial Statements *(contd.)*

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

19. Non - Current Borrowings *(contd.)*

a. Securities

Term loans are secured by first equitable mortgage ranking pari-passu over the Parent Company's immovable properties situated at Bhawanimandi (Rajasthan), Kathua (Jammu & Kashmir), Baddi (Himachal Pradesh) and Daheli (Gujarat) and moveable assets (save and except book debts) both present and future, subject to prior charges created/to be created, in favour of bankers, on moveable assets including book debts to secure working capital borrowings.

b. Terms of repayment and interest are as follows :

Secured loan from	Repayment frequency	Year of maturity	Rate of interest p.a. (%)	As at 31 March, 2021	As at 31 March, 2020
Punjab National Bank, Kota	Quarterly	FY 2023-25	8.85	46.67	67.18
Bank of Maharashtra, Jaipur	Quarterly	FY 2026	7.50	118.70	143.66
Jammu & Kashmir Bank, Kathua	Quarterly	FY 2022-29	6.70 to 6.90	245.47	254.74
ICICI Bank, Kolkatta	Quarterly	FY 2026	7.98	29.78	-
State Bank of India, Mumbai	Quarterly	FY 2023	9.25	4.13	6.63
United Bank of India, Delhi	Quarterly	FY 2024			7.10
HDFC Bank, Jaipur	Quarterly	FY 2023-26	7.05 to 7.90	121.97	100.34
Paycheck Protection Program ('PPP') loan	Refer note-1	FY 2023	1.00	2.12	-
				568.84	**579.65**
Less : Current maturities of long term debt (refer note 27)				127.64	110.10
				441.20	**469.55**

Note-1

In April 2020, the Company applied for and received a Paycheck Protection Program ('PPP') loan from the SBA through its bank M&T. The loan amount is INR 21,232,715 and carries an interest rate of 1%. The term of the loan is 24 months. The principal payments for the first six months are deferred. The loan is forgivable if certain conditions are met under SBA guidelines.

20. Lease Liabilities

The following is the movement in lease liabilities during the year ended 31 March 2021:

Lease liabilities	31 March, 2021	31 March, 2020
Opening balance /Transition balance	**1.51**	**2.37**
Addition	1.14	-
Interest expenses	0.09	0.14
Payment	(1.10)	(1.00)
Closing balance	**1.64**	**1.51**

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2021 on an undiscounted basis:

Maturity analysis – contractual undiscounted cash flows

	31 March, 2021	31 March, 2020
Less than one year	0.81	0.99
After one year but not longer than five years	0.62	0.34
More than five years	1.17	1.21
Total	**2.60**	**2.54**

Notes to the Consolidated Financial Statements *(contd.)*

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

20. Lease liabilities *(contd.)*

Lease liabilities included in the statement of financial position as at 31 March 2021

	31 March, 2021	31 March, 2020
Non-current	0.92	1.37
Current	0.72	0.14
Total	**1.64**	**1.51**

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

21. Other Non Current Financial Liabilities

	As at 31 March, 2021	As at 31 March, 2020
Trade deposits	6.21	5.98
Retention money	-	4.22
Employee security deposits	0.03	0.04
Deferred payment liabilities	2.87	3.72
	9.11	**13.96**

22. Provisions

	As at 31 March, 2021	As at 31 March, 2020
Provision for employee benefits		
Provision for compensated absenses (refer note 45)	9.74	10.41
	9.74	**10.41**

23. Deferred Tax Liabilities (Net)

A. Movement in deferred tax balances

Particulars	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**

Notes to the Consolidated Financial Statements *(contd.)*

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

23. Deferred Tax Liabilities (Net) *(contd.)*

Particulars	As at 31 March, 2019	Recognized during the year	Utilised during the year	As at 31 March, 2020
Deferred tax assets				
MAT credit entitlement @	65.30	-	(7.71)	57.59
Disallowance u/s 43B of Income Tax Act, 1961	13.89	-	(0.89)	13.00
Provision for doubtful debts and others	1.86	1.17	-	3.03
Total (A)	**81.05**	**1.17**	**(8.60)**	**73.62**
Deferred tax liabilities				
Property, plant and equipment	110.17	1.68	-	111.85
Total (B)	**110.17**	**1.68**	**-**	**111.85**
Net deferred tax liability (B)-(A)	**29.12**	**0.51**	**8.60**	**38.24**

@ 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 2020-21.

B. Amounts recognised in statement of profit and loss

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Current tax expense		
Current tax	1.26	9.53
	1.26	**9.53**
Deferred tax expense		
Origination and reversal of temporary differences	4.48	9.11
	4.48	**9.11**
Total Tax Expense	**5.74**	**18.64**

Notes to the Consolidated Financial Statements *(contd.)*

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

23. Deferred Tax Liabilities (Net) *(contd.)*

C. Amounts recognised in other comprehensive income

Particulars	Before tax	Tax (expense)/ income	Net of tax
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**
For the year ended 31 March 2020			
Remeasurements of defined benefit liability	1.34	(0.45)	0.89
Exchange differences on translation of operations into reporting currency	1.50	-	1.50
	2.84	**(0.45)**	**2.39**

D. Reconciliation of effective tax rate

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(a) Profit before tax from Indian operations	15.14	54.66
Tax using the Parent Company's domestic tax rate @ 34.94% (31 March 2020: 34.94%)	5.29	19.10
Tax effect of:		
Non-deductible expenses	0.50	2.51
Tax on exempt income	-	(0.97)
Tax incentives	-	(0.75)
Others	(0.16)	(1.35)
Income tax expenses reported in the statement of profit and loss	**5.63**	**18.54**
Effective tax rate	**37.19%**	**33.92%**
(b) Profit before tax from foreign operations	(13.05)	(8.32)
Tax using the Company's foreign tax rate @21 %	(2.74)	(1.75)
Tax effect of:		
Non-deductible expenses	0.00	0.01
Effect of recognition of tax effect of previously unrecognised tax losses now recognised as deferred tax assets	0.01	0.15
Effect of current year losses for which no deferred tax asset is recognised	3.90	2.52
Changes in recognised deductible temporary differences	(0.01)	(0.15)
State taxes	(1.05)	(0.68)
Income tax expense	**0.11**	**0.10**
Effective tax rate	**-0.86%**	**-1.18%**
Total income tax expenses reported in the statement of profit and loss (a+b)	**5.74**	**18.64**
Overall Effective Tax Rate	**275.54%**	**40.23%**

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, 2021	As at 31 March, 2020
Deferred government grant (refer note 41 B (2))		
Capital subsidies on specific plant and machineries	6.19	6.44
Non current portion of the gain on deferred payment liabilities	0.98	1.30
	7.17	**7.74**
Movement of deferred government grants is as below:		
Balance at the beginning of the year	6.44	7.42
Subsidy sanctioned during the year	1.00	-
Refund of subsidy	(0.12)	-
Grant amortized and transferred to statement of profit and loss	(1.13)	(0.98)
Balance at the end of the year	**6.19**	**6.44**

25. Current Borrowings

	As at 31 March, 2021	As at 31 March, 2020
Loan repayable on demand (Secured)*		
- From banks	332.87	283.31
Bills discounted**	0.17	2.14
Others***	5.53	5.98
	338.57	291.43

* Working capital facilities from banks are secured/to be secured by hypothecation of moveable's including book debts, both present and future, of the unit, ranking pari-passu inter se.

** Bills discounted are secured against the book debts and inventory which have been discounted

*** On April 2019, the Group entered into a credit agreement (the "Facility") with a finance company. The Facility provides revolving credit line of up to Rs. 19.84 crores, subject to borrowing base availability, and extends the maturity of the facility to 31 October 2021. The line of credit is pledged against subsidiary's accounts receivable and inventory. The facility bears interest upon the daily net balance of any monies remitted, paid or otherwise advanced to the Group which is as follows:

(i) not in excess of the receivables availability shall be charged at a rate per annum equal to receivable interest rate @ 6%.

(ii) In excess of receivables availability but not in excess of the receivables availability plus the inventory availability shall be charged at a rate per annum equal to the inventory interest rate @ 6.5%.

During the year ended 31 March 2021, factoring commission expenses of Rs. 0.24 crores (31 March 2020: 0.22 crores) and factoring interest expenses of Rs. 0.56 crores (31 March 2020: Rs.0.34 crores) have been charged to consolidated statement of profit and loss.

Notes to the Consolidated Financial Statements *(contd.)*

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

26. Trade Payables

	As at 31 March, 2021	As at 31 March, 2020
Total outstanding dues of micro enterprises and small enterprises #	6.79	2.13
Total outstanding dues of creditors other than micro enterprises and small enterprises*	109.90	121.37
Total	**116.69**	**123.50**
Total outstanding dues of micro and small enterprises #		
Dues to micro enterprises and small enterprises (as per the intimation received from vendors):		
a. Principal and interest amount remaining unpaid	6.79	2.13
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.	-	-
	6.79	**2.13**

27. Other Financial Liabilities

	As at 31 March, 2021	As at 31 March, 2020
Current maturities of long-term debt (refer note 19)	131.34	112.47
{Includes interest accrued and due on borrowings 31 March 21: Rs .3.70 (31 March 2020: Rs 2.37)}		
Unpaid dividend	1.13	1.19
Employees liabilities	36.73	39.76
Forward contract payables	-	9.65
Creditors for capital goods	4.34	6.16
Current portion of deferred payment liabilities	1.25	1.25
Security deposits (Including Retention money)	6.76	1.01
Director's commission	0.26	0.25
Others	6.06	4.72
	187.87	**176.46**

Notes to the Consolidated Financial Statements *(contd.)*

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

28. Other Current Liabilities

	As at 31 March, 2021	As at 31 March, 2020
Contract liabilities	8.16	9.24
Statutory dues	7.41	9.22
Current portion of the gain on deferred payment liabilities	0.32	0.33
	15.89	**18.79**

29. Provisions

	As at 31 March, 2021	As at 31 March, 2020
Provisions for employee benefit (refer note 45)		
Compensated absenses	3.37	3.77
Gratuity	0.25	2.55
Super annuation fund	-	0.45
Others		
Others - contingencies	7.52	7.31
	11.14	**14.08**

Others - Contingencies

Provision for disputed statutory matters have been made, where the Parent Company anticipates probable outflow. The amount of provision is based on estimate made by the Company considering the facts and circumstances of each case. The timing and amount of cash flow will be determined by the relevant authorities on settlement of cases.

The movement of provisions is presented below:

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Balance at the beginning of the year	7.31	12.76
Provision made during the year	0.21	0.96
Payment made/ provision reversed during the year	(0.00)	(6.41)
Balance at the end of the year	**7.52**	**7.31**

30. Current Tax Liabilities

	As at 31 March, 2021	As at 31 March, 2020
Provision for Income tax	2.23	-
	2.23	**-**

Notes to the Consolidated Financial Statements *(contd.)*

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

31. Revenue from operations @

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Sale of products (net of taxes)		
Manufactured goods	1,786.65	2,223.97
Traded goods	61.03	135.22
Total (i)	**1,847.68**	**2,359.19**
Sale of services		
Job processing	14.27	18.29
Others	4.29	19.07
Total (ii)	**18.56**	**37.36**
Total [(iii) = (i) + (ii)]	**1,866.24**	**2,396.55**
Other operating revenue		
Export incentives	17.79	20.10
Total (iv)	**17.79**	**20.10**
Revenue from operations [(iii) + (iv)]	**1,884.03**	**2,416.65**

@ Net of amount transferred to trial run expenses refer note 3B.

32. Other Income

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Interest income from financial assets measured at amortised cost		
- from bank deposits	0.02	0.05
- from others *	9.71	9.92
Dividend from preference share (refer note 46)	-	4.05
Profit on sale/discard of property, plant and equipment (net)	1.52	0.23
Foreign currency transactions and translation (net)	12.33	-
Sundry credit balances written back (net)	0.82	0.73
Provision for doubtful debts written back (refer note 47 II (ii))	0.77	-
Insurance claims	0.27	0.21
Deferred government grants (refer note 24)	1.13	0.98
Miscellaneous income (including scrap sales)	4.55	9.20
	31.12	**25.37**

* Includes interest subsidy received pursuant to circular issued by Jammu & Kashimir Finance department for revival of business sector in Union Territory of Jammu and Kashmir, amounting to Rs.2.45 crores (31 March 2020 : Nil).

33. Cost of materials consumed @

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Raw material consumed*	870.11	1,158.41
Consumption of dyes and chemicals	63.22	93.68
	933.33	**1,252.09**

@ Net of amount transferred to trial run expenses refer note 3B.

* Refer note 54

Notes to the Consolidated Financial Statements *(contd.)*

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

34 Changes in Inventories of finished Goods, Work-In-Progress and Stock In Trade

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Closing 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 (A)	**194.75**	**269.37**
Opening inventory		
Work-in-progress	87.09	76.94
Finished goods	163.09	181.64
Stock- in- trade	15.17	8.32
Wastage material	4.02	3.25
Total (B)	**269.37**	**270.15**
Add:		
Inventories transferred from trial run production on 28.02.2021: (refer note 3B)		
Work-in-progress	1.49	-
Finished goods	8.69	-
Waste	0.35	-
Less : Foreign currency translation difference	(0.30)	0.92
Less : Insurance claim against Work-in-progress lost by fire .	-	(0.26)
Less: Write down of finished goods to Net realisable value transfer to exceptional item (refer note 39) (Previous year Insurance claim against Finished goods lost by fire).	-	(3.32)
Waste		
Total (C)	**10.23**	**(2.66)**
Total (B-A+C)	**84.85**	**(1.88)**

35. Employee benefits expense

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Salaries and wages	271.36	320.08
Contribution to provident and other funds	27.48	32.38
Staff welfare expenses	3.27	3.98
	302.11	**356.44**

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)

36. Finance costs @

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Interest expenses ##	35.40	41.31
Exchange difference on the principal amount of foreign currency borrowing*	1.36	3.56
Other borrowing costs	1.01	0.83
	37.77	**45.70**

@ Net of amount capitalized refer note 44 and 3B

Net of interest subsidies under various schemes amounting to Rs. 10.36 crores (31 March 2020 Rs. 14.40 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".

37. Depreciation and amortisation expense

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Depreciation on property, plant and equipment (refer note 3A)	93.95	99.56
Amortisation on intangible assets (refer note 4)	0.54	0.43
Depreciation on right-of-use assets (refer note 3D)	1.09	1.11
	95.58	**101.10**

38. Other expenses @

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Processing and job charges	2.07	3.47
Consumption of stores and spares	62.50	75.25
Power, fuel and water charges	184.16	243.49
Rent	1.34	1.19
Insurance	8.32	7.75
Rates and taxes	0.24	0.54
Repairs and maintenance:		
Buildings	6.97	6.67
Plant and machinery	26.08	31.16
Others	2.11	2.60
Freight and forwarding expenses	63.64	62.18
Selling commission and brokerage	21.33	23.61
Auditor's remuneration #	0.76	0.68
Charity and donation ##	0.21	3.01
Foreign currency transactions and translation (net)	-	8.77
Bad debts	0.26	0.13
Loss allowance for doubtful debts / write off (refer note 47 II (ii))	-	3.06
Provision for expected credit loss (refer note 14)	1.70	-
Directors' commission and fees	0.45	0.56
Travelling expenses	0.53	8.33
Vehicle expenses	6.13	5.97
Legal and professional expenses	6.83	6.31
Corporate social responsibility expenses	1.92	2.79
Net fair value loss on financial assets measured at FVTPL	-	1.28
Miscellaneous expenses	17.58	26.42
	415.13	**525.22**

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)

38. Other expenses @ *(contd.)*

 # Auditor's remuneration (net of taxes)

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
As auditor:		
Statutory audit fee	0.53	0.42
Tax audit fee	0.04	0.04
For limited review	0.12	0.12
Certification fees and other matters	0.04	0.01
Re-imbursement of expenses	0.03	0.09
	0.76	**0.68**

31 March 2020 includes Rs. 3.00 crores given to Samaj Electoral Trust Association.

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, 2021	For the year ended 31 March, 2020
(i) Gross amount required to be spend during the year	1.91	2.71
(ii) Amount spent during the year		
(a) Construction/ acquisition of any asset	0.15	0.65
(b) On purpose other than (a) above	1.77	2.14
	1.92	**2.79**

39. Exceptional items

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Exceptional items*	-	4.36
	-	**4.36**

* Exceptional items amounting to Rs.4.36 for the year ended 31 March 2020 includes following in view of outbreak of COVID-19 and resultant lockdown by the Government:

a. Write down of finished goods to net realizable value amounting to Rs.3.32 due to sharp decline in raw material prices.

b. Mark to market loss (MTM) of forward contracts due to non-execution of export orders amounting to Rs.0.69.

c. Interest and employee's costs capitalization for ongoing projects suspended due to lockdown amounting to Rs.0.35.

40. Earning per share

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Profit for the year	(3.66)	27.70
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.)	**(0.22)**	**1.69**

Notes to the Consolidated Financial Statements *(contd.)*

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

41. Contingent Liabilities and Commitments

A. Contingent liabilities (to the extent not provided for) in respect of:

	As at 31 March, 2021	As at 31 March, 2020
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	4.97	4.91
2. Other matters for which the Parent Company is contingently liable:		
a) Demand raised by excise department for various matters	0.07	0.10
b) Demand raised by the income tax authorities	0.22	0.22
c) Bank Guarantee given to Dakshin Gujarat Vij Company Limited	1.67	-

3. "Liability of customs duty towards export obligation undertaken by the Parent Company under "Export Promotion Capital Goods Scheme (EPCG)" amounting to Rs. 17.60 (31 March 2020: Rs.31.23).

   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.105.63 (31 March 2020: Rs.166.64) 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 has made adequate provision wherever 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, 2021	As at 31 March, 2020
Estimated amount of contracts remaining to be executed on capital account [net of advances] not provided for	12.80	52.13

The Parent Company has availed certain government subsidies/ grants. As per the terms and conditions, attached to these government subsidies/grants 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

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

42. Segment Information *(contd.)*

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, tax and depreciation ('EBITDA') to assess the performance of the operating segments.

B. Information about reportable segments

Information related to each reportable segment is set out below. Segment EBITDA is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

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
Les: 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			-
Add: Unallocated corporate income (net of expenses)			4.72
Profit before tax			**2.08**
Tax expense			5.74
Profit after tax			**(3.66)**

Reportable Segments	Yarn	Home Textiles	Total
	For the year ended 31 March, 2020	For the year ended 31 March, 2020	For the year ended 31 March, 2020
External revenues	2,265.55	151.30	2,416.85
Inter-segment revenue	-	0.20	0.20
Segment revenue	**2,265.55**	**151.30**	**2,416.65**
Segment result	128.41	(33.76)	94.65
Finance costs			45.70
Excptional items			4.36
Unallocated corporate income (net of expenses)			1.75
Profit before tax			**46.34**
Tax expense			18.64
Profit after tax			**27.70**

Notes to the Consolidated Financial Statements *(contd.)*

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

42. 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 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**

	Total assets			Total liabilities		
	Segment assets	Unallocated corporate assets	Total assets	Segment liabilities	Unallocated corporate liabilities	Total liabilities
As at 31 March 2020						
Yarn	1,872.66	-	1,872.66	876.29	-	876.29
Home textiles	242.58	-	242.58	116.24	-	116.24
Unallocated	-	9.53	9.53	-	173.14	173.14
Total	**2,115.24**	**9.53**	**2,124.77**	**992.53**	**173.14**	**1,165.67**

	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**

	Capital expenditure	
	Segment capital expenditure	Total capital expenditure
As at 31 March 2020		
Yarn	201.96	201.96
Home textiles	35.33	35.33
Total	**237.29**	**237.29**

C. Geographic information

The Yarn and Home Textile segments are managed on a worldwide basis, but operate manufacturing facilities primarily in India. The geographic information analyses the Group's revenue by the Group's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

42. Segment Information *(contd.)*

a) Revenues from different geographies

	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Domestic	1,206.39	1,632.22
E xport *	660.45	764.53
	1,866.84	**2,396.75**
Other operating income	17.79	20.10
Segment revenue	**1,884.63**	**2,416.85**
***Export**		
Bangladesh	113.04	92.58
Singapore	84.78	3.68
Turkey	54.90	147.49
Rest of the World	407.73	520.78
	660.45	**764.53**

b) Non-current assets**

	As at 31 March, 2021	As at 31 March, 2020
India	1,242.47	1,237.71
Rest of the world	10.26	10.29
	1,252.73	**1,248.00**

** Non-current assets exclude investments and tax assets

43. The Group's operations and financial statements for the year ended 31 March 2021 have been adversely affected due to Covid-19 pandemic. Therefore, Financial statements for year ended are not comparable to previous corresponding year financial statement. The revenue from operations and operating profit for the year ended have significantly decreased. The decrease is primarily attributable to COVID -19 related lockdown period, subsequent restrictions on gradual unlocking of economy and market volatility during the year. The Group has considered internal and external information while finalizing various estimates in relation to its consolidated financial statement captions up to the date of approval of the consolidated financial statement by the Board of Directors. The actual impact of the global pandemic may be different from that which has been estimated, as the COVID-19 situation evolves in India and globally. The Group will continue to closely monitor any material changes to future economic conditions.

44. Borrowing cost

During the year, Group has capitalized borrowing cost amounting to Rs. 10.38 crores (31 March 2020: Rs. 7.29 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. 6.33% (31 March 2020 6.25%).

Notes to the Consolidated Financial Statements *(contd.)*

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

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, 2021	For the year ended 31 March, 2020
Contribution to provident fund	17.52	20.58
Contribution to employee's state insurance	3.87	5.01
Contribution to superannuation scheme	0.19	0.57

(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 2021. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the projected unit credit method.

A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Reconciliation of present value of defined benefit obligation:

Particulars	As at and for the year ended 31 March, 2021			As at and for the year ended 31 March, 2020		
	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	**47.60**	**45.05**	**2.55**	**46.00**	**46.00**	**-**
Amount Recognised in profit and loss						
Current service cost	5.92	-	5.92	6.22	-	6.22
Interest cost	3.33	(3.33)	-	3.56	(3.56)	-
	9.25	**(3.33)**	**5.92**	**9.78**	**(3.56)**	**6.22**
Remeasurement						
Actuarial loss (gain) arising from:						
- Changes in financial assumptions	-	-	-	(1.18)	-	(1.18)
- Changes in experience adjustment	(4.07)	-	(4.07)	(1.57)	-	(1.57)
- Return on plan assets recognised in OCI	-	(2.73)	(2.73)	-	1.41	1.41
Total amount recognised in OCI	**(4.07)**	**(2.73)**	**(6.80)**	**(2.75)**	**1.41**	**(1.34)**
Contributions paid by the employer	-	5.71	-	-	2.15	-
Adjustments for previous year	-	0.19	-	-	0.18	-
Benefits paid	(6.37)	(6.37)	-	(5.43)	(5.43)	-
Interest income	-	6.07	-	-	2.15	-
Balance at the end of the year	**46.41**	**50.65**	**(4.24)**	**47.60**	**45.05**	**2.55**

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

45. Employee benefits *(contd.)*

B. Plan assets

For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the total plan assets:

Particulars	Amounts		% Composition	
	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2021	As at 31 March, 2020
State/ Govt. of India securities	15.20	16.93	30%	38%
Corporation bonds/ fixed deposits with banks	2.16	1.93	4%	4%
Special deposit scheme with Bank	3.51	3.51	7%	8%
HDFC group unit linked plan-option B	21.13	15.42	42%	34%
Other investments -UTI master shares	3.53	2.26	7%	5%
LIC fund	4.35	3.51	9%	8%
Others Refundable net	0.77	1.49	1%	3%
	50.65	**45.05**	**100%**	**100%**

C. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

Particulars	As at 31 March, 2021	As at 31 March, 2020
Discount rate	7.00%	7.00%
Expected rate of future salary increase	5.50%	5.50%
Mortality	100% of IALM (2012 - 14)	100% of IALM (2012 - 14)
Attrition at ages:-		
-Upto 30 years	3%	3%
-From 31 to 44 years	2%	2%
-Above 44 years	1%	1%

Assumptions regarding future mortality have been based on published statistics and mortality tables.

The Holding Company expects to pay Rs. 7.27 crores (31 March 2020: Rs. 7.48 crores) in contribution to its defined benefit plans in the next year

D. Sensitivity analysis

Considered good

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (50 basis points movement)	(2.15)	2.34	(2.70)	1.86
Expected rate of future salary increase (50 basis points movement)	2.36	(2.19)	1.88	(2.74)

Sensitivities due to mortality and withdrawals are insignificant, hence ignored. Sensitivities as regards rate of inflation, rate of increase in payment of pensions, rate of increase in payment of pensions before retirement and life expectancy are not applicable being a lump sum benefit payables on retirement. Although, the analysis does not take account the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions disclosed above.

Notes to the Consolidated Financial Statements *(contd.)*

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

45. Employee benefits *(contd.)*

E. Maturity profile of defined benefit obligation

Year	As at 31 March, 2021	As at 31 March, 2020
0 to 1 year	5.87	6.69
1 to 2 year	2.22	0.74
2 to 3 year	2.41	0.74
3 to 4 year	2.03	2.62
4 to 5 year	2.28	2.13
5 to 6 year	1.99	2.13
6 year onwards	29.61	32.53

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.

46. 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
Ms. 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, 2021	For the year ended 31 March, 2020
a) Remuneration to Key Managerial Personnel		
Mr. C S Nopany		
- Short-term employee benefits	1.50	2.75
Mr. S.K.Khandelia		
- Short-term employee benefits	4.63	6.19
- Post-employment benefits	-	0.02
Mr. Bipeen Valame		
- Short-term employee benefits	0.95	1.11
- Post-employment benefits	0.04	0.06
b) Director sitting fees		
Mr. C S Nopany	0.02	0.03
Mr. U.K. Khaitan	0.02	0.04
Mr. Amit Dalal	0.03	0.05
Mr. Rajan Dalal	0.02	0.04
Mr. Rajiv K. Podar	0.02	0.04
Ms. Sonu Bhasin	0.02	0.03
Mr. Rohit Dhoot	0.02	0.03
Mr. Ashok Mittal	0.02	0.02
c) Director commission		
Mr. U.K. Khaitan	0.04	0.04
Mr. Amit Dalal	0.04	0.04
Mr. Rajan Dalal	0.04	0.04
Mr. Rajiv K. Podar	0.04	0.04
Ms. Sonu Bhasin	0.04	0.04
Mr. Rohit Dhoot	0.04	0.04
Mr Ashok Mittal	0.04	0.04
d) Rent expenses		
Mr. C S Nopany	0.05	0.05
e) Transactions with Avadh Sugar & Energy Ltd		
Redemption of investment in preference shares	-	24.35
Reimbursement of expenses	0.42	0.33
Dividend income	-	4.05
f) Contribution to Post employment benefit entity		
Sutlej Textiles and Industries Employee Gratuity Fund	5.71	2.15

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, 2021	As at 31 March, 2020
Payables		
Rent		
Mr. C S Nopany	-	0.01
Avadh Sugar & Energy Limited	0.42	0.33
Post employment Benefit payables		
Mr. S.K.Khandelia	1.48	1.49
Mr. Bipeen Valame	0.29	0.25
Director Commission Payables		
Mr. U.K. Khaitan	0.04	0.04
Mr. Amit Dalal	0.04	0.04
Mr. Rajan Dalal	0.04	0.04
Mr. Rajiv K. Podar	0.04	0.04
Ms. Sonu Bhasin	0.04	0.04
Mr. Rohit Dhoot	0.04	0.04
Mr. Ashok Mittal	0.04	0.04
Payables		
Sutlej Textiles and Industries Employee Gratuity Fund	-	2.55
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

Particulars	Note	As at 31 March, 2021		As at 31st March, 2020	
		FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets					
Investments					
Equity shares of JNSB*	5A	0.00	-	0.00	-
Preference shares	5B	0.92	-	0.79	-
Non-current loans	6	-	5.89	-	8.59
Trade receivables	10	-	275.95	-	262.47
Cash and cash equivalents	11	-	10.76	-	10.19
Bank balances other than cash and cash equivalents	12	-	1.46	-	1.71
Loans	13	-	0.01	-	0.01
Other current financial assets	14	1.28	68.86	-	53.79
		2.20	**362.93**	**0.79**	**336.76**
Financial liabilities					
Borrowings	19	-	441.20	-	469.55
Other non-current financial liabilities	21	-	9.11	-	13.96
Lease liabilities	20	-	1.64	-	1.51
Short terms borrowings	25	-	338.57	-	291.43
Trade payables	26	-	116.69	-	123.50
Other current financial liabilities	27	-	187.87	9.65	166.81
		-	**1095.08**	**9.65**	**1066.76**

*The total amount of investments in absolute value is Rs. 5,000 (31 March 2020: Rs. 5000), but for reporting purpose rounded up to Rs. 0.0 crores

47. Financial instruments – Fair values and Risk Management *(contd.)*

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 2021				
Financial assets				
Financial investments at FVTPL				
Investments				
Equity shares of JNSB*	-	-	0.00	0.00
Preference shares	-	-	0.92	0.92
Derivative assets	-	1.28	-	1.28
Total financial assets	**-**	**1.28**	**0.92**	**2.20**
Derivative liabilities	-	-	-	-
Total financial liabilities	**-**	**-**	**-**	**-**
As at 31 March 2020				
Financial assets				
Financial Investments at FVTPL				
Investments				
Equity shares of JNSB*	-	-	0.00	0.00
Preference shares	-	-	0.79	0.79
Total financial assets	**-**	**-**	**0.79**	**0.79**
Derivative liabilities		9.65		9.65
Total financial liabilities	**-**	**9.65**	**-**	**9.65**

*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.)*

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)

Particulars	Unlisted equity shares*		Unlisted preference shares	
	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2021	As at 31 March, 2020
Balance at the beginning of the year	0.00	0.00	0.79	26.42
Redemption of Preference shares	-	-	-	(24.35)
Gain/(losses) recognised in statement of profit or loss	-	-	0.13	(1.28)
Balance at the end of the year	**0.00**	**0.00**	**0.92**	**0.79**

*The total amount of investments in absolute value is Rs. 5,000, but for reporting purpose rounded up to Rs. 0.0 crores

Valuation inputs and relationships to fair value

Type of Financial Instruments	Fair Value as at		Significant unobservable inputs	Probability-weighted range
	31 March, 2021	31 March, 2020		
Unquoted preference shares in Palash Securities Limited	0.92	0.79	Non dividend paying shares hence higher discount rate considered as per RBI Guideline	16% (31 March 2020: 16%)
Unquoted equity shares (In equity shares of Co-operative Bank: The Jhalawar Nagrik Sahkari Bank Ltd., Bhawanimandi*)	0.00	0.00	0.00	0.00

*The total amount of investments in absolute value is Rs. 5,000 (31 March 2020: 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.

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

47. Financial instruments – Fair values and Risk Management *(contd.)*

C. Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Other non current financial assets	5.89	5.89	8.59	8.59
Trade receivables	275.95	275.95	262.47	262.47
Cash and cash equivalents	10.76	10.76	10.19	10.19
Bank balances other than cash and cash equivalents	1.46	1.46	1.71	1.71
Current loans	0.01	0.01	0.01	0.01
Other current financial assets	70.14	70.14	53.79	53.79
	364.21	**364.21**	**336.76**	**336.76**
Financial liabilities				
Borrowings	441.20	441.20	469.55	469.55
Lease liabilities	1.64	1.64	1.51	1.51
Other non-current financial liabilities	9.11	9.11	13.96	13.96
Short term borrowings	338.57	338.57	291.43	291.43
Trade payables	116.69	116.69	123.50	123.50
Other current financial liabilities	187.87	187.87	176.46	176.46
	1,095.08	**1,095.08**	**1,076.41**	**1,076.41**

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.

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 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, customer 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.

The carrying amount net of loss allowances of trade receivables is Rs.275.95 (31 March 2020 Rs. 262.47).

Ageing of trade receivables is as below:

Particulars	Less than 6 months	6-12 months	More than 12 months	Total
As at 31 March 2021	272.77	2.79	0.39	275.95
As at 31 March 2020	255.17	6.92	0.38	262.47

During the year, the Group has made no write-offs of trade receivables, it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off. The Group management also pursue all legal options for recovery of dues wherever necessary based on its internal assessment.

Reconciliation of loss allowance provision – Trade receivables

Particulars	As at 31 March, 2021	As at 31 March, 2020
Balance at the beginning of the year	(4.54)	(1.56)
Less: Provision for doubtful debts written back	0.77	-
Add: Provision for doubtful debts made	(0.26)	(3.06)
Changes in loss allowance	-	0.08
Bad debts	1.65	-
Balance at the end of the year	**(2.38)**	**(4.54)**

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected future cash flows. This is generally carried out at unit level and monitored through corporate office of the Group in accordance with practice and limits set by the Group. These limits vary by location to take into account requirement, future cash flow and the liquidity in

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

47. Financial instruments – Fair values and Risk Management *(contd.)*

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:

Particulars	As at 31 March, 2021	As at 31 March, 2020
Floating rate		
Expiring within one year (credit limit and other facilities)	109.43	145.53
Expiring within one year (Term loans)	-	-
	109.43	**145.53**

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 11 months as at 31 March 2021 (31 March 2020 - 3 years and 9 months).

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and the impact of netting agreements.

Particulars	Carrying Amounts	Contractual cash flows			
		Total	Less than 12 months	1–5 years	More than 5 years
As at 31 March 2021					
Non-derivative financial liabilities					
Borrowings	441.20	441.20	-	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 finanancial liabilities	**1,095.08**	**1,095.08**	**644.79**	**383.25**	**67.04**
As at 31 March 2020					
Non-derivative financial liabilities					
Borrowings	469.55	469.55	0.00	396.80	72.75
Lease liabilities	1.51	1.51	0.14	1.06	0.31
Other non-current financial liabilities	13.96	13.96	0.00	9.11	4.85
Short term borrowings	291.43	291.43	291.43	-	-
Trade payables	123.50	123.50	123.50	-	-
Other current financial liabilities	166.81	166.81	166.81	-	-
Total non-derivative liabilities	**1,066.76**	**1,066.76**	**581.88**	**406.97**	**77.91**
Derivative financial liabilities					
Foreign exchange forward contracts	9.65	9.65	9.65	-	-
Total derivative liabilities	**9.65**	**9.65**	**9.65**	**-**	**-**
Total finanancial liabilities	**1,076.41**	**1,076.41**	**591.53**	**406.97**	**77.91**

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

Notes to the Consolidated Financial Statements *(contd.)*
(all amounts are in Rupees crore, unless otherwise stated)

47. Financial instruments – Fair values and Risk Management *(contd.)*

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group uses derivatives like forward contracts to manage market risks on account of foreign exchange and various debt instruments on account of interest rates. All such transactions are carried out as per guidelines of the Management.

a. Currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD , EUR, CHF and GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (Rupees). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the Rupees cash flows of highly probable forecast transactions by hedging the foreign exchange inflows on regular basis. The Group also consults external experts for their views on the currency rates in volatile foreign exchange markets.

Currency risks related to payables and recievables denominated in foreign currencies have been partially hedged using forward contracts taken by the Group.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates whenever, necessary, to address short-term imbalances.

(i) Exposure to currency risk

The quantitative data about the Group's exposure to currency risk as reported by the management of the Group is as follows:

Particulars	USD	EUR	GBP	CHF
31 March 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**
31 March 2020				
Financial assets/liabilities				
Trade receivables	1.77	0.00	0.00	-
Advances to suppliers	0.01	0.00	-	0.00
Foreign currency working capital borrowings	(2.02)	-	-	-
Trade Payables	(0.20)	(0.00)	-	(0.00)
Contract liabilities	(0.10)	(0.00)		-
Net statement of financial position exposure	**(0.54)**	**(0.00)**	**0.00**	**0.00**

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

46. Financial instruments – Fair values and Risk Management *(contd.)*

(ii) Unhedged foreign currency exposure

Particulars	USD	EUR	GBP	CHF
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**
31 March 2020				
Financial assets/ liabilities				
Trade receivables	0.02	0.00	0.00	-
Advances to suppliers	0.01	0.00	-	0.00
Foreign currency working capital borrowings	(2.02)	-	-	-
Trade payables	(0.20)	(0.00)	-	(0.00)
Contract liabilities	(0.10)	(0.00)	-	-
Net statement of financial position exposure	**(2.29)**	**0.01**	**0.00**	**0.00**

*The total amount in absolute value is less than 100,000, but for reporting purpose rounded up to Rs. 0.0 crores

(iii) Derivative instruments

Particulars	USD	EUR	GBP
31 March 2021			
Forward contract for export trade receivables outstanding	2.39	0.01	-
31 March 2020			
Forward contract for export trade receivables outstanding	2.77	-	-

The following significant exchange rates have been applied

Particulars	Average Rates		Year end spot rates	
	As at 31 March, 2021	As at 31 March, 2020	As at 31 March, 2021	As at 31 March, 2020
USD 1	74.07	71.02	73.11	75.32
EUR 1	86.73	78.92	85.71	82.98
GBP 1	97.31	90.17	100.71	93.51
CHF 1	80.37	78.18	77.50	78.38

Notes to the Consolidated Financial Statements *(contd.)*

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

47. Financial instruments – Fair values and Risk Management *(contd.)*

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Rupees (Rs.) against foreign currencies as at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2021*				
USD (10% movement)	0.03	(0.36)	0.02	(0.02)
EURO (10% movement)	0.00	(0.00)	-	-
GBP (10% movement)	0.00	-	-	-
CHF (10% movement)	0.00	(0.00)	-	-
31 March 2020				
USD (10% movement)	(0.05)	0.05	(0.03)	0.03
EURO (10% movement)	(0.00)	0.00	-	-
GBP (10% movement)	0.00	(0.00)	-	-
CHF (10% movement)	0.00	(0.00)	-	-

*The total amount in absolute value is less than 100,000, but for reporting purpose rounded up to Rs. 0.0 crores

b. Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. During financial year 2020-21 and financial year 2019-20, the Group's borrowings at variable rates were denominated in Rupees.

Currently the Group's borrowings are within acceptable risk levels, as determined by the management, hence the Group has not taken any swaps to hedge the interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

Particulars	Nominal Amount	
	As at 31 March, 2021	As at 31 March, 2020
Fixed-rate instruments		
Financial assets	-	-
Fixed deposits with Banks	0.33	0.52
Financial liabilities	-	-
	0.33	**0.52**
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	911.11	873.45
	911.11	**873.45**

* amount 0.00 represents rounded off amount in crores which are less than Rs. 1,00,000 in absolute value terms

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

47. Financial instruments – Fair values and Risk Management *(contd.)*

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and statement of profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Particulars	Profit or loss		Equity, net of tax	
	50 basis points increase	50 basis points decrease	50 basis points increase	50 basis points decrease
31 March 2021				
Variable-rate instruments	(4.55)	4.55	(2.96)	2.96
Cash flow sensitivity	**(4.55)**	**4.55**	**(2.96)**	**2.96**
31 March 2020				
Variable-rate instruments	(4.36)	4.36	(2.84)	2.84
Cash flow sensitivity	**(4.36)**	**4.36**	**(2.84)**	**2.84**

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

c. **Commodity price risks**

The Group is exposed to the risk of price fluctuations of raw materials, dyes and chemicals, work-in-progress and finished goods. The Group manages its commodity price risk by maintaining adequate inventory of raw materials, dyes and chemicals, work in progress and finished goods considering anticipating movement in prices. To counter raw materials risk, the Group works with varieties of fibres (natural and manmade) with the objective to moderate raw material cost, enhance application flexibility and increase product functionality and also invested product development and innovation.

Inventory sensitivity analysis (raw materials, dyes and chemicals, work in progress and finished goods)

A reasonably possible change of 10% in prices of inventory at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Inventories (raw materials, dyes and chemicals, work in progress and finished goods)	Profit or loss		Equity, net of tax	
	10% increase	10% decrease	10% increase	10% decrease
31 March 2021	43.43	(43.43)	28.40	(28.40)
31 March 2020	44.08	(44.08)	28.82	(28.82)

48. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these consolidated financial statements since the requirement does not pertain to financial year ended 31 March 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.

Notes to the Consolidated Financial Statements *(contd.)*

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

50. Disclosure u/s 186(4) of the Companies Act, 2013 :

Particulars of Investments made:-

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Investment in 8.5% Non-Convertible Cumulative Redeemable Preference Shares (NCRPS) fully paid in M/s Palash Securities Limited (Refer Note 5 C)		
Investment made during the year	-	-
Balance outstanding as at reporting date	0.92	0.79

51. Capital management

The Primary objective of the management of the Group's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows. Management also monitors the return on equity. The board of directors regularly review the Group's capital structure in light of the economic conditions, business strategies and future commitments. For the purpose of the Group's capital management, capital includes issued share capital and all other equity reserves. Debt includes term loans. During the financial year ended 31 March 2021, no significant changes were made in the objectives, policies or processes relating to the management of the Groups capital structure.

(i) Debt equity ratio:

Particulars	As at 31 March, 2021	As at 31 March, 2020
Net debt*	895.19	859.18
Total debt (A)	**895.19**	**859.18**
Equity share capital	16.38	16.38
Other equity	938.26	942.72
Total equity (B)	**954.64**	**959.10**
Debt equity ratio (C=A/B)	**0.94**	**0.90**

*The Group includes with in net debt, interest bearing loans and borrowings less cash and cash equivalents and other bank balances.

(ii) Return on equity

Particulars	As at 31 March, 2021	As at 31 March, 2020
Profit after tax	(3.66)	27.70
Equity share capital	16.38	16.38
Other equity	938.26	942.72
Total equity	**954.64**	**959.10**
Return on equity ratio (%)	**-0.38%**	**2.89%**

(iii) 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 6.33 % (31 March 2020: 6.25%).

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 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)**
31 March 2020				
1. **Holding Company**	98.20	941.87	130.40	36.12
2. **Foreign subsidiary Company**				
Sutlej Holdings, Inc. (including American Silk Mills. LLC)	1.80	17.23	(30.40)	(8.42)
	100.00	**959.10**	**100.00**	**27.70**

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 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**
31 March 2020				
1. **Holding Company**	37.24	0.89	123.00	37.01
2 **Foreign subsidiary Company**				
Sutlej Holdings, Inc. (including American Silk Mills. LLC)	62.76	1.50	(23.00)	(6.92)
	100.00	**2.39**	**100.00**	**30.09**

Notes to the Consolidated Financial Statements *(contd.)*

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

53. At each reporting date, the Group evaluate whether there is objective evidence that the property, plant and machinery of the Cash generating unit "CGU" is impaired in terms of IND AS – 36 "Impairment of Assets". If there is such evidence, the carrying amount is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and impairment, if any, is recognized in the consolidated financial statement of the Company.

On account of increased input costs, competitive pressure and unfavourable market conditions in Damanganga unit, particularly upholstery and curtains, the Damanganga ("CGU") incurred significant losses during the year. The Group carried out an impairment assessment of the aforesaid CGU using the fair value less cost to sell model which is based on the replacement value of plant and machinery and market value of land and building. Fair valuation is calculated using certain assumptions i.e. prevailing market dynamics. The Group has also involved independent valuer to carry out the fair value of the property, plant and equipment of CGU. As per the Group assessment, there is no impairment required to be recognized in the consolidated statement of profit and loss account.

54. There was an incident involving fire at Baddi plant where certain raw material inventories were damaged during the year. The Parent Company has assessed the loss of inventory due to the said incident aggregating to Rs.9.06 crore. The said inventories were covered under valid insurance policy and the Parent Company has lodged its initial assessment of the claim with the insurance company and survey is currently under progress. The Parent Company is confident of realizing the amount claimed from Insurance Company as per the policy terms. Accordingly, an amount of Rs. 9.06 crore to the extent of carrying value has been netted off from loss on inventories due to fire recorded under consumption of raw material and presented as a claim receivable under ""Other Current Financial Assets".

55. During the year, the Company 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.

Signatures to Notes 1 to 55

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: 07 May 2021

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

Rajan Dalal
Director
DIN: 00546264
Place : Mumbai
Date: 07 May 2021

C. S. Nopany
Executive Chairman
DIN: 00014587
Place : New York
Date: 07 May 2021

Updeep Singh Chatrath
President & CEO
Place : Mumbai
Date: 07 May 2021

Bipeen Valame
Whole time Director and CFO
DIN : 07702511
Place : Mumbai
Date: 07 May 2021

Manoj Contractor
Company Secretary
M.No. : A11661
Place : Mumbai
Date: 07 May 2021

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sutlej
textiles and industries limited

Sutlej Textiles and Industries Limited