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### **ADDRESS FOR COMMUNICATION TO**

#### **REGISTERED OFFICE**

Surya Towers, 1st Floor,  
105, Sardar Patel Road, Secunderabad - 500 003.

Tel : 040 - 2777 4200  
 Fax : 040 - 27846859  
 E-mail : cs@suryalata.com  
 Website : www.suryalata.com  
 ISIN : INE132C01027  
 CIN : L18100TG1983PLC003962  
 GST : 36AADC50823M1ZA  
 Listed on : B S E Limited  
 Scrip Code : 5 1 4 1 3 8

#### **REGISTRAR & TRANSFER AGENTS**

KFin Technologies Limited  
 CIN: U72400TG2017PLC117649  
 Unit: Suryalata Spinning Mills Limited  
 Selenium, Tower B, Plot 31-32,  
 Financial District, Nanakramguda,  
 Serilingampally, Hyderabad – 500 032.  
 Rangareddi, Telangana, India  
 Phone No.: 040 6716 1500 / 6716 2222,  
 E-Mail: einward.ris@kfintech.com  
 Website: www.kfintech.com

## **CHAIRMAN'S SPEECH**

A very warm welcome to all the shareholders, esteemed Board of Directors and distinguished invitees to the 39<sup>th</sup> Annual General Meeting (AGM) of your Company. Firstly, I would like to express my heartfelt gratitude to all the stakeholders who have reposed faith in us and supported us through our journey of 39 long years and hope that you shall continue to bless us as we move along for many more years to come.

Before speaking about the performance of your company, allow me to walk you through the current scenario of our Company and the Textile industry in which we operate in.



**R Surender Reddy**

The past two years have been nothing but arduous and exigent. The entire world and our industry grappled with COVID-19 and its unforeseen ramifications. The factories turned off their machines and shut their doors. Our labour-intensive industry was no exception to it.

However, from financial year 2021-22 the Indian economy has bounced back and the estimated growth is around 8.9 per cent. Some of the worst-hit sectors like the textile industry are witnessing rapid recoveries and are expected to grow.

It is commendable that our company, despite of innumerable challenges, is emerging stronger, healthier and is soaring high.

It gives me immense pleasure to share that your company has achieved a turnover of ₹ 48,034 lakhs and earned a profit of ₹ 4,774 lakhs in the fiscal year 2021-22, it being the highest since inception of the company. Indeed an important milestone in the history of the company. We have achieved the milestone with our consistent performance over the years, strategic plans, timely execution, state-of-art manufacturing facilities with the latest technology, hardwork and commitment from our dedicated workforce, reliability and long relationships with the customers that established strong market position and the favourable demand conditions.

Keeping pace with the market demand, your Company has upgraded its entire spinning capacity to value-added yarn such as Slub Yarns, TFO Yarns and also taken steps to produce Vortex Yarns (New Product) in the coming years. The Company installed solar plant 4.342 MW on BOT basis at Kalwakurthy Unit and 4.585 MW on CAPEX mode at

Urukondapet Unit, in addition to solar plant of 1.20 MW under BOT model. Further, installed 1.00 MW solar plant in the month of April, 2022 with the company's internal accrual funds. Thereby, total installations are 11.127 MW against connected power load of 12.652 MW. With these installations, your Company is able to generate 20% power requirement to the manufacturing units which has thereby improved the profitability of the company.

Global Textile & Apparel (T&A) is one of the largest in world trade. Its export is effectively in the midst of a gradual shift away from single source country. After witnessing a strong recovery from the pandemic, the entire Indian Textile & Apparel Industry is now embarked upon a new trajectory of growth. During FY 2022, export of textiles registered a significant growth after several years of stagnation due to unfavourable market dynamics. Considering the export potential of the sector and Government's strategy to boost exports through bilateral deals are helping the country to achieve the novel goals. We are committed to quality, excellent customer relations & services and shall continue to maintain the ethical, moral and professional standard in our business dealings. We continue to make progress on our value creation model based on a balanced pursuit of top-line and bottom-line growth with capital efficiency.

We believe that we have built a strong foundation for the future with sustainable and profitable growth for the long term. Our deep-rooted legacy, brand power, global status, visionary approach, innovation capabilities and commitment to sustainability boost our leadership position in the industry.

I would like to take this opportunity and extend my gratitude to the Board Members for their persistent and unabated support and I wholeheartedly thank our Employees which are our pillars for their consistent commitment, dedication and grit during these tough times and achieve the milestone. They worked relentlessly day and night throughout the year to warrant our mission.

Last but not the least, I appreciate and thank the Central and State Government's and Regulatory authorities, Company's valued customers, suppliers, vendors, bankers and investors for their consistent and resolute co-operation and trust.

**MY BEST WISHES TO ALL OF YOU!**

**THANKYOU!**

## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

Sri R Surender Reddy (DIN: 00083972)	Chairman & Non-Executive Independent Director
Sri Vithaldas Agarwal (DIN: 00012774)	Managing Director
Sri Mahender Kumar Agarwal (DIN: 00012807)	Joint Managing Director
Smt. Madhavi Agarwal (DIN: 06866592)	Whole-Time Director
Sri K R Suresh Reddy (DIN: 00074879)	Non-Executive Independent Director
Sri K Lakshmikanth Reddy (DIN: 00016766)	Non-Executive Independent Director (Upto 24.08.2021)
Sri K Harishchandra Prasad (DIN: 00012564)	Non-Executive Independent Director (w.e.f 27.08.21)
Sri K Nageswara Rao	Chief Financial Officer (CFO)
Smt Khushboo Jain	Company Secretary & Compliance Officer

### **COMMITTEES OF THE BOARD**

#### **AUDIT COMMITTEE**

Sri R Surender Reddy, Chairman
Sri K R Suresh Reddy, Member
Sri K Lakshmikanth Reddy, Member (Upto 24.08.2021)
Sri K Harishchandra Prasad, Member (w.e.f. 27.08.2021)

#### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

Sri K R Suresh Reddy, Chairman
Sri Vithaldas Agarwal, Member
Sri Mahender Kumar Agarwal, Member

#### **STATUTORY AUDITORS**

K S Rao & Co.,  
Chartered Accountants, Hyderabad.

#### **SECRETARIAL AUDITORS**

R & A Associates,  
Company Secretaries, Hyderabad.

#### **BANKERS**

State Bank of India, IFB, Hyderabad  
IDBI Bank Limited, Chennai  
HDFC Bank limited, Hyderabad  
IndusInd Bank Limited, Hyderabad

#### **NOMINATION & REMUNERATION COMMITTEE**

Sri K R Suresh Reddy, Chairman
Sri R Surender Reddy, Member
Sri K Lakshmikanth Reddy, Member (Upto 24.08.2021)
Sri K Harishchandra Prasad, Member (w.e.f. 27.08.2021)

#### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Sri R Surender Reddy, Chairman
Sri Vithaldas Agarwal, Member
Sri Mahender Kumar Agarwal, Member

#### **INTERNAL AUDITORS**

Brahmayya & Co.,  
Chartered Accountants, Hyderabad.

#### **COST AUDITORS**

Aruna Prasad & Co.,  
Cost Accountants, Chennai.

#### **FACTORIES**

Marchala Village, Kalwakurthy Mandal,  
Nagar Kurnool District, Telangana – 509 320  
Urukondapet Village, Urukonda Mandal,  
Nagar Kurnool District, Telangana – 509 320

**Book Closure dates: 18<sup>th</sup> September, 2022 to 29<sup>th</sup> September, 2022 (Both days Inclusive)**

Notice is hereby given that the **39<sup>th</sup> Annual General Meeting** of the Members of Suryalata Spinning Mills Limited (the Company) will be held on Thursday, September 29, 2022 at 02.00 P.M. (IST) through **Video Conferencing (VC)/Other Audio-Visual Means (OAVM)** to transact the following items of business.

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2022, together with the reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on Cumulative Redeemable preference Shares of the Company for the financial year ended March 31, 2022.
3. To declare dividend @ 30% (₹ 3/- per equity share of 10/- each) to Non-Promoter Equity Shareholders of the Company for the financial year ended March 31, 2022.
4. To appoint a Director in place of Sri Vithaldas Agarwal, (DIN: 00012774) Managing Director of the Company who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. K. S. Rao & Co., Chartered Accountants (ICAI Firm Registration Number 003109S) as the Statutory Auditors of the Company for a period of five years from the conclusion of this 39<sup>th</sup> Annual General Meeting till the conclusion of 44<sup>th</sup> Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

6. **To take note of the existing borrowings powers (₹ 200 Crores) of the Company as per the provisions of Section 180 1 (c) of the Companies Act 2013 and to avail re-approval for the same:**

**To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:**

**“RESOLVED THAT** in supersession of the special resolution passed at the 31<sup>st</sup> Annual General Meeting held on 6<sup>th</sup> August 2014 and pursuant to the provisions of Section 180(1)(c) and any other applicable provisions, if any, of the Companies Act, 2013 and relevant Rules made thereto including any statutory modifications or re-enactments thereof, the consent of the members of the Company be and is hereby accorded to authorize the Board of Directors of the Company for borrowing from time to time any sum or sums of money by way of cash credit, loan, overdraft, discounting of bills, operating of letters of credit, for standing guarantee or counter-guarantee and any other type of credit line or facility up to an amount not exceeding Rupees 200 Crores [Rupees Two Hundred Crores](including the money already borrowed by the Company) on such terms and conditions as the Board may deem fit, notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company’s Bankers in the ordinary course of business) and remaining un-discharged at any given time, exceed the aggregate, for the time being, of the paid up capital of the Company, its free reserves and securities premium, that is to say, reserves not set apart for any specific purpose.

**RESOLVED FURTHER THAT** Sri. Vithaldas Agarwal, Managing Director of the Company and / or Sri. Mahender Kumar Agarwal Joint Managing Director be and are hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

7. **Creation of Charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings as per provisions of Section 180 (1) (a) of the Companies Act 2013:**

**To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:**

**“RESOLVED THAT** in pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with the Companies (Meetings of Board and its Powers) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and the Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded to authorize the Board of Directors of the Company for creation of charge / mortgage / pledge / hypothecation / security in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and / or immovable properties, tangible or intangible assets of the Company, both present and future and / or the whole or any part of the undertaking(s) of the Company, as the case may be in favour of the Lender(s), Agent(s) and Trustee(s), for

securing the borrowings availed / to be availed by the Company by way of loan(s) (in foreign currency and / or rupee currency) from time to time, subject to the limits approved under Section 180(1)(c) of the Act together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s) / Trustee(s), all other costs, charges and expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s) or any other document, entered into / to be entered into between the Company and the Lender(s) / Agent(s) / State Government(s) / Agency(ies) representing various state government and/or other agencies etc. in respect of the said loans / borrowings and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the Lender(s) / Agent(s) / State Government(s) / Agency(ies), etc.

**RESOLVED FURTHER THAT** Sri. Vithaldas Agarwal, Managing Director of the Company and / or Sri. Mahender Kumar Agarwal Joint Managing Director of the Company be and are hereby authorized severally to finalize, settle, and execute such documents / deeds / writings / papers / agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages / charges as aforesaid.”

**8. Revision in the terms of payment of remuneration to Sri. Vithaldas Agarwal, Managing Director of the Company:**

**To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:**

“**RESOLVED THAT** in partial modification to the resolution passed by the members in the 36th Annual General Meeting of the Company, subject to the applicable provisions of Section 196, 197 and 203 read with Schedule V to the Companies Act, 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), subject to the approval of the shareholders of the Company, consent of the members be and is hereby accorded for revision of Basic Salary of Sri. Vithaldas Agarwal, Managing Director of the Company from the existing limit of ₹ 3,25,000/- per month to ₹ 4,25,000/- per month with effect from July 1, 2022 till the remaining period of his tenure.

**RESOLVED FURTHER THAT** except for the revision in the basic salary, all other perquisites, terms and conditions of appointment, as approved earlier by the members, and which are not dealt with in this resolution, shall remain unaltered.

**RESOLVED FURTHER THAT** the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorized ‘Committee’ thereof) be and is hereby authorized to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution.”

**9. Revision in the terms of payment of remuneration to Sri. Mahender Kumar Agarwal, Joint Managing Director of the Company:**

**To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:**

“**RESOLVED THAT** in partial modification to the resolution passed by the members in the 37th Annual General Meeting of the Company, subject to the applicable provisions of Section 196, 197 and 203 read with Schedule V to the Companies Act, 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), subject to the approval of the shareholders of the Company, consent of the members be and is hereby accorded for revision of Basic Salary of Sri. Mahender Kumar Agarwal, Joint Managing Director of the Company from the existing limit of ₹ 3,25,000/- per month to ₹ 4,25,000/- per month with effect from July 1, 2022 till the remaining period of his tenure.

**RESOLVED FURTHER THAT** except for the revision in the basic salary, all other perquisites, terms and conditions of appointment, as approved earlier by the members, and which are not dealt with in this resolution, shall remain unaltered.

**RESOLVED FURTHER THAT** the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorized ‘Committee’ thereof) be and is hereby authorized to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution.

**10. Revision in the terms of payment of remuneration to Smt. Madhavi Agarwal, Whole-time Director of the Company:**

**To consider, and if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:**

**“RESOLVED THAT** in partial modification to the resolution passed by the members in the 36th Annual General Meeting of the Company, subject to the applicable provisions of Section 196, 197 and 203 read with Schedule V to the Companies Act, 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), subject to the approval of the shareholders of the Company, consent of the members be and is hereby accorded for revision of Basic Salary of Smt. Madhavi Agarwal, Whole-time Director of the Company from the existing limit of ₹ 2,25,000/- per month to ₹ 3,25,000/- per month with effect from July 1, 2022 till the remaining period of her tenure.

**RESOLVED FURTHER THAT** except for the revision in the basic salary, all other perquisites, terms and conditions of appointment, as approved earlier by the members, and which are not dealt with in this resolution, shall remain unaltered.

**RESOLVED FURTHER THAT** the Board of Directors (which term shall, unless repugnant to the context or meaning thereof, be deemed to include a duly authorized ‘Committee’ thereof) be and is hereby authorized to do and perform all such acts, deeds, matters or things as may be considered necessary, appropriate, expedient or desirable to give effect to above resolution.”

**11. To ratify the remuneration of the Cost Auditor Smt. Aruna Prasad (M/s. Aruna Prasad & Co., Cost Accountants) for financial year ending March 31, 2023:**

**To consider and, if thought fit, to pass with or without modification, if any, the following resolution as an Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the Provisions of Section 148 and other applicable provisions if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any Statutory modification(s) or re-enactment(s) thereof, for the time being in forces, the remuneration of ₹ 40,000/- (Rupees Fourty Thousand Only) and reimbursement of out-of-pocket expenses incurred by M/s. Aruna Prasad & Co., Cost Accountants (Firm Registration No. 100883) appointed by the Board of Directors to conduct the Audit of the cost records of the Company for the Financial Year ended March 31, 2023, be and is hereby approved and ratified.”

**for and on behalf of the Board  
Suryalata Spinning Mills Limited**

**Sd/-  
Vithaldas Agarwal  
Managing Director  
DIN: 00012774**

**Place:** Secunderabad  
**Date:** 5<sup>th</sup> August 2022

## NOTES

1. The Ministry of Corporate Affairs (“MCA”) has vide its circular nos.14/2020 and 17/2020 dated April 8, 2020, April 13, 2020 and 3/2022 dated 5<sup>th</sup> May 2022 respectively, in relation to “Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19”.circular no. 20/2020 dated May 5, 2020 in relation to “Clarification on holding of Annual General Meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)”, Circular no. 02/2021 dated January 13, 2021 and Circular no. 2/2022 dated 05<sup>th</sup> May 2022 in relation to “Clarification on holding of Annual General Meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)” {collectively referred to as “MCA Circulars” and Securities and Exchange Board of India (“SEBI”) vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 in relation to “Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 - Covid-19 pandemic” and circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15 2021 in relation to “Relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 due to the Covid-19 pandemic” (collectively referred to as “SEBI Circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC / OAVM. without the physical presence of the Members at a common venue.
2. In compliance with the applicable provisions of the Companies Act, 2013 (including any statutory modification or reenactment thereof for the time being in force) read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, read with the MCA Circulars, SEBI Circulars and pursuant to Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations,2015, the AGM of the members of the Company is scheduled to be held on Thursday, September 29, 2022 at 02.00 P.M (IST) through VC / OAVM and the voting for items to be transacted in the Notice to this AGM is only through remote electronic voting process(“e-Voting”). The deemed venue for the 39<sup>th</sup> AGM will be registered office of the Company at Surya Towers, I Floor 105, Sardar Patel Road, Secunderabad, Telangana-500003, India.
3. Pursuant to the provisions of the act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the company. Since this AGM is being proposed to be held pursuant to the said MCA circulars through VC / OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for this AGM and hence the attendance slip and proxy form are not attached to this notice.
4. The explanatory statement as required under Section 102 of the Companies Act, 2013, in respect of special business mentioned in the Notice is annexed hereto.
5. In case you are holding the Company’s shares in dematerialized form, please contact your depository participant and give suitable instructions to update your bank details in your demat account and to notify any changes with respect to their addresses, email id, ECS mandate etc.  
  
In case you are holding Company’s shares in physical form, please inform Company’s RTA viz. KFin Technologies Limited, Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Rangareddi Telangana, India by enclosing a photocopy of blank cancelled cheque of your bank account.
6. As per Regulation 40 of the Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. M/s. KFin Technologies Limited, Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Rangareddi Telangana, India are the Registrar & Share Transfer Agents (RTA) of the Company. All communications in respect of share transfers, dematerialization and change in the address of the members may be communicated to the RTA.
7. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to the RTA/Company.

8. Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail the nomination facility. Members holding shares in dematerialized form may contact their respective depository participant(s) for recording nomination in respect of their shares.

9. **Transfer of Unclaimed/Unpaid amounts to the Investor Education and Protection Fund (IEPF):**

Members are requested to note that dividends not encashed or remaining unclaimed for a period of 7 (seven) years from the date of transfer to the Company's Unpaid Dividend Account, shall be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Further, pursuant to the provisions of Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules') as amended from time to time, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF Authority as notified by the Ministry of Corporate Affairs. The Members/Claimants whose shares, unclaimed dividend have been transferred to IEPF may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF 5 which is available on [www.iepf.gov.in](http://www.iepf.gov.in) and on the website of the Company [www.suryalata.com](http://www.suryalata.com) along with requisite fee as decided by it from time to time.

Members who have not yet encashed the dividend warrants from the financial year ended March 31, 2014 onwards are requested to forward their claims to the Company's Registrar and Share Transfer Agents without any further delay. It is in Members' interest to claim any un-encashed dividends and for future, opt for Electronic Clearing Service, so that dividends paid by the Company are credited to the Members' account on time.

It may be noted that once the unclaimed dividend is transferred to IEPF as above, no claim shall rest with the Company in respect of such amount. It may also be noted that the unclaimed dividend amount which were lying with the Company upto and in respect of the year ended on March 31 2013, have already been transferred to IEPF. The details of the unclaimed dividends are available on the Company's website at [www.suryalata.com](http://www.suryalata.com) and on the website of Ministry of Corporate Affairs at [www.mca.gov.in](http://www.mca.gov.in).

Members are requested to contact the Company's Registrar and Share Transfer Agent or the Company to claim the unclaimed/unpaid dividends.

10. Members seeking any information or clarification on the accounts are requested to send their queries to the Company, in writing, at least one week before the date of the meeting. Replies will be provided in respect of such written queries at the meeting.
11. Pursuant to the directions/notifications of Securities and Exchange Board of India (SEBI) and Depositories, the demat account holders can operate their accounts if they had already provided Income Tax Permanent Account Number either at the time of opening of the account or at any time subsequently. In case they have not furnished the Income Tax Permanent Account Number to the Depository Participants, such demat account holders are requested to contact their DPs with a photocopy of the PAN Card (with original PAN Card for verification), so that the frozen demat accounts would be available for operation and further consequences of non-compliance with the aforesaid directives would be obviated.
12. Members may also note that the Notice of the 39th Annual General Meeting is available on the Company's website: [www.suryalata.com](http://www.suryalata.com). All documents referred to in the accompanying Notice and the Statement pursuant to Section 102(1) of the Companies Act, 2013 shall be open for inspection in electronic mode by the Members by writing an e-mail to the Company Secretary at [cs@suryalata.com](mailto:cs@suryalata.com).
13. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
14. Since the AGM will be held through VC/OAVM, there is no requirement to annex Route Map to the Notice.
15. Additional information pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to Secretarial Standards on general meetings, information in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting is furnished in the annexure and forms part of the notice. The Directors have furnished the requisite consent / declaration for their appointment / re-appointment.

16. Retirement of Directors by rotation: Sri. Vithaldas Agarwal, (DIN: 00012774) Managing Director of the Company, retire by rotation at the ensuing AGM and, being eligible, offer himself for re-appointment. The Board of Directors recommends the re-appointment of Sri. Vithaldas Agarwal, (DIN: 00012774) Managing Director, whose office is liable to retire by rotation.

#### **E-VOTING**

##### **CDSL e-Voting System – For e-voting and Joining Virtual meetings.**

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020 and Circular No.2/2022 dated 5<sup>th</sup> May 2022. The forthcoming AGM will thus be held through video conferencing (VC) or other audio-visual means (OAVM). Hence, members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 30 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has being uploaded on the website of the Company at [www.suryalata.com](http://www.suryalata.com). The Notice can also be accessed from the websites of the Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also hosted on the website of CDSL (agency for providing the e-Voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. The AGM is being convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No.2/2022 dated 5<sup>th</sup> May 2022.

##### **THE INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM AND JOINING MEETING ARE AS UNDER:**

**Step 1** : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

**Step 2** : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- i. The voting period begins on **Wednesday, September 21, 2022 at 09.00 hrs (IST) and ends on Wednesday, September 28, 2022 at 17.00 hrs (IST)**. During this period shareholders of the Company, holding shares either in physical form or in

dematerialized form, as on the **cut-off date i.e. Saturday, September 17, 2022** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote during the meeting.
- iii. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.
- iv. Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.
- v. In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.
- vi. In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode is given below:**

Type of Shareholder	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL Depository</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for <b>CDSL Easi / Easiest facility</b>, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to <b>Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a></b> and click on Login icon and select New System Myeasi.</li> <li>2) After successful log in the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. <b>CDSL/NSDL/LINKINTIME</b>, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi / Easiest, option to register is available at <b><a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/ EasiRegistration</a></b></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <b><a href="http://www.cdslindia.com">www.cdslindia.com</a></b> home page or click on <b><a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a></b>. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>

Type of Shareholder	Login Method
Individual Shareholders holding securities in Demat mode with <b>NSDL Depository</b>	<ol style="list-style-type: none"> <li>1) <b>If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https:// eservices.nsdl.com</a> either on a Personal Computer or on a mobile.</b> Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS Portal” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/ IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/ Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting or joining virtual meeting &amp; voting during the meeting.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

**Help desk for Individual Shareholders holding securities in Demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL.**

Login Type	Help desk
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

**Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.**

**vii. Login method for e-Voting and joining virtual meeting Physical shareholders and shareholders other than individual holding in Demat form.**

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on “Shareholders” module.
- 3) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID
  - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

**For Physical shareholders and other than individual shareholders holding shares in Demat.**

PAN	<ul style="list-style-type: none"> <li>• Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</li> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/ RTA.</li> </ul>
Dividend Bank Details or Date of Birth (DOB)	<ul style="list-style-type: none"> <li>• Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</li> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction(vi).</li> </ul>

After entering these details appropriately, click on “SUBMIT” tab.

- viii. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- ix. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x. Click on the EVSN for the relevant Company, i.e., Suryalata Spinning Mills Limited on which you choose to vote.
- xi. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire resolution details.
- xiii. After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xiv. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

- xv. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xvi. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii. There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.

**xviii. Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to **helpdesk.evoting@cdslindia.com**.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively, non individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [cs@suryalata.com](mailto:cs@suryalata.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

- i. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
- ii. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
- iii. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
- iv. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- v. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- vi. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- vii. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance i.e from September 21, 2022 (9.00 AM IST) to September 27, 2022 (5.00 PM IST) days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [cs@suryalata.com](mailto:cs@suryalata.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 15 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [cs@suryalata.com](mailto:cs@suryalata.com). These queries will be replied to by the company suitably by email.
- viii. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
- ix. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

- x. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.**

- i. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
- ii. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP).
- iii. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

**If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33.**

**All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call toll free no. 1800 22 55 33.**

**General Instructions:**

1. The voting rights of members shall be in proportion to the shares held by them in the paid-up equity share capital of the Company as on September 18, 2022.
2. The Scrutinizer, after scrutinizing the votes cast at the meeting through remote e-voting and during AGM will, not later than 48 hours from the conclusion of the Meeting, make a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company [www.suryalata.com](http://www.suryalata.com) and on the website of CDSL [www.cdslindia.com](http://www.cdslindia.com). The results shall simultaneously be communicated to the Stock Exchanges.
3. The voting result will be announced by the Chairman or any other person authorized by him within two days of the AGM.4.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF****THE COMPANIES ACT, 2013 FORMING PART OF THE NOTICE**

As required under Section 102(1) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, this Explanatory Statement contains relevant and material information, as detailed herein, to enable the Members to consider for approval of the Resolution Nos 3 and 4.

**Item No. 6: Borrowing powers of the board and authorization limit to secure the borrowings under Section 180(1)(c) of the Companies, Act, 2013:**

The members of the Company at their 31<sup>st</sup> Annual General Meeting held on 6<sup>th</sup> August 2014 approved by way of a special Resolution under Section 180(1)(c) of the Companies Act, 2013 borrowings over and above the aggregate of paid-up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 200 Crores (Rupees Two Hundred Crores).

The Board hereby proposes to avail re-approval of the members for the same limits i.e. (₹ 200 Crores) as per the provisions of Section 180 (1) (c). It is therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 5 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid-up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto ₹ 200 Crores (Rupees Two Hundred Crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

The Directors recommend the Special Resolution as set out at Item No. 6 of the accompanying Notice, for members' approval.

**Item No. 7: Creation of Charges on the movable and immovable properties of the Company, both present and future, in respect of borrowings as per provisions of Section 180 (1) (a) of the Companies Act 2013:**

As per the provisions of Section 180 (1)(a) of the Companies Act 2013, to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company the Board of Directors requires consent of the members by way of passing special resolution.

However, the Bankers of the Company are insisting to provide approval of shareholders to create/mortgage charge on the movable/immovable properties of the Company.

Keeping in view of charge creation, the Board therefore places this resolution for approval of Shareholders by way of passing special resolution. The members are requested to approve the resolution by passing Special Resolution.

None of the Directors and / or Key Managerial Personal or their relatives, are interested or concerned in the resolution.

**Item No 8: Revision in the terms of payment of remuneration to Sri. Vithaldas Agarwal, Managing Director of the Company:**

Sri. Vithaldas Agarwal has over six decades of experience in textile industry and has ably supported the strategic planning & direction of the operations of the company. He made significant contribution towards the growth, operations, modernization and expansion of the companies Plant. Sri Vithaldas Agarwal was appointed as Managing Director of the Company for a period of five year with effect from July 1, 2019 to June 30, 2024 by the members in the 36<sup>th</sup> AGM. Sri. Vithaldas Agarwal is a member of the Stakeholders Relationship Committee and CSR Committee. Based on performance evaluation, the nomination and remuneration committee subject to the approval of the board and members, proposed to revise the basic salary of Sri. Vithaldas Agarwal from the existing limit of ₹ 3,25,000/- (Rupees Three Lakhs Twenty-Five Thousand Only) per month to ₹ 4,25,000/- (Rupees Four Lakhs Twenty Five Thousand Only) per month. The Board of Directors at their meeting held on 23<sup>rd</sup> May 2022 have passed a resolution for revision of the remuneration payable to Sri. Vithaldas Agarwal, effective July 1, 2022, subject to the approval of the Shareholders of the Company. Approval of the shareholders is therefore being sought for the revision of remuneration of Sri. Vithaldas Agarwal, Managing Director of the company as specified in the resolution. Sri. Vithaldas Agarwal holds 8,18,844 Equity Shares in the Company. Sri. Vithaldas Agarwal satisfies all the conditions set

out in Part-I of Schedule - V to the Companies Act, 2013 (including any amendments thereto). Sri. Vithaldas Agarwal may be considered to be concerned or interested in the said resolution. Smt. Madhavi Agarwal and Sri Mahender Kumar Agarwal may also be considered as concerned or interested in the same, being relative of Sri. Vithaldas Agarwal. Except the above, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the said resolution.

**Item No 9: Revision in the terms of payment of remuneration to Sri Mahender Kumar Agarwal, Joint Managing Director of the Company:**

Sri Mahender Kumar Agarwal has over four decades of experience in textile industry and has ably supported the strategic planning & direction of the operations of the company. He made significant contribution towards the growth, operations, modernization and expansion of the companies Plant. Sri Mahender Kumar Agarwal was appointed as Joint Managing Director of the Company for a period of five year with effect from January 1, 2021 to December 31, 2025. Sri Mahender Kumar Agarwal was member of the Stakeholders Relationship Committee and CSR Committee. Based on performance evaluation, the nomination and remuneration committee subject to the approval of the board and members, proposed to revise the basic salary of Sri Mahender Kumar Agarwal from the existing limit of ₹ 3,25,000/- (Rupees Three Lakhs Twenty Five Thousand Only) per month to ₹ 4,25,000/- (Rupees Four Lakhs Twenty Five Thousand Only) per month. The Board of Directors at their meeting held on 23<sup>rd</sup> May 2022 have passed a resolution for revision of the remuneration payable to Sri Mahender Kumar Agarwal, effective July 1, 2022, subject to the approval of the Shareholders of the Company. Approval of the shareholders is therefore being sought for the revision of remuneration of Sri Mahender Kumar Agarwal, Joint Managing Director of the company as specified in the resolution. Sri Mahender Kumar Agarwal holds 12,47,133 Equity Shares in the Company. Sri Mahender Kumar Agarwal satisfies all the conditions set out in Part-I of Schedule - V to the Companies Act, 2013 (including any amendments thereto). Sri Mahender Kumar Agarwal may be considered to be concerned or interested in the said resolution. Smt. Madhavi Agarwal and Sri Vithaldas Agarwal may also be considered as concerned or interested in the same, being relative of Sri Mahender Kumar Agarwal. Except the above, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the said resolution.

**Item No 10: Revision in the terms of payment of remuneration to Smt. Madhavi Agarwal, Whole-time Director of the Company:**

Smt. Madhavi Agarwal was appointed as Whole Time Director of the company for a period of five years w.e.f. November 6, 2019 to November 5, 2024 by the members at the 34<sup>th</sup> Annual General Meeting of the Company. Considering her association with the Company and the pivotal role being played by her for bringing the Company to the level where it stands today, based on the recommendation of nomination and remuneration committee, the Board justifies to sought the approval of shareholders for revision in payment of Smt. Madhavi Agarwal's basic salary from the present payout of ₹ 2,25,000/- (Rupees Two Lakhs Twenty Five Thousand Only) per month to ₹ 3,25,000/- (Rupees Three Lakhs Twenty Five Thousand Only) per month w.e.f. July 1, 2022 till the completion of her present term. Madhavi Agarwal may be considered to be concerned or interested in the said resolution. Sri Mahender Kumar Agarwal and Sri Vithaldas Agarwal may also be considered as concerned or interested in the same, being relative of Smt. Madhavi Agarwal. Except the above, none of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the said resolution. Smt. Madhavi Agarwal holds 7,45,291 Equity Shares in the Company.

**Item No. 11: To ratify the remuneration of the Cost Auditor Smt. Aruna Prasad (M/s. Aruna Prasad & Co., Cost Accountants) for financial year ending March 31, 2023:**

The Board of Directors of the Company on the recommendation of the Audit Committee, appointed M/s. Aruna Prasad & Co., Cost Auditors, Chennai, as Cost Auditors of the Company at a remuneration of ₹ 40,000/- plus reimbursement of out of pocket expenses, for conducting audit of cost records for the F.Y. 2022-23. In terms of the provisions of Section 148 of the Companies Act, 2013 and rules made thereunder the remuneration payable to the Cost Auditor is to be ratified by the members of the Company in general meeting.

Accordingly, the members are requested to ratify the above said remuneration payable to the Cost Auditor during the financial year 2022-23. The ratification by the Members to this Remuneration is being sought in this resolution.

The Board recommends the resolution for approval of the Members. None of the Directors, Key Managerial personnel, and their relatives of the company is directly / indirectly interested in the above resolution.

for and on behalf of the Board  
for Suryalata Spinning Mills Limited

Sd/-  
Vithaldas Agarwal  
Managing Director  
DIN: 00012774

Place: Secunderabad  
Date: 5<sup>th</sup> August 2022

#### Annexure-A

#### Details of Directors seeking re-appointment at the 39th Annual General Meeting to be held on September 29, 2022[Pursuant to Regulation 36(3) and 26(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

S. No	Particulars	Vithaldas Agarwal
1	Date of Birth and Age	September 10, 1939 and 82 Years
2	Date of first appointment	July 1, 2009
3	Nature of appointment (appointment / reappointment)	Appointment pursuant to retire by rotation and being eligible, offers himself for re-appointment
4	Qualifications	-
5	Experience and Expertise in specific functional areas	More than six decades of experience in Textile Industry.
6	Directorships in other Listed Companies	Nil
7	Relationship with other Directors, Manager and Other Key Managerial Personnel of the company	Related to Sri Mahender Kumar Agarwal, Joint Managing Director and Smt. Madhavi Agarwal, Whole-time Director
8	Shareholding in the Company	Holds 8,18,844 Equity Shares
9		
10	Remuneration last drawn by such person, if applicable and remuneration sought to be paid	₹ 39,01,700 /- was paid as Remuneration during the Financial Year ended March 31, 2022. Remuneration not exceeding ₹ 4,25,000/- per month is proposed to be paid w.e.f 1 <sup>st</sup> July 2022.
11	The number of Meetings of the Board attended during the year	4
12	Membership / Chairmanship of Committees of other Boards	Nil





**Statutory  
Reports**

## BOARDS' REPORT

To  
The Members  
Suryalata Spinning Mills Limited

Your Board of Directors are pleased to present the **39<sup>th</sup> Annual Report** of the Company together with the Audited Financial Statements of Accounts for the financial year ended 31<sup>st</sup> March 2022.

### Financial Results:

The Company has prepared financial results in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013.

The financial performance for the financial year ended 31<sup>st</sup> March 2022 has been summarized below:

(₹ in Lakhs)

Particulars	Current Year 2021-22	Previous Year 2020-21
Revenue from Operations	48,034	27,653
Profit before Interest Depreciation and Tax	8,079	4,916
Interest	878	1,149
Depreciation	1,143	1,119
Profit Before Tax	6,058	2,648
Less: Provision for tax	1,536	483
Deferred Tax Liability	(253)	288
<b>Profit After Tax</b>	<b>4,775</b>	1,877
Add: Profit brought forward from last year	1,445	1,081
Amount available for appropriation	6,220	2,958
<b>Appropriations:</b>		
Transfer to		
(a) General Reserve	3,000	1,500
(b) Dividend on Equity Shares	25	13
(c) Dividend distribution tax	-	-
Balance Carried forward to Balance Sheet	3,195	1,445

### Details of Operations:

The company has posted another good year of performance by achieving highest turnover and profits. Post Covid, the demand for textile product increased from rural markets and gradual opening of urban markets. In spite of Covid related lockdowns in the first quarter and challenges being faced in the supply chain and increase in resources cost etc., the company performance increased quarter on quarter to highest level at the financial year ended 31<sup>st</sup> March, 2022.

The Company's key performance indicators are as under.

- Annual Average yarn realization was increased by ₹ 36.99 i.e to ₹ 172.31 per kg. as against ₹ 135.32 per kg in the previous year.
- Annual Average input (raw material) cost increased by ₹ 28.72 (i.e) to ₹ 103.06 per kg. as against ₹ 74.34 in the previous year.
- Contributions from operations increased by ₹ 8.27 per kg. (i.e) ₹ 69.25 as against ₹ 60.98 per kg in the previous year.
- Operational cost decreased by ₹ 1.19 per kg. (i.e) ₹ 48.42 as against ₹ 49.61 per kg in the previous year, as the finance cost reduced significantly.

**Highlights of the Company's Affairs:**

The highlights of the Company's performance are as under:

- ❖ Revenue from operations for the FY 2021-22 is ₹ 48,034/-Lakhs as compared to ₹ 27,653/-Lakhs in the previous year.
- ❖ Exports increased to ₹ 8493.94 Lakhs as compared to ₹ 2100.0 Lakhs in the previous year i.e Increased by 304.47 %. FOB values exports is US\$ 1,08,07,295 as against US\$ 27,85,051 in the previous year.
- ❖ Production quantities increased to 26427 MTs as against 21488 MTs in the previous year.
- ❖ Profit before Tax for the FY 2021-22 is ₹ 6,058/- Lakhs as compared to ₹ 2,648/- Lakhs in the previous year.
- ❖ Profit after Tax is ₹ 4,775/- Lakhs as against ₹ 1,877/- Lakhs in the previous year.
- ❖ There is no change in business during the year under review.

**Renewable Energy:**

At Suryalata, we believe that the world will be increasingly driven by renewable energy. India is expected to play a prominent role in greening of the world. India set a target of 450 GW of renewable energy capacity by 2030. During this COVID-19 Pandemic period, the company evaluated various opportunities and has installed Solar power plants in manufacturing units.

The company installed Solar of 4.342 MW on BOT basis at Kalwakurthy Unit and 4.585 MW on CAPEX mode at Urukondapet Unit, in addition to Solar plant of 1.20MW under BOT model. Further, installed 1.00 MW solar plant with company's internal accrual funds in the month of April 2022. Thereby, total installations are 11.127 MW against connected power load of 12.650 MW. With these installations, the company is able to generate 20% power requirement to the manufacturing units.

**Capital expenditure:**

The Company had spent ₹ 331.63 lakhs towards construction of workers quarters within the plant premises and ₹ 235.26 lakhs spent for installation of balance equipment required to increase the production and ₹ 35.45 lakhs spent for installation of material handling/transportation Equipment, ₹ 21.45 lakhs for data processing equipment's and ₹ 1730.53 Lakhs spent for installation of 4.585 MW solar plant the total investment in the assets is ₹ 2354.32 lakhs in FY 21-22.

**Changes in Share Capital:**

There was no change in the share capital of the Company during the financial year under review.

**Transfer to Reserves:**

The Company has decided to transfer ₹ 3,000/- Lakhs to the general reserve for the financial year ended 31<sup>st</sup> March 2022.

**Dividends:**

Your Directors have recommended the payment of Dividend on the Cumulative Redeemable Preference Shares as per the terms and conditions of the Issue for the Financial Year 2021-22. The said Dividend will absorb a sum of ₹ 30,80,000/-.

Also, Your Directors have recommended the payment of Dividend on Equity Shares at 30% (i.e.) ₹ 3 per share of ₹ 10/- each to Non-promoter equity shareholders of the Company for the year 2021-22. The dividend will absorb a sum of ₹ 37,94,070/-.

**Investor Education and protection Fund (IEPF):**

Pursuant to provisions of Section 124 and 125 of the Companies Act 2013 read with IEPF Rules 2016, all unpaid or unclaimed dividends up to the financial year 2013-14 was transferred to the Investor Education and Protection Fund established by the Central Government, after sent notice to all shareholders whose shares are due to be transferred to the IEPF Authority and published requisite advertisement in the newspaper. The shareholders whose dividends and shares have been transferred to the IEPF Authority can claim their dividend and shares from the IEPF Authority. All unpaid or unclaimed dividends up to the financial year 2014-15 will be transferred to the Investor Education and Protection Fund as per the due dates falling this year.

**Deposits:**

During the financial year under review the Company has not accepted any deposits in pursuance of Chapter V Companies (Acceptance of Deposits) Rules, 2014.

**Disclosures under the Companies Act, 2013.**

Pursuant to Section 134 (3) (a) & Section 92 (3) of the Companies Act, 2013 read with Rules 12 of the Companies (Management & Administration) Rules, 2014, the Annual Return of the company for Financial Year 2021-22 is placed on the company's website at <https://www.suryalata.com>.

**Number of Meetings of the Board of Directors and Committees:**

**Four (4)** Board Meetings & Audit Committee Meetings were held during the Financial Year 2021-22 as below:

1. 28<sup>th</sup> June, 2021;
2. 5<sup>th</sup> August, 2021;
3. 11<sup>th</sup> November, 2021;
4. 11<sup>th</sup> February, 2022;

**The Meetings of the following Committees held on the respective dates as mentioned below:**

1. CSR Committee Meeting – 28<sup>th</sup> June, 2021;
2. Nomination and Remuneration Committee – 11<sup>th</sup> November, 2021;
3. Nomination and Remuneration Committee – 11<sup>th</sup> February, 2022;
4. Stakeholders Relationship Committee Meeting – 11<sup>th</sup> February, 2022;

For details pertaining to attendance of Directors for the said Meetings, please refer to the Corporate Governance Report, which forms part of this report.

The meeting of Independent Directors of the Company was held on 11<sup>th</sup> February, 2022 were all the Independent Directors were present.

**Directors Responsibility Statement:**

Pursuant to the requirements under Section 134 of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, the Board of Directors of the Company hereby confirms:

- (a) that in the preparation of the annual accounts for the Financial Year ended 31<sup>st</sup> March, 2022 the applicable accounting standards have been followed;
- (b) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2022 and Profit and Loss Statement of the Company for that period;
- (c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) that the directors have prepared the annual accounts for the financial year ended 31<sup>st</sup> March, 2022 on a going concern basis;
- (e) that the directors have laid down internal controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) that the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Statement on declaration given by Independent Directors under Sub-Section (6) of Section 149 of the Companies Act, 2013:**

The Independent Directors have submitted the Declaration of Independence, as required pursuant to Sub-Section (7) Section 149 of the Companies Act, 2013 stating that they meet the criteria of independence as provided in (6) of section 149 of Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

**Related Party Transactions:**

All the related party transactions are entered in the ordinary course of business and on arm's length basis they are in compliance with the applicable provisions of Companies Act 2013 and listing regulations. The disclosures relating to related party transactions as required in Form AOC-2 is enclosed to this report as Annexure-I.

The Company has adopted a related party transactions policy and the said policy as approved by the board is uploaded on the Company's website [www.suryalata.com](http://www.suryalata.com).

**Particulars of Loans, Guarantees and Investments:**

During the year under review, the Company has not granted any loans, neither provided guarantees nor made any investments covered in the register maintained under section 186 of the Companies Act, 2013.

**Particulars of Employees:**

The details pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as Annexure II.

Further during the year under review, the list of top ten employees in terms of remuneration drawn as set out in Rule 5 Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as Annexure II.

**Details of Directors and Key Managerial Personnel's appointed or resigned during the year:**

Sri Harishchandra Prasad Kanuri was appointed by the Board of Directors of the Company as Additional Director (under the category of the Independent Director) of the Company subject to the approval/ratification of the members of the Company in the ensuing annual General Meeting of the Company, w.e.f 27.08.2021 for a period of 5 years from 27.08.2021 to 26.08.2026 and Sri Lakshmikanth Reddy Konda resigned from the position of Independent Director w.e.f 24.08.2021. Aforesaid appointment and resignation were considered and approved in the resolution passed through circulation on 26.08.2021. Thereafter the members in the 38<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> September 2021 have approved the appointment of Sri Harishchandra Prasad Kanuri as an Independent Director.

Mr.Venkata Ramana resigned from position of Company Secretary and Compliance Officer with effect from 20th Oct, 2021. Ms.Naga Latha Sada appointed as Company Secretary and Compliance officer by the Board of Directors on 11th Nov, 2021. Ms.Naga Latha Sada resigned from the position of company Secretary and Compliance Officer with effect from 5th Feb, 2022. Thereafter, Ms.Kushboo Jain appointed as Company Secretary Compliance Officer by the Board of Directors on 11th Feb,2022.

In accordance with the provisions of the Companies Act, 2013 and in terms of Articles of Association of the Company, Sri. Vithaldas Agarwal, Managing Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

**Committees of the Board:****Currently the Board has four Committees:**

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Corporate Social Responsibility Committee; &
4. Stakeholders Relationship Committee.

**Audit Committee:**

The Audit Committee consists of Sri R Surender Reddy, Chairman, Sri K R Suresh Reddy, Member and Sri Harishchandra Prasad Kanuri, Member. All the recommendations made by the members of Audit Committee were accepted by the Board.

**Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee consists of Sri K R Suresh Reddy, Chairman, Sri R Surender Reddy, Member and Sri Harishchandra Prasad Kanuri, Member.

**Policy on director's appointment and remuneration and other details:**

The Company follows a policy on remuneration of directors and other senior managerial personnel. The Policy is recommended by the Nomination and Remuneration Committee and approved by the Board. More details of the same was given in the Corporate Governance Report.

**Corporate Social Responsibility Committee:**

The Corporate Social Responsibility Committee consists of Sri R Surender Reddy, Chairman, Sri Vithaldas Agarwal, Member and Sri Mahender Kumar Agarwal, Member.

This policy encompasses the Company's philosophy for giving back to society as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for the welfare & sustainable development of the community at large.

**Corporate Social Responsibility Policy:**

The core theme of the Company's Corporate Social Responsibility (CSR) policy is giving back to the society from which it draws its resources by extending helping hand to the needy and the underprivileged.

Corporate Social Responsibility is the commitment of business to contribute for sustainable economic development. It is the contribution of the corporate sector for philanthropic causes like education, health, water, Sanitation, Animal Welfare, environment and community development. Enlarges this to synchronization with CSR activities. In alignment with vision of the company, through its CSR initiatives will continue to enhance value creation in the society, through its services, conduct & initiatives, so as to promote sustained growth of the society, in fulfillment of its role as a Socially Responsible Corporate, with environmental concern.

The Report on Corporate Social Responsibility as per Rule 8 of (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as Annexure III.

**Stakeholders Relationship Committee:**

Stakeholders Relationship Committee consists of Sri K R Suresh Reddy, Chairman, Sri Vithaldas Agarwal, Member and Sri Mahender Kumar Agarwal, Member.

The Scope of the committee shall include considering and resolving the grievances of the security holders of the company which may arise due to any of the reasons cited in the Stakeholders Relationship Committee of the company.

**Statutory Auditors and auditors' report:**

M/s. K.S. Rao & Co., Chartered Accountants (ICAI Firm Registration Number 003109S) were appointed as Statutory Auditors of the Company in the Annual General Meeting (AGM) held on 4<sup>th</sup> September 2017 to hold office for a period of five years i.e. up to the conclusion of 39<sup>th</sup> Annual General Meeting.

The Board of Directors of the company on the recommendations of the Audit committee, recommends the Re-appointment of M/s. K. S. Rao & Co., Chartered Accountants as the Statutory Auditors of the Company for a period of 5 years to hold office from the conclusion of this 39<sup>th</sup> Annual General Meeting till the conclusion of the 44<sup>th</sup> Annual General Meeting on such remuneration including the manner of payment as may be determined by Board in consultation with the Auditors.

M/s. K. S. Rao & Co., Chartered Accountants, the Statutory Auditors of the company has issued an unmodified Auditors Report (standalone) for Financial Year ended 31<sup>st</sup> March 2022 and the Auditors have not reported any matter under section 143(12) of the companies Act 2013 and therefore no details is required to be disclosed under section 134(3) of the Companies Acts 2013.

The Auditor's Report to the Shareholders for the financial year under review does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the financial statements in this Annual Report.

**Secretarial Auditor:**

The Board has appointed R& A Associates, Company Secretaries a firm of Practicing Company Secretaries, Hyderabad as the Secretarial Auditors to conduct Secretarial Audit of the Company for the Financial Year ended 31<sup>st</sup> March 2022 in compliance with the provisions of Section 204 of the Companies Act, 2013. The Secretarial Audit Report issued by R & A Associates, Company Secretaries, in Form MR-3 is enclosed as Annexure IV.

**Internal Auditor:**

The Board of Directors of the Company have appointed M/s. Brahmayya & Co., Chartered Accountants as Internal Auditors to conduct Internal Audit of the Company for the Financial Year ended 31<sup>st</sup> March 2022.

**Cost Auditor:**

M/s. Aruna Prasad & Co., Cost Auditors were appointed as Cost Auditor for conducting the cost audit of the Company for the financial year 2021-22 and paid remuneration of ₹ 35000/-. The Board of Directors have appointed M/s. Aruna Prasad & Co., Cost Auditors, Chennai for conducting the cost audit of the Company for the financial year 2022-23, in compliance to the provisions of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit Rules,) 2014, on the recommendations made by the Audit Committee and has recommended their remuneration for the approval of Members at the ensuing Annual General Meeting.

**Corporate Governance Report:**

The report on Corporate Governance as per Regulation 34(3) read with Schedule V of the SEBI (LODR) Regulations is included as a part of this Annual Report. The requisite certificate from R& A Associates, Company Secretaries, confirming the compliance with the conditions of Corporate Governance is attached to the report on Corporate Governance.

**Management Discussion and Analysis:**

In terms of provisions of Regulation 34(2) of SEBI Listing Regulations report on Management Discussion & Analysis for the year under review is provided in a separate section forming part of this Annual Report.

**Vigil Mechanism/Whistle Blower Policy:**

The Board of Directors of the Company has adopted Whistle Blower Policy. This policy is formulated to provide an opportunity to employees and an avenue to raise concerns and to access in good faith the Audit Committee, to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication, in case they observe unethical and improper practices or any other wrongful conduct in the Company, to provide necessary safeguards for protection of employees from reprisals or victimization and to prohibit managerial personnel from taking any adverse personnel action against those employees.

The Policy on vigil mechanism/whistle blower policy may be accessed on the Company's website [www.suryalata.com](http://www.suryalata.com)

**Details of adequacy of internal financial controls:**

The company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

**Change in the Nature of Business:**

There has been no change in the nature of business of the Company during the financial year under review.

**The details of significant material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future:**

No significant or material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future during the year under review.

No other material changes and commitments have occurred after the close of the year till the date of this Report, which affect the financial position of the Company. Further there is no change in the nature of business of the Company.

**Conservation of energy, technology absorption, foreign exchange earnings and outgo:**

The information with respect to Conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Act read with Rule 8 of Companies (Accounts) Rules, 2014, are provided in the Annexure VI to this Report.

**Risk Management Policy:**

The Company has policy for identifying risk and established controls to effectively manage the risk. Further the company has laid down various steps to mitigate the identified risk. The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

**Declaration with the compliance with the code of conduct by Members of the board and Senior Management personnel:**

The Company has complied with the requirements about code of conduct for Board members and Sr. Management Personnel.

The said policy is available on the website of the Company [www.suryalata.com](http://www.suryalata.com)

**Mechanism for Board Evaluation:**

The board of directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the schedule IV of the Companies Act, 2013 and the corporate governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015.

The Directors evaluation was broadly based on the parameters such as understanding of the Company's vision, objective, skills, knowledge and experience, participation and attendance in Board/ Committee meetings; governance and contribution to strategy; interpersonal skills etc.

The Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as evaluation of the working of its Board Committees. A structured questionnaire was prepared covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board Culture, execution and performance of specific duties, obligations and governance.

A meeting of the Independent Directors was also held which reviewed performance of non-independent directors, performance of the board as a whole and performance of the chairman after taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent directors, at which the performance of the board, its committees and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

**Policy on Sexual Harassment:**

The Company has adopted policy on Prevention of Sexual Harassment of Women at Workplace in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company regularly conducts awareness programmes for its employees.

**Disclosure pertaining to sexual harassment of women at workplace:**

During the Financial year ended 31<sup>st</sup> March 2022 the Company has neither received any complaints nor there are any pending complaints pertaining to sexual harassment, and the Company had created Internal Complaints committee.

**Environment, Health and Safety:**

The Company considers it is essential to protect the Earth and limited natural resources as well as the health and wellbeing of every person. The Company strives to achieve safety, health and environmental excellence in all aspects of its business activities. Acting responsibly with a focus on safety, health and the environment is part of the Company's DNA.

**Compliance with Secretarial Standards**

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

**Prevention of Insider Trading Code**

The Company has a policy i.e., code of conduct prohibiting insider trading in conformity with SEBI (Prohibition of Insider Trading) Regulations, 2015. The said policy contains necessary procedures applicable to Directors, officers and designated persons for trading in the securities of the Company.

The trading window closures are intimated in advance to all the concerned during which period, the Board of Directors and designated persons are not permitted to trade in the securities of the company.

**Acknowledgments**

The Company is grateful to its Customers, Shareholders, Suppliers, Banks & Financial institutions, Central & State Government Authorities for their constant support.

The Board of Directors also place on record their deep appreciation of the contribution made by the employees at all levels, the consistent growth of the Company was made possible by their hard work, loyalty, dedication, co-ordination and support.

For and on behalf of the Board  
for **Suryalata Spinning Mills Limited**

**Sd/-**  
**Vithaldas Agarwal**  
**Managing Director**  
**DIN: 00012774**  
**Add: 8-2-684/3/k/8To10, MLA Colony,**  
Road No. 12, Banjara Hills,  
Hyderabad-500034, Telangana

**Sd/-**  
**Mahender Kumar Agarwal**  
**Joint Managing Director**  
**DIN: 00012807**  
**Add: 8-2-684/3/k/8To10, MLA Colony, Road No. 12,**  
Banjara Hills,  
Hyderabad-500034, Telangana

**Place:** Secunderabad  
**Date:** 5th August 2022

**FORM NO. AOC -2**

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

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

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

There are no contracts or arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are not at arm's length basis.

**2. Details of contracts or arrangement or transactions at arm's length basis:**

Contracts or arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 which are at arm's length basis.

S. No	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Amount (in ₹ )
1.	Surana Solar Limited (Enterprise having common Director)	Solar Power Purchased	Ongoing	As per the Agreement	69,11,950

For and on behalf of the Board  
for **Suryalata Spinning Mills Limited**

Sd/-  
**Vithaldas Agarwal**  
Managing Director  
DIN: 00012774

Add: 8-2-684/3/k/8To10, MLA Colony, Road No. 12,  
Banjara Hills, Hyderabad-500034, Telangana

Sd/-  
**Mahender Kumar Agarwal**  
Joint Managing Director  
DIN: 00012807

Add: 8-2-684/3/k/8To10, MLA Colony, Road No. 12,  
Banjara Hills, Hyderabad-500034, Telangana

Place: Secunderabad  
Date: 5<sup>th</sup> August 2022

**PARTICULARS OF EMPLOYEES**

Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name of Director	Designation	Remuneration In FY 21-22	Remuneration in FY 20-21	% of increase in remuneration	Ratio of remuneration to MRE
<b>Executive Directors</b>					
Vithaldas Agarwal	Managing Director	39,01,700	37,37,500	4.39	22.12
Mahender Kumar Agarwal	Joint Managing Director	46,70,115	47,40,016	(1.47)	26.48
Madhavi Agarwal	Whole-Time Director	38,12,836	30,63,510	24.46	21.62
<b>Key Managerial Personnel</b>					
K Nageswara Rao	Chief Financial Officer	30,02,496	26,56,892	13	17.02
Venkata Ramana N	Company Secretary	3,88,234	5,23,387		2.20
S. Nagalatha	Company Secretary	1,59,224			0.90
Khushboo Jain*	Company Secretary	41,072			0.23

\*Appointed on 11<sup>th</sup> February 2022

- The Median Remuneration of the employees of the Company during the financial year was ₹ 1,76,373/- (Previous Year ₹ 1,57,226/-).
- There are 434 permanent Employees on the Rolls the Company of as on 31<sup>st</sup> March, 2022.
- There was 12.17% increase in the salaries of employees other than the managerial personnel in the current financial year i.e. 2021-22 as against 8.55%% reduction in the previous financial year 2020-21.
- The key parameters for the variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee.
- It is hereby confirmed that the remuneration is as per the remuneration policy of the Company.

For and on behalf of the Board  
for **Suryalata Spinning Mills Limited**

**Sd/-**  
**Vithaldas Agarwal**  
**Managing Director**  
**DIN: 00012774**

**Add: 8-2-684/3/k/8To10, MLA Colony, Road No. 12,  
Banjara Hills, Hyderabad-500034, Telangana**

**Sd/-**  
**Mahender Kumar Agarwal**  
**Joint Managing Director**  
**DIN: 00012807**

**Add: 8-2-684/3/k/8To10, MLA Colony, Road No. 12,  
Banjara Hills, Hyderabad-500034, Telangana**

Place: Secunderabad  
Date: 5th August 2022

S. No	Name & Designation	Remuneration received (₹)	Nature of employment, whether contractual or otherwise	Qualification and experience of the employee	Date of Commencement of employment	Age	The last employment held before joining the Company	The percentage shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) of Rule 5	Whether the employee is a relative of any director or manager of the company
1.	Sri Mahender Kumar Agarwal, Joint managing Director	46,70,115	Regular	B.Com., 30 Years	01-07-1986	59	-	29.23	Yes
2.	Sri Vithaldas Agarwal, Managing Director	39,01,700	Regular	Under Graduate 56 years	01-09-1989	82	-	19.19	Yes
3.	Smt. Madhavi Agarwal, Executive Director	38,12,836	Regular	B.Com., 12 years	06-11-2014	55	-	17.47	Yes
4.	Sri K. Nageswara Rao, Chief Financial Officer	30,02,496	Regular	B.Com., FCA., 35 Years	28-01-2009	64	Regency Ceremics Ltd., Hyderabad		No
5.	Sri K. K. Sinha, (Chief General Manager)	27,65,985	Regular	D.T.T. 43 Years	07-06-2004	67	Bhmvel Synthetics India Ltd., Fatahnagar, Rajasthan		No
6.	Sri D. V. Ramana Reddy, General Manager (HR and P&A)	17,07,540	Regular	M.Com., PGDPM & LL.B., 32 Years	13-06-2000	61	Kothari Spinning Mills Ltd., Adoni, Andhra Pradesh		No
7.	Sri R. Prasada Rao, General Manager – Sales	12,34,073	Regular	M.Com., MSM 30 Years	22-01-2004	62	Priyadarshini Spinning Mills Ltd., Hyderabad	Not applicable	No
8.	Sri V. Ramanjula Reddy, Manager -HR	10,14,645	Regular	MBA-HR 4 years	20-11-2017	41	Priyadarshini Spinning Mills Ltd., Hyderabad		No
9.	Sri K. Ajay Kumar, Manager – EDP	9,32,143	Regular	B.Sc., PGDCA., 28 Years	29-10-2004	55	My Home Industries Ltd., Hyderabad.		No
10.	Sri Anjani Kumar Rai, Technical Manager	8,92,143	Regular	Diploma - Mechanical Engineer	01-07-2021	54	Sutlej Industris		No

**Annual Report on CSR Activities for Financial Year**

 Commencing after 1<sup>st</sup> Day of April 2021

- Brief outline on CSR Policy of the Company: At Suryalata Spinning Mills Limited, CSR is no mere acronym, is an integral part of the Suryalata Spinning Mills Limited culture imbibed by one and all involved in the working of the Company. Our vision is to actively contribute to the social and economic development of the communities in which we operate. In doing, so to build a better, sustainable way of life for the weaker sections of society and raise the country's human development index.

- Composition of CSR Committee:

S. No	Name of Director	Designation / Nature of Directorship	Number of Meeting of CSR Committee held during the year	Number of Meeting of CSR Committee attended during the year
1	R Surender Reddy	Chairman	1	1
2	Vithaldas Agarwal	Member	1	1
3	Mahender Kumar Agarwal	Member	1	1

- Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company - <https://www.suryalata.com/investors.html>.
- Provide the details of Impact assessment of CSR projects carried out in pursuance of sub rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report) – Not Applicable
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: NA

S. No	Financial Year	Amount available for set-off from preceding financial year (in ₹)	Amount required to be set – off for the financial year, if any(in ₹ )
1			

- Average net profit of the company as per Section 135(5) – ₹ 23,20,23,109/-.
- Two percent of average net profit of the company as per section 135(5) – ₹ 46,40,462/-
  - Surplus arising out of the CSR projects or programs or activities of the previous financial Years - NA
  - Amount required to be set off for the financial year, if any – NA
  - Total CSR obligation for the financial year (7a+7b-7c) – ₹ 46,40,462/-

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

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)		
	Total Amount transferred to Unspent CSR Account as per section 135(6)	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)	
Amount	Date of Transfer	Name of the Fund	Date of Transfer
80,55,000	-	-	-

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

S. No	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project.		Project Duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Direct/ Through Implementing Agency
				State.	District						
1	Special Education Through Veda patasala - Running and on-going expenditure for Sri Gayathri Vedavidyalam, Marchala Village, Kalwakurthy,	Clause (ii) of Schedule VII	Yes	Telangana	Nagar Kurmool		20,00,000	23,25,000	NA	Yes	Direct - Monthly running expenses
<b>Total</b>							<b>20,00,000</b>	<b>23,25,000</b>	-	-	-

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

1	2	3	4	5		6	7	8	
				State	District			Amount spent for the project (in ₹).	Mode of implementation – Direct (Yes/No)
		Item from the list of activities in Schedule VII to the Act.	Local Area (Yes/No)						
1	Protection of Art and Culture including work of art; Promotion and Development of Traditional Art - Special Education of Music encouragement for Annual Musical Traditional Festival	Clause (V) of Schedule VII	No	Maharashtra		5,00,000	yes	Art and Artistes Foundation - Head Office at 307, 3 <sup>rd</sup> Floor, Durga Chamber, Next Veera Desai Road, near Fun Republic, Mumbai City, Maharashtra, India – 400058.	Direct-RTGS payment
2	Promotion of health care and Sanitation including prevention of health care - Covid – 19	Clause (i) of Schedule VII	Yes	Telangana	Somajiguda, Hyderabad	51,00,000	Yes	-	Direct
3	Promotion of health care and Sanitation including prevention of health care - Covid – 19.	Clause (i) of Schedule VII	No	New Delhi	CNI Bhavan	30,000	Yes	The Leprosy Mission Trust India	Direct
4	Promotion of health care and Sanitation including prevention of health care - Covid – 19.	Clause (i) of Schedule VII	Yes	Nagar Kurnool	Telangana	1,00,000	Yes	Prajala Bhagaswamya Samstha	Direct
			Total			<b>57,30,000</b>	-	-	-

- (d) Amount spent in Administrative Overheads
- (e) Amount spent on Impact Assessment, if applicable: Not Applicable
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e) :80,55,000/-
- (g) Excess amount for set off, if any: (8(f) - 7(a) )

S.No	Particulars	Amount (In ₹ )
1	Two percent of average net profit of the company as per section 135(5)	46,40,462/-
2	Total amount spent for the Financial Year	80,55,000/-
3	Excess amount spent for the financial year [1-2]	34,14,538/-
4	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	2,02,498
5	Amount available for set off in succeeding financial years (3-4)	36,17,036

9. (a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable

S. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹).	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 ₹)
				Name of the Fund	Amount (in ₹)	Date of Transfer	
1	-	-	-	-	-	-	-
Total		-	-	-	-	-	-

- (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):Not Applicable

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

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year. (asset-wise details). Not Applicable

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

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):.Not Applicable.

The CSR committee confirms that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the company

**Place:** Secunderabad  
**Date:** 23<sup>rd</sup> May 2022

**Vithaldas Agarwal**  
Member of CSR Committee

**R Surender Reddy**  
Chairman of CSR Committee

**FORM MR-3  
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

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

To

The Members

**SURYALATA SPINNING MILLS LIMITED**

Surya Towers, 1<sup>st</sup> Floor, 105, Sardar Patel Road

Secunderabad – 500 003, Telangana, India.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SURYALATA SPINNING MILLS LIMITED (CIN: L18100TG1983PLC003962)** (hereinafter referred to as “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing 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 March 31, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-Processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022, according to the provisions of:

- I) The Companies Act, 2013 (the Act) (to the extent applicable) and the Rules made thereunder;
- II) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- III) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
- IV) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V) The following Regulations and Guidelines prescribed under the Securities Exchange Board of India Act, 1992 (‘SEBI Act’):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients;
  - e. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable to the Company during the audit period);**
  - f. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the audit period);**
  - g. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the audit period);**
  - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the audit period)** and
  - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the Company during the audit period).**

- VI) Relying on the representations given by the Company and its officers with regard to other laws specifically applicable to the Company and its compliance, we opine that the Company has complied with the following laws:
- a. Textiles (Development & Regulation) Order, 2001;
  - b. Textiles (Consumer Protection) Regulation, 1988;
- VII) We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India;
- VIII) We report that, during the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines and Standards, etc. mentioned above.

**We 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.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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.

All the decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the Minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We 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.

We further report that during the audit period no specific events/actions took place having a major bearing on the Company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines, standards, etc.

for R & A Associates  
Company Secretaries

Sd/-  
Rashida Adenwala  
M. No. F4020  
C. P. No. 2224

UDIN: F004020D000718987

Place: Hyderabad  
Date: 1<sup>st</sup> August 2022

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

**ANNEXURE-A TO THE SECRETARIAL AUDIT REPORT**

To

The Members

**SURYALATA SPINNING MILLS LIMITED**

Surya Towers, 1<sup>st</sup> Floor, 105, Sardar Patel Road

Secunderabad-500 003, Telangana, India

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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We 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 the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for my opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. We have relied up on the information provided by the Management with respect to related party transactions for its compliance.

for R & A Associates  
Company Secretaries

Sd/-

Rashida Adenwala

M. No. F4020

C. P. No. 2224

UDIN: F004020D000718987

Place: Hyderabad

Date: 1<sup>st</sup> August 2022

**Information as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 forming part of Directors Report for the year ended 31<sup>st</sup> March, 2022.**

The information as per Section 134 of the Companies Act, 2013 has to be presented:

**A. Conservation of energy**
**(i) The steps taken or impact on conservation of Energy:**

The Company has synchronized Maintenance schedules, installed horizon series, screw, and compressor and it conducted regular energy audits and taken immediate steps to curtail power consumption.

**(ii) The Steps taken by the Company for utilizing alternate sources of Energy:**

Solar Power utilization, the Company has installed 11.127 MW of solar plant which take cares of 20% of the total power requirement of the Company.

**(iii) The Capital Investment on energy conservation equipment's: Nil**
**A. Technology absorption:**

<b>I</b>	The efforts made towards technology absorption	The company has adapted indigenous technology and made innovation on the same.
<b>II</b>	The benefits derived like product Improvement, cost reduction, product Development or import substitution	Product quantities increased with increased capacities and quality increases with advanced technology equipment, resulted to establish the Market reputation for products.
<b>III</b>	<b>In case of imported technology (imported during the last three years reckoned from the beginning of the Financial year)</b>	
	the details of technology imported	Nil
	the year of import	Nil
	whether the technology been fully absorbed	Not Applicable
	if not fully absorbed, areas where absorption has not taken place, and thereas on thereof	Not Applicable

**B. Foreign exchange earnings and outgo:**

The details of foreign exchange earnings in terms if actual inflow and outflows during the year are detailed in Note No.36 of the Financial Statements.

For and on behalf of the Board  
for **Suryalata Spinning Mills Limited**

**Sd/-**  
**Vithaldas Agarwal**  
**Managing Director**  
**DIN: 00012774**

**Add: 8-2-684/3/k/8To10, MLA Colony, Road No. 12, Banjara Hills, Hyderabad-500034, Telangana**

**Sd/-**  
**Mahender Kumar Agarwal**  
**Joint Managing Director**  
**DIN: 00012807**

**Add: 8-2-684/3/k/8To10, MLA Colony, Road No. 12, Banjara Hills, Hyderabad-500034, Telangana**

Place: Secunderabad  
Date: 5<sup>th</sup> August 2022

## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The Company has always adhered to good corporate governance practices and maintained the highest levels of fairness, transparency, accountability, ethics and values in all facets of its operations.

The Company believes that high standards of Corporate Governance are critical to ensure the success of business. We feel proud that we have laid a strong foundation stone for good governance long back. The Company has always believed in conducting its affairs in a fair and transparent manner and in maintaining the highest ethical standards in its dealings with all its constituents. Suryalata's mission is to constantly review its systems and procedures to achieve the highest level of Corporate Governance in the overall interest of all the stakeholders.

The Company's philosophy on Corporate Governance aims at facilitating effective management of the Company in the conduct of business and in meeting the objectives of enhancing value of the Company to its stakeholders. The Company endeavours to achieve optimum performance at all levels of management by adhering to good corporate governance practices, namely, the following:

- A. Fair and transparent business practices.
- B. Effective management control by Board.
- C. Adequate representation of Promoter, Executive and Independent Directors on the Board.
- D. Monitoring of executive performance by the Board.
- E. Compliance of laws.
- F. Transparent and timely disclosure of financial and management information.

### 2. BOARD OF DIRECTORS:

#### a) Composition, category of Directors and attendance record for the year 2021-22.

The Companies Act, 2013 and regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) govern the composition of the Board of Directors. The Board comprises a combination of Executive and Non-Executive Directors. Presently it consists of Six Directors out of which three are Executive Directors and three are Non-Executive Independent Directors. The Company has a Non-Executive Chairman. Non-Executive Directors bring independent views and judgment in the decision-making process of the Board.

Constitution of the Board, their category, participation of Directors at meetings of the Board during the year 2021-22 and attendance at the last Annual General Meeting held on 29<sup>th</sup> September 2021.

Name of Director	Category	No. of Board Meetings		Attendance at last AGM
		Held	Attended	
Sri R. Surender Reddy	Non-Executive Independent	4	4	Present
*Sri K. Lakshmikanth Reddy	Non-Executive Independent	2	2	NA
Sri K. R. Suresh Reddy	Non-Executive Independent	4	4	Present
Sri Vithaldas Agarwal	Executive/ Promoter	4	4	Present
Sri Mahender Kumar Agarwal	Executive/ Promoter	4	4	Present
**Sri K. Harishchandra Prasad	Non-Executive Independent	2	2	Present
Smt. Madhavi Agarwal	Executive Director	4	4	Present

\*Sri K. Lakshmikanth Reddy has resigned from the position of Independent Director w.e.f 24<sup>th</sup> August 2021.

\*\*Sri K. Harishchandra Prasad was appointed by the Board of Directors of the Company as an Additional Director (Independent) and later his appointment was approved by the members in the Annual General Meeting held on 29<sup>th</sup> September 2021 as an Independent Director.

**b) Number of other Companies Directorships & Committee Membership /Chairmanship:**

Name of Director	No. of Other Directorship		Chairmanships/ Memberships in other Companies		Name of other listed entities where he/she is a director and the category of directorship
	Private	Public	Chairmanship	Membership	
Sri R. Surender Reddy	-	4	3	7	1. Suryalakshmi Cotton Mills Limited 2. Surana Solar Limited 3. Lakshmi Finance and Industrial Corporation Limited 4. Bhagyanagar India Ltd
Sri K. R. Suresh Reddy	1	-	-	1	-
Sri K. Harishchandra Prasad	3	5	-	5	1. Keerthi Industries Limited 2. Lakshmi Finance and Industrial Corporation Limited 3. B.N. Rathi Securities Limited
Sri Vithaldas Agarwal	2	-	-	-	-
Sri Mahender Kumar Agarwal	1	-	-	-	-
Smt. Madhavi Agarwal	-	-	-	-	-

\*Chairmanship/Membership in Audit & Stakeholders relationship committees were only taken into consideration

\*Sri K. Lakshmikanth Reddy has resigned from the position of Independent Director w.e.f 24<sup>th</sup> August 2021.

**c) Number of Board meetings:**

In compliance with the provisions of Regulation 17 of the Listing Regulations, the intervening period between two Board Meetings was within the maximum gap of one hundred and twenty days. During the year under review, Four Board meetings were held during the year on 28.06.2021, 05.08.2021, 11.11.2021 and 11.02.2022.

**d) Disclosure of relationships between inter-se:**

S. No.	Name of the Director	Relationship
1.	Sri Vithaldas Agarwal	Father of Sri Mahender Kumar Agarwal (Joint Managing Director) and Father-in- Law of Smt. Madhavi Agarwal (Whole Time Director)
2.	Sri Mahender Kumar Agarwal	Son of Sri Vithaldas Agarwal (Managing Director) and Husband of Smt. Madhavi Agarwal (Executive Director)
3.	Smt. Madhavi Agarwal	Wife of Sri Mahender Kumar Agarwal (Joint Managing Director) and Daughter-in-law of Sri Vithaldas Agarwal (Managing Director)

**e) Number of shares and convertible Instruments held by Non-executive Directors:**

S. No.	Name of the Director	Number of shares	Number of convertible instruments
1.	Sri R. Surender Reddy	3,600	-
2.	Sri K. R. Suresh Reddy	-	-
3.	Sri K. Lakshmikanth Reddy	-	-
4.	Sri K. Harishchandra Prasad	-	-

**f) Details of familiarization programmes imparted to independent Directors:**

The Independent Director appointed during the financial year 2021-22 was familiarised with nature of the industry in which the Company operates, its business mode, roles and responsibilities of the director. [www.suryalata.com](http://www.suryalata.com)

**g) List of Board's skills/expertise/competencies fundamental for the effective functioning of the Company:**

Global Business	Understanding the dynamics of global business relating to the operations of the Company.
Strategy and Planning	Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long term effective stakeholders' engagements and driving corporate ethics and values.
Leadership	Experience in significant enterprise, distinct roles and responsibilities through organization structure, risk management and talent development and succession planning.

**h) Confirmation that in the opinion of the Board, the Independent Directors fulfil the conditions specified in these regulations and are independent of the management:**

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

**i) Detailed reasons for the resignation of Director and Independent Director, if any.**

During the year under review Sri K. Lakshmikanth Reddy has Resigned from position of Director (Independent) w.e.f 24.08.2021 due to his pre-occupation.

**3. AUDIT COMMITTEE:**

The Audit Committee of the Board of Directors was constituted inconformity with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

**a) Brief description of terms of reference:**

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- ii. Scrutiny and review of all financial transactions, inter corporate loans, investments, funds utilization, related party transactions and the general financial condition of the Company;
- iii. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company and approval of remuneration of auditors;
- iv. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- v. Reviewing, with the management, the periodic financial statements and auditor's report thereon before submission to the Board for approval;
- vi. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- vii. Evaluation of internal financial controls and risk management systems;
- viii. To review the functioning of the Whistle Blower mechanism;
- ix. To review statement of deviations in reporting to monitoring agencies.

**b) Composition, names of the members and Chairman:**

In compliance with Regulation 18 of SEBI (LODR) Regulations, 2015 and section 177 of the Companies Act, 2013, the Board of Directors of the Company has constituted an Audit Committee comprising of the following three Non-Executive Independent Directors:

S. No.	Name of the Member	Designation
1.	Sri R. Surender Reddy	Chairman
2.	Sri K.R. Suresh Reddy	Member
3.	*Sri K. Lakshmikanth Reddy	Member
4.	*Sri K. Harishchandra Prasad	Member

\*Sri K. Lakshmikanth Reddy has resigned from Audit Committee w.e.f. 24<sup>th</sup> August 2021 and Sri K. Harishchandra Prasad was appointed in the Audit Committee as a member w.e.f. 27<sup>th</sup> August 2021.

**c) Meetings and Attendance during the year:**

During the year 2021-22, four Audit Committee meetings were held on 28.06.2021, 05.08.2021, 11.11.2021 and 11.02.2022. The attendance of each member of the Committee is given below:

S. No.	Name of the Member	No. of Meetings attended
1.	Sri R. Surender Reddy	4
2.	Sri K.R. Suresh Reddy	4
3.	Sri K. Lakshmikanth Reddy	2
4.	Sri K. Harishchandra Prasad	2

**4. NOMINATION AND REMUNERATION COMMITTEE**

The Nomination and Remuneration Committee of the Board of Directors was constituted in conformity with the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations and its role has been the same as stipulated in the Act and the Regulations mentioned above.

**a) Brief description of terms of reference:**

The functioning and terms of reference of the Nomination and Remuneration Committee are as prescribed under the erstwhile listing agreement and the Listing Regulations. It determines the Company's policy on all elements of the remuneration packages of the directors including the Executive Directors and Key Management Personnel. The role of the committee includes the following:

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommending to the Board of Directors a policy relating to, the remuneration of the directors, Key Managerial Personnel and other employees;
- ii. Formulation of criteria for evaluation of performance of Independent directors and the Board of directors;
- iii. Devising a policy on diversity of Board of Directors;
- iv. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommending to the Board of Directors for their appointment and removal;
- v. Performance evaluation of Independent Directors; and
- vi. Recommend to the board, all remuneration, in whatever form, payable to senior management.

**b) Composition, names of the members and Chairman:**

In compliance with Regulation 19 of SEBI (LODR) Regulations, 2015 and section 178 of the Companies Act, 2013, the Board of Directors of the Company has constituted Nomination and Remuneration Committee comprising of the following three Non-Executive Independent Directors:

S. No	Name of the Member	Designation
1.	Sri K.R. Suresh Reddy	Chairman
2.	Sri R. Surender Reddy	Member
3.	*Sri K. Lakshmikanth Reddy	Member
4.	*Sri K. Harishchandra Prasad	Member

\*Sri K. Lakshmikanth Reddy has resigned from Nomination and Remuneration Committee w.e.f. 24<sup>th</sup> August 2021 and Sri K Harishchandra Prasad was appointed in the Nomination and Remuneration Committee as a member w.e.f. 27<sup>th</sup> August 2021.

All the members of the Committee are Non-Executive and Independent Directors.

**c) Meetings and Attendance during the year:**

During the year 2021-22, two Nomination and Remuneration Committee meetings were held on 11.11.2021 and 11.02.2022. The attendance of each member of the Committee is given below:

S. No.	Name of the Member	No. of Meetings Attended
1.	Sri R. Surender Reddy	2
2.	Sri K. R. Suresh Reddy	2
3.	Sri K. Harishchandra Prasad	2

\*Sri K. Lakshmikanth Reddy has resigned from of Nomination and Remuneration Committee w.e.f 24<sup>th</sup> August 2021.

**d) Performance evaluation criteria:**

The Company has devised a Policy for Performance Evaluation of Independent Directors, Board, Committees and other individual Directors. The performance evaluation of Independent Directors shall be done by the entire Board of Directors (excluding the director being evaluated). On the basis of the report of performance valuation, it shall be determined whether to extend or continue the term of appointment of the Independent Director.

Independent Directors are expected to provide an effective monitoring role and to provide help and advice for the executive directors. The broad parameters considered in evaluating Independent Directors are:

- Contribution to and monitoring Corporate Governance practices.
- Ability to contribute to address top management issues.
- Active participation in long term strategic planning.
- Commitment to the fulfilment of obligations and responsibilities.

Performance evaluation was done by the respective bodies on February 11, 2022.

**5. REMUNERATION:**

The Nomination and Remuneration Committee recommends to the Board, the Compensation of the Managing Directors and Executive Director of the Company keeping in view Company's financial status, past performance, past remuneration and future growth potential.

The remuneration of the Non-Executive Directors of the Company is decided by the Board of Directors, based on the recommendation of Nomination and Remuneration Committee. None of the Non-executive Directors of the Company is entitled to receive any payment from the Company other than by way of sitting fees for attending the Meetings of Boards and its Committees.

The pecuniary relationships/transactions of the Non-Executive Directors are as follows:

S. No	Name of the Director	Sitting fees paid for the board / committee meetings	Equity Shares held
1.	Sri R. Surender Reddy	60,000	3600
2.	Sri K. R. Suresh Reddy	60,000	0
3	Sri K Lakshmikanth Reddy (Resigned on 24.08.2021)	24,000	0
4.	Sri K. Harishchandra Prasad (Appointed on 27.08.2021)	33,000	0

**Details of remuneration paid to Executive Directors:**

A detail of remuneration paid to Managerial Persons of the Company during the year 2021-22 is given below:

Fixed Component		Commission payable as a % on Profit after tax (₹ )	Contribution to PF (₹ )	Total (₹ )
Salary (Including HRA) (₹ )	Perquisites (₹ )			
Sri Vithaldas Agarwal — Managing Director				
39,00,000	1700			39,01,700
Sri Mahender Kumar Agarwal — Joint Managing Director				
39,21,600	7,48,515			46,70,115
Smt. Madhavi Agarwal — Whole-Time Director				
27,21,600	10, 91,236			38,12,836

The Nomination and Remuneration Policy of the Company can be accessed at the Company's website at the link [www.suryalata.com](http://www.suryalata.com).

**Notes:**

- a. The Company has not issued any Stock options.
- b. There were no service contracts/Agreements with our Directors.
- c. None of our Directors is eligible for severance pay.
- d. The terms and conditions with regard to appointments Managing Directors and Executive Directors are contained in the respective resolutions passed by the Board or Members in their respective meetings.

**6. STAKEHOLDERS RELATIONSHIP COMMITTEE:**

The Stakeholders Relationship Committee is empowered, inter alia, to review all matters connected with the Company's share transfers and transmissions and redressal of shareholders/investors' complaints like non-transfer of shares, non-receipt of dividend, Annual Report etc.

The composition and the terms of reference of Committee are in line with the requirements of provisions of the Companies Act, 2013 and Regulation 20 of SEBI Listing Regulations.

- Brief Description of the terms of reference:

The terms of reference of the Stakeholder Relationship Committee are extensive covering the mandatory requirements under Regulation 20(4) read with Part D of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013, which includes attending and resolving investors' grievances/ complaints of security holders included but not limited to the matters pertaining to transfer of shares, issue of duplicate share certificates, non-receipt of annual report and non-receipt of declared dividend, etc.

- Meetings:

During the year under review, Stakeholder Relationship Committee met once on 11.02.2022

- Composition & attendance in committee meeting(s):

The Stakeholders Relationship Committee consists of One Non-Executive Independent Directors and Two Executive Directors of the Company.

Stakeholders Relationship Committee met one-time during the year 11.02.2022 and all the members were present at the committee. The Committee is chaired by Sri K. R. Suresh Reddy, Non-Executive Independent Director, Sri Vithaldas Agarwal, Managing Director and Sri Mahender Kumar Agarwal, Joint Managing Director.

The status of the shareholders complaints is as follows:

1.	Number of Shareholders complaints received so far	Nil
2.	Number of Shareholders complaints not resolved to the satisfaction of shareholders	Nil
3.	Number of pending complaints	Nil

**7. GENERAL BODY MEETINGS**

**a) Location, date and time for last three Annual General meetings are:**

Financial Year	Date	Venue	Time
2020-21	29 <sup>th</sup> September 2021	Held through Video Conference (VC) or Other Audio Visual Means (OAVM)	11.30 A.M
2019-20	5 <sup>th</sup> October 2020	Held through Video Conference (VC) or Other Audio-Visual Means (OAVM)	10.45 A.M
2018-19	28 <sup>th</sup> September 2019	Kamat Lingapur Hotel, 1-10-44/2, Chikoti Gardens, Begumpet, Hyderabad — 500 016	10.45 A.M

**b) Special Resolution passed in the previous three (3) Annual General Meetings (AGMs)**

Date	No. of Special Resolution passed	Particulars of the Special Resolution
2021	NIL	NIL
2020	1	Re-Appointment of Sri. Mahender Kumar Agarwal, Joint Managing Director for further period of 5 years from 01.01.2021 to 31.12.2025
2019	4	Re Appointment & Revision of Remuneration to Directors of the Company

**c) Special Resolutions passed through Postal Ballot:**

During the last three years, once the company has approached the shareholders through postal ballot. The details of the postal ballot are as follows:

Date of Postal Ballot Notice: 12<sup>th</sup> February 2019; Voting period: 25<sup>th</sup> February 2019 to 27<sup>th</sup> March 2019

Date of declaration of result: 28<sup>th</sup> March 2019; Date of approval: 27<sup>th</sup> March 2019

Resolution Type: Special Resolutions

Name of the resolution	No. of votes polled	Votes cast in Favour		Votes cast against	
		No. of Votes	%	No. of Votes	%
To continue the appointment of Sri R. Surender Reddy as Independent Director for the remaining period of the current term and reappointment for a second term of 5 (Five) years.	3006061	3006606	99.99	283	0.01
To continue the appointment of Sri Lakshmikanth Reddy Konda as Independent Director for the remaining period of the current term and reappointment for a second term of 5(Five) years	3006061	3006061	99.99	281	0.01
To re-appoint Sri Suresh Reddy Kethireddy as Independent Director for a second term of 5 (Five) years	3006061	3006408	99.99	281	0.01
To Reappointment of Sri Mahender Kumar Agarwal as Joint managing Director for further period of 5 (Five)years from 01.01.2021 to 31.12.2025	2473639	2473243	99.98	396	0.02

**Scrutinizer**

Mr. Ajay Naga Chowdary Vemuri, Partner of VCAN & Associates, Practicing Company Secretaries was appointed as the scrutinizer for carrying out the above postal ballot in a fair and transparent manner.

**E-Voting**

The company has availed the services of CDSL for conducting the E - Voting.

**Procedure for postal ballot:**

The procedure for postal ballot as per Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014.

**8. MEANS OF COMMUNICATION:**

- Quarterly Results:

The quarterly, half-yearly and annual results of the Company were normally published by the Company in the newspapers.

Annual reports with audited financial statements are sent to the shareholders through permitted mode.

- Newspapers in which Quarterly results normally published:  
The results are normally published in Business Standard (English Daily, Hyderabad and Mumbai) and Nava Telangana (Telugu Daily, Hyderabad).
- Website, where the results and other official news releases are displayed  
The results are also displayed on the Company's website: [www.suryalata.com](http://www.suryalata.com)
- Whether it also displays official news releases:  
Press releases made by the Company from time to time are also displayed on the Company's website.

## 9. GENERAL SHAREHOLDER INFORMATION

<b>A.</b>	Annual General Meeting Date Time Mode	39th 29 <sup>th</sup> September 2022 02.00 PM Through Video Conference (VC) or Other Audio-visual Means (OAVM).
<b>B.</b>	Financial Calendar	1 <sup>st</sup> April to 31 <sup>st</sup> March
<b>C.</b>	Date of Book closure	18th September 2022 to 29th September 2022
<b>D.</b>	Dividend Payment Date	Within 30 days from the date of Annual General Meeting
<b>E.</b>	Listing on Stock Exchanges	BSE Limited. Phiroze Jeejeebhoy Towers, Dalal street, Fort, Mumbai - 400 001. Scrip Code: 514138.

The company has paid listing fees to the BSE for the year 2022-23.

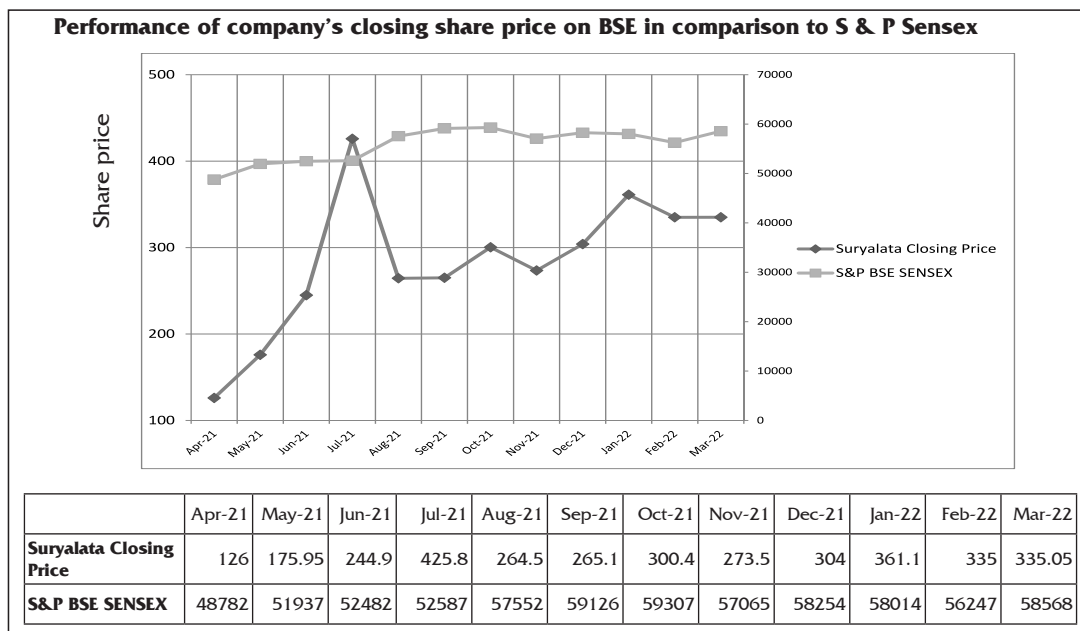
### F. Market Price Data:

Monthly high and low quotations as well as the volume of shares traded at BSE for the financial year 2021 – 22 are as follows:

Month	High Price (₹ )	Low Price (₹ )	Volume
Apr-21	136.85	126.00	13472
May-21	200.35	125.75	140253
Jun-21	244.90	172.00	1,45,333
Jul-21	494.55	246.00	2,60,876
Aug-21	467.00	233.20	159674
Sept-21	283.00	254.75	68921
Oct-21	335.95	255.10	63,380
Nov-21	340.00	265.00	79,353
Dec-21	314.00	270.00	45,279
Jan-22	399.00	304.10	76,672
Feb-22	404.95	283.05	75,912
Mar-22	368.40	309.00	42,675

### G. Stock Performance in Comparison to BSE Sensex

Chart given below shows the stock performance at closing prices in comparison to the broad-based index such as BSE Sensex.



### H. Registrar & Transfer Agents:

KFin Technologies Limited  
 (Formerly known as KFin Technologies Private Limited)  
 Unit: Suryalata Spinning Mills Limited  
 Selenium, Tower B, Plot 31-32, Gachibowli, Financial District,  
 Nanakramguda, Serilingampally, Hyderabad — 500 032, Telangana, India  
 Phone No.: 040 6716 1500 / 6716 2222.  
 E-Mail: einward.ris@kfintech.com  
 Website: www.Kfintech.com

### I. Share Transfer System:

KFin Technologies Limited, Hyderabad, is the Company's Registrars and Share Transfer Agents. Share Transfers are registered and returned in the normal course within a period of less than 15 days from the date of receipt, if the documents are in order in all respects, in line with Schedule VII to the Listing Regulations. Request for dematerialization of shares is processed and confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days. The Registrars and Share Transfer Agents were delegated the power of share transfer to expedite the transfer formalities. It is in line with Schedule VII of the LODR and Reg. 40 of the Listing Regulations.

**J. Distribution schedule and shareholding pattern as on 31<sup>st</sup> March 2022:**

SURYALATA SPINNING MILLS LIMITED					
Distribution Schedule as on 31/03/2022 (Total)					
S No	Category	No. of Cases	% of Cases	Amount	% of Amount
1	1-5000	2863	92.18	2656200.00	6.22
2	5001- 10000	108	3.48	806930.00	1.89
3	10001- 20000	64	2.06	939080.00	2.20
4	20001- 30000	18	0.58	427540.00	1.00
5	30001- 40000	14	0.45	507080.00	1.19
6	40001- 50000	7	0.23	326370.00	0.76
7	50001- 100000	10	0.32	662200.00	1.55
8	100001& Above	22	0.71	36344600.00	85.18
	<b>Total:</b>	<b>3106</b>	<b>100.00</b>	<b>42670000.00</b>	<b>100.00</b>

**K Dematerialization of Shares & Liquidity:**

The Company's shares have been mandated for compulsory trading in demat form. Valid demat requests received by the Company's Registrar are confirmed within the statutory period.

International Securities Identification Number (ISIN) allotted for the Company by NSDL and CDSL is INE132C01027. In case a member wants his shares to be dematerialized, he may send the shares along with the request through his depository participant (DP) to the Registrars, KFin Technologies Limited.

The Company's Registrars promptly intimate the DPs in the event of any deficiency and shareholders are also kept abreast. Pending demat requests in the records of the Depositories, if any, are continually reviewed and appropriate action initiated.

As on 31<sup>st</sup> March 2022, 98.99 % of the shares were in Demat mode.

**L. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on Equity:**

The Company has no GDRs/ADRs or any commercial instrument.

**M. Commodity price risk or foreign exchange risk and hedging activities:**

The Company is not carrying on any Commodity Business and has not undertaken any hedging activities.

**N. Plant Locations:**

i)	Marchala Village, Kalwakurthy Mandal, Nagar Kurnool District Telangana Pin Code: 509 320.	ii)	Urukondapet Village, Urukonda Mandal Nagar Kurnool District Telangana Pin Code: 509 320.
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**O. Address of Correspondence**
**Registrar and Share Transfer Agents:**

KFin Technologies Limited  
Unit: Suryalata Spinning Mills Limited  
Selenium, Tower B, Plot 31-32, Gachibowli, Financial District,  
Nanakramguda, Serilingampally, Hyderabad — 500 032, Telangana, India  
Phone No.: 040 6716 1500 / 6716 2222,  
E-Mail: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Website: [www.kfintech.com](http://www.kfintech.com)

**Company Secretarial Department**

Suryalata Spinning Mills Limited  
Surya Towers, 1st Floor, 105, Sardar Patel Road,  
Secunderabad — 500 003, Telangana, India  
Phone No.: 040-2781 9908/27819909/27774200  
E-mail : [cs@suryalata.com](mailto:cs@suryalata.com)

**P. Credit Rating**

India Ratings & Research has reaffirmed the credit rating for the Company as “IND BBB/Stable for Term Loan, “INDBBB/Stable/IND A3+ for fund based and IND A3+ for fund based, non- fund based working capital facilities and Forward cover facility.

**10. DISCLOSURES**

- Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:

All material transactions entered into with related parties as defined under the Act and Regulation 23 of Listing Regulations during the financial year were in the ordinary course of business. These have been approved by the Audit committee. The Board has approved a Policy for related party transactions which has been uploaded on the Company’s Website at [www.suryalata.com](http://www.suryalata.com).

There have been no materially significant related party transactions between the Company and its Directors, the Management or relatives, except for those disclosed in the Board’s report. Detailed information on significant related party transactions is enclosed as Annexure - I to the Board’s report and the details of all Related Party Transactions during FY 2021-22 are given at note No. (41) to the Financial Statements.

- Cases of Non-Compliances / Penalties:

During the year under review, there were no Non- Compliances/Penalties encountered by the company.

- Vigil Mechanism Information relating to Vigil mechanism has been provided in the Board’s Report. The Vigil mechanism policy is available on the website of the Company.

- Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:

The Company complied with all the mandatory requirements enumerated in Regulation 17 to 27 of the Listing Regulations, 2015 relating to all matters specified therein.

- Web link where policy for determining ‘material’ subsidiaries is disclosed:

The company does not have any subsidiaries.

- Web link where policy on dealing with related party transactions:

The Board has formulated a policy for related party transactions and revised it in the light of Listing Regulations and including any statutory modification(s) and re-enactment(s) thereof subsequent amendments thereto which is available on the Company’s website under the web link: <http://www.suryalata.com/policy.html>.

- Disclosure of commodity price risks and commodity hedging activities:

The Company is not carrying on any commodity business and has also not undertaken any hedging activities; hence the same are not applicable to the Company.

- Details of utilization of funds raised through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A): Not applicable

- A certificate from the Company Secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority has been enclosed separately to this report.

- Whether the board had not accepted any recommendation of any committee of the Board which is mandatorily required, in the relevant financial year: No

- Total fees for all services paid by the listed entity to the statutory auditor: ₹ 4,43,000/- (Excluding cost audit.)
- Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending as on end of the financial year	Nil

**11. Non-compliance of any requirement of corporate governance report of sub-par as (2) to (10) above, with reasons there of:**

There are no Non-Compliances during the year under review.

**12. The extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted:**

The Company has adopted / complied with the discretionary requirements specified in Part E of Schedule II as detailed below:

**A. The Board:**

The chairperson of the Board is a Non-Executive Independent Director.

**B. Shareholders' rights:**

All the quarterly financial results are placed on the Company's Website: [www.suryalata.com](http://www.suryalata.com) apart from publishing the same in the Newspapers.

**C. Modified opinion(s) in audit report:**

There are no modified opinion(s) in the Audit Reports.

**D. Reporting of internal auditor:**

The Internal auditor reports to the Chairman of the Audit Committee directly.

**13. The disclosures of the compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 are as follows:**

Regulation	Particulars of Regulation	Compliance Status (Yes/No)
17	Board of directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	NA
22	Vigil mechanism	Yes
23	Related party transactions	Yes
24	Corporate Governance requirements with respect to Subsidiary of listed entity.	NA
25	Obligations with respect to Independent directors.	Yes
26	Obligation with respect to Directors and Senior Management.	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Website	Yes

**14. Unclaimed Dividend Amounts and Transfer to IEPF**

The Company has transferred dividend amounts which remained unpaid or unclaimed for a period of seven years from the date of their transfer to unpaid dividend account, from time to time, on due dates to the Investor Education and Protection Fund (IEPF) administered by the Central Government.

The Company has uploaded the details of unpaid and unclaimed dividends lying with the Company as on 31.03.2022 and on the website of the Company, and on the website of the Ministry of Corporate Affairs as per the due dates.

During the year under review, the Company has credited ₹ 1,01,172/- (Rupees One Lakh One Thousand and One Seventy-Two Only) to the Investor Education and Protection (IEPF) pursuant to Section 25(1) of the Companies Act 2013.

Information in respect of such unclaimed dividends due for transfer to the Investor Education and Protection Fund (IEPF) is as follows:

Year	Date of Declaration of Dividend	Amount Outstanding as on 31 <sup>st</sup> March 2022 (₹ )	Due to transfer to IEPF on
2014-15	September 21, 2015	1,24,341	October 27, 2022
2015-16	September 28, 2016	1,21,900	November 3, 2023
2016-17	September 4, 2017	1,05,890.5	October 3, 2024
2017-18	August 13, 2018	68,349	September 18 2025
2018-19	September 28, 2019	89044.20	November 3, 2026
2019-20	October 05, 2020	55,567	November 11, 2027
2020-21	August 05, 2021	1,020	September 9, 2028

In accordance with the provisions of Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (as amended from time to time), shares in respect of which dividend has not been paid or claimed for seven consecutive years or more, will be transferred to the demat account of IEPF Authority. The Company has sent notice to all shareholders whose shares are due to be transferred to the IEPF Authority. Members are advised to visit the website of the company to ascertain the details of shares liable for transfer in the name of IEPF Authority.

Shareholders whose unclaimed dividend/ shares are transferred to the IEPF Authority can now claim their unclaimed dividend and shares from the Authority by following the Refund Procedure as detailed on the website of IEPF Authority.

Declaration signed by the chief executive officer stating that the members of Board of Directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management:

#### **Code of Conduct**

The Company has in place a comprehensive Code of Conduct (the Code), pursuant to Regulation 17(5) of Listing Regulations, applicable to all the senior management personnel and directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities.

The Code covers duties of independent directors and also gives guidance and support needed for ethical conduct of business and compliance of law. Further a policy on obligation of Directors and senior management personnel for disclosure of committee positions and commercial transactions pursuant to Regulation 26(2) (5) and (6) of Listing Regulation is in place.

A copy of the Code of Conduct has been placed on the Company's website ([www.suryalata.com](http://www.suryalata.com)). The Code has been circulated to Directors and Management Personnel, and its compliance is affirmed by them annually.

All the Board members and the senior management personnel have confirmed compliance with the Code.

Declaration on compliance with Code of Conduct is annexed.

#### **Compliance certificate:**

A compliance certificate under Regulation 17(8) of the Listing Regulations, signed by the Company's Managing Director and CFO is annexed to this Report.

Compliance certificate from M/s. R&A Associates., Practising Company Secretary, regarding compliance of conditions of corporate governance pursuant to Para E of Schedule V to the Listing Regulations is enclosed separately to this Report.

**For and on behalf of the Board of Directors**

**Vithaldas Agarwal**  
**Managing Director**  
 DIN: 00012774

**Add:** 8-2-684/3/k/8To10, MLA Colony  
 Road No. 12, Banjara Hills  
 Hyderabad-500034, Telangana

**Place:** Secunderabad  
**Date:** 5<sup>th</sup> August 2022

### **Declaration on Compliance with Code of Conduct**

Compliance of Code of Conduct for Directors and Senior Management Personnel pursuant to the provisions as provided under Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board laid down a Code of Conduct for all Board members and Senior Management personnel of the Company. The Code of Conduct is also posted on the website of the Company.

The Members of the Board and Senior Management personnel have affirmed compliance with code of conduct on an annual basis in respect of the financial year ended 31<sup>st</sup> March 2022.

**For and on behalf of the Board of Directors**

**Vithaldas Agarwal**

**Managing Director**

**DIN: 00012774**

**Add: 8-2-684/3/k/8To10, MLA Colony  
Road No. 12, Banjara Hills  
Hyderabad-500034, Telangana**

**Place:** Secunderabad

**Date:** 5<sup>th</sup> August 2022

**Certificate by Chief Executive Officer (CEO) and Chief Financial Officer (CFO)  
For financial year ended 31<sup>st</sup> March 2022**

To  
The Board of Director  
**Suryalata Spinning Mills Limited**

We, Vithaldas Agarwal, Managing Director and K Nageswara Rao, CFO of Suryalata Spinning Mills Limited hereby certify to the Board that:

- a) We have reviewed the financial statements and the cash flow statements for the year ended 31<sup>st</sup> March 2022 and certify that to the best of our knowledge and belief;
  - i. These statements do not contain any materially untrue statement nor omit any material fact not contain statements that might be misleading; and
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with the 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 in violation of the Company's code of conduct;
- c) We accept responsibility for establishing and maintaining internal controls in the Company and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or the operation of internal controls, if any, of which we are aware and the steps that we have taken or propose to take and rectify the identified deficiencies;
- d) We have indicated to the auditors and the Audit Committee of:
  - i. Significant changes in the internal control over financial reporting during the year;
  - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. There are no instances of significant fraud of which we have become aware.
- e) We affirm that we have not denied any personnel access to the Audit Committee of the Company (in respect of matters involving alleged misconduct).
- f) We further declare that all Board Members and designated Senior Management have affirmed compliance with the Code of Conduct for the Current year.

**Place:** Secunderabad  
**Date:** 5<sup>th</sup> August 2022

**Sd/-**  
**K Nageswara Rao**  
**Chief Financial Officer**

**Sd/-**  
**Vithaldas Agarwal**  
**Managing Director**  
**DIN: 00012774**

**PRACTISING COMPANY SECRETARY CERTIFICATE ON  
COMPLIANCE OF CORPORATE GOVERNANCE**

[Pursuant to Regulation 34(3) read with in Part E of Schedule V of SEBI (LODR), 2015]

To  
The members of  
**Suryalata Spinning Mills Limited**  
Secunderabad.

We have examined the compliance of conditions of Corporate Governance by Suryalata Spinning Mills Limited for the year ended 31<sup>st</sup> March 2022 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) as per the Listing Agreement entered into the by the said Company with stock exchange.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an 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, the Company has complied with the conditions of Corporate Governance as stipulated in the above listing Regulation.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March 2022, no investor grievances are pending against the Company, as per the records maintained by the Company and presented to the Investors/ Shareholders Grievance Committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For R&A Associates  
Practicing Company Secretaries**

**Sd/-  
Rashida Adenwala  
Founder Partner**

**M. No: F4020 C. P. No: 2224  
UDIN: F004020D000768619**

**Place:** Hyderabad  
**Date:** 9<sup>th</sup> August 2022

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) of SEBI (LODR) Regulations, 2015 read with PARA-C Clause 10 (i) of Schedule V)

To  
The Members of  
**Suryalata Spinning Mills Limited**

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Suryalata Spinning Mills Limited** bearing **CIN L18100TG1983PLC003962** and having registered office situated at Surya Towers, I Floor 105, Sardar Patel Road, Secunderabad-500003, Telangana, India (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 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 at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31<sup>st</sup> March 2022, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S. No.	Name of the Director	DIN
1.	Vithaldas Agarwal	00012774
2.	Mahender Kumar Agarwal	00012807
3.	Madhavi Agarwal	06866592
4.	Suresh Reddy Kethireddy	00074879
5.	Surender Reddy Ramasahayam	00083972
6.	Harishchandra Prasad Kanuri	00012564

Ensuring the eligibility of the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these, based on my verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For R&A Associates  
Practicing Company Secretaries**

**Sd/-  
Rashida Adenwala  
Founder Partner**

**M. No: F4020 C. P. No: 2224  
UDIN: F004020D000768685**

**Place:** Hyderabad  
**Date:** 9<sup>th</sup> August 2022

## MANAGEMENT DISCUSSION AND ANALYSIS

### Corporate Information

Suryalata Spinning Mills Limited (the Company) is a public limited company incorporated on 23<sup>rd</sup> May, 1983 and its Registered office at 105, S P Road, Surya Towers, 1<sup>st</sup> Floor, Secunderabad, Telangana State. The company is listed on the Bombay Stock Exchange.

### Organization Overview

The company is engaged in producing the Synthetic Blended Yarns such as 100% PSF Yarns, 100% VSF Yarns, Mélange Yarns, P/V blended yarns and value-added Yarns like Slub yarns, T F O (two for one twister) yarns etc., with counts ranging from 10s to 60s. The company is having two manufacturing units one at Kalwakurthy and the other at Urukondapet situated at Jadcherla Road in Nagerkurnool District, Telangana, which is about an hour away from the Hyderabad International Airport and the distance between the two units is 5 Kms. The Company is having total installed capacity of 1,16,976 spindles. The units are maintaining standard operational system and certification of "ISO 9001:2015".

The company sells its finished goods (Yarn) to various dealers located in the Indian domestic market as well as in the international market.

### Global Economic Review

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

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

The global economy is projected to grow at a moderate 2.6% in 2022 following the Russia – Ukraine crisis. An increase in interest rates could effect emerging markets and developing countries.

### Global Textile Industry:

The textile industry is an ever-growing market, with key competitors being China, the European Union, the United

States, and India. China is the world's leading producer and exporter of both raw textiles and garments. The United States is the leading producer and exporter of raw cotton, while also being the top importer of raw textiles and garments. The textile industry of the European Union comprises Germany, Spain, France, Italy, and Portugal at the forefront with a value of more than 1/5th of the global textile industry. India is the third-largest textile manufacturing industry and is responsible for more than 6% of the total textile production, globally.

Further, the rapid industrialization in the developed and developing countries and the evolving technology are helping the textile industry to have modern installations which are capable of high-efficient fabric production. These factors are helping the textile industry to record more revenues and are expected to help the industry further in the coming years.

### Indian economic review:

The Indian economy reported an attractive recovery in 2021-22, its GDP rebounding from a de-growth of 7.3% in 2020-21 to growth of 8.6% in 2021-22. By the close of 2021-22, India was among the sixth largest global economies, its economic growth rate was the fastest among major economies.

India's monsoon was abundant in 2021, the agricultural activity in production of rice, pulses and oilseeds recorded volumes. The country's manufacturing sector grew an estimated 12.5 per cent, the agricultural sector 3.9 per cent, mining and quarrying by 14.3 per cent, construction by 10.7 per cent and electricity, gas and water supply by 8.5 per cent in 2021-22.

India's per capita income was estimated to have increased 16.28 per cent from ₹ 1.29 lakh to ₹ 1.50 lakh following a relaxation in lockdowns and increased vaccine rollout.

India's tax collection increased to a record ₹ 27.07 lakh crore compared with a budget estimate of ₹ 22.17 lakh crore, while direct taxes increased 49 per cent, indirect tax collections increased 30 per cent. The tax to GDP ratio jumped from 10.3% to 11.7%, the highest since 1999.

Retail inflation in March at 6.95 per cent was above the RBI's tolerance level of 6 per cent but fuel prices played no part in this surge. Retail inflation spiked to a 17 month high in March, 2022 above the upper limit of the RBI's tolerance band for third straight month.

**Indian Textile Industry:**

Indian textile industry got a boost owing to the US ban on China's Xinjiang cotton, export of textile products increased by 42% during October 2021 to February, 2022 compared to a year ago. The impact of Russia –Ukraine crisis remains to be monitored. The demand for textile products has recovered with economic recovery and wider coverage of vaccination in domestic and also international. To grab the emerging opportunities, the pressing priority is to expedite FTA negotiations with UK, Canada etc., which will help the country to achieve novel goals.

India's export of Cotton Yarns, fabrics, made ups etc., group during April – February 22 stood at USD 13950.89 million, 59.94 percent higher than the previous year. Similarly, Manmade Yarns, fabrics, made ups group also registered a growth of 51.93 percent stood at 5083.92 million during April – February 22 compared to a year ago. The cumulative export share of textiles and allied products group in total export increased by 45.25 percent in April- February 22. At the same time import share had increased by 1.27 percent only when compared to a year ago. The country is having Large pool of skilled and cheap work force, Entrepreneurial skills Efficient multi-fiber raw material manufacturing capacity, Large domestic market, Flexible textile manufacturing systems and vast textile production capacity are the available key factors for growth of textile industry.

Textile industry employ more than 18 million people directly and more than 20 million people indirectly, contributing 2% to India's GDP and 7% to industrial production as of 2021. India is among the top five global exporters in various categories like natural fiber, MMF spun yarn, filament yarn, woven fabric and home textiles.

Man Made Fibers are poised to grow as a result of significant investments in world class production plants, ongoing innovation, new product mix and the need for countries to seek an alternative to China in their restructured supply chain.

The Government approved a Product Linked Incentive (PLI) Scheme to promote production of Man-Made Fabric apparel, MMF fabrics and products of technical textiles with an aim to increase the global presence of India in these products. The Government announced the extension of Rebate on State and Central Taxes and Levies (RoSCTL) scheme for apparel and made ups for three years. The government also aims to encourage private investments

through investments under Integrated Textile Park Scheme and the Technology Upgradation Fund.

**Government Initiatives for Textile Industry:**

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

In Feb 2021, The Government of India has announced the setting up of seven mega textile parks in the next three years.

The Goods and Service Tax Council increased the threshold limit from ₹ 10.0 million to ₹ 20.0 million from April 2022 to all MSME sector, textile sector mostly covered under this.

The government has also decided to rationalize the duties on raw material inputs to manmade textiles by reducing the customs duty rate on caprolactam, nylon chips, and nylon fiber and yarn to 5 %.

The Government allocations in the budget for release of RoSCL (Rebate of State and Central Levies) which is expected to benefit exporters of made-ups and apparels.

The reduced income tax rate of 25.168 percent extended U/s 115 BAA of Income Tax Act will immensely benefit to all the business entities.

In Feb 2021, Paraguay's Ministry of Industry and Commerce announced that it will be investing USD 1.1 million in the manufacturing sector, mainly benefiting the clothing, textiles, and footwear industries, among other areas related to assembly operations.

In December 2021, the Government of India released the Operative guidelines for Production Linked Incentive (PLI) Scheme for Textiles for promoting Manmade Fiber and Technical Textiles segments.

The Central Government contributions of 12% wages of new employees in EPF for all the sectors for first 3 years' service of employee is given boost to create new employment.

The Government of India has implemented several export promotion measures such as:

- Specified technical textile products are covered under Focus Product Scheme. Under this scheme, exports of these products are entitled for duty credit scrip equivalent to 2 per cent of freight on board (FOB) value of exports.

- Under the Market Access Initiative (MAI) Scheme, financial assistance is provided for export promotion activities on focus countries and focus product countries.
- Under the Market Development Assistance (MDA) Scheme, financial assistance is provided for a range of export promotion activities implemented by Textiles Export Promotion Councils.

#### **Green Power / Renewable Energy:**

There is a greater focus on renewable energy in India. The country has set an ambitious target to achieve 500 GW renewable energy by 2030. The Indian Prime Minister pledged at the COP26 Climate Conference in Glasgow that India would achieve net zero carbon emissions by 2070.

Keeping in view of the importance given by the Indian Government, the company installed Solar Power Plants of 11 MW under various modes which will suffice for 20% of the company annual power requirements. Under BOT model installed 4.28 MW and with own funds installed 1.00 MW at Kalwakurthy Unit, 4.585 MW installed under deferred payment mode (which is also own) of 4 years and 1.20 MW installed on BOT model at Urukondapet Unit. The average cost of power from operating of these plants will be less than ₹ 4/- per unit.

#### **Future of Spinning Projects:**

The company had evaluated the various technology changes in spinning industry and taken a decision to expand Yarn product volumes through the new product of Vortex Yarn. This project cost is estimated to be ₹ 115.00 cr, The civil structural works have already been commenced and also advance payments with purchase orders to equipment suppliers has been released. The machines start arriving from November 22 to June 23 and the entire project (equivalent to 30000 spindles) expecting to complete in the year 2023. On completion of this project, the company's topline will increase by ₹ 100.00 cr per annum.

#### **Opportunities & Threats of Company:**

The Global textile industry is going through a major shift from cotton to synthetic textile. The management's visionary insight of adopting to the latest technologies and introducing newer products as per the trending market requirements has opened up many opportunities.

- (a) Adoption of the state of the art equipment's and technology has enabled your company to compete in global market's.
- (b) Production of internationally accepted quality products has resulted in increase in export earnings and access to newer market's globally.
- (c) Cost efficiencies has also helped improve the profits.

The Company estimates the following threats to Synthetic Industry

- a) High power costs and long export lead times are eroding India's export competitiveness across the textile chain.
- b) Currency fluctuations are highly affecting the synthetic spinning industry.
- c) Profitability undermined by volatile raw material prices and rising wages
- d) Fierce competition weighing on margins and further stressed by e-commerce activities
- e) Changing consumer behavior (e.g. fast fashion) forcing T&C to become more flexible

#### **Risks and Concerns:**

Risks are integral part of the growth of a business. However, the Company frames the effective risk management which helps to mitigate the risks effectively and ensures business sustainability.

Effective risk management comprises the,

- i) Standard policy to pass the cost increases with its premium quality positioning.
- ii) Consciously following with the up-keep of equipment and implementing the cost control methods,
- iii) Strengthen and widen the customer base with quality products and timely supplies.
- iv) Change into high count patterns which support high contributions and reduce the pressure on liquation of more volumes.

#### **Future Outlook of the Company:**

Synthetic Yarn products are the most preferred yarns in the textile industry due to its unique features like lower price and availability at uniform throughout the year. The future for the synthetic textile industry looks promising,

buoyed by both strong domestic consumption as well as export demand in segments of apparel, home furnishing, automotive, and filtration, personal care and hygiene applications.

Further, Government support to speed up the release of input tax credits, providing export incentive schemes, supporting with PF contributions to new workers, reduction in ESI contributions helps for cost reduction, training supports with stipend re-imbursement etc mitigate to protect the textile industry to some extent.

Considering all these initiatives and supports, the company focuses to strengthen the financial position and to increase the volumes from the expanded capacities.

#### **Internal Control Systems and their Adequacy:**

The Company has a well-established framework of internal controls in all areas of its operations, including suitable monitoring procedures and competent personnel. In addition to statutory audit, the financial controls of the Company at various locations are reviewed by the Internal Auditors, who report their findings to the Audit Committee of

the Board. The Audit Committee is headed by an Independent Director and this ensures independence of functions and transparency of the process of supervision. The Committee meets to review the progress of the internal audit initiatives, significant audit observations and planning and implementation of follow-up action required. The Company conducts its business with integrity and high standard of ethical behavior and in compliance with the laws and regulations that govern its business.

#### **Review of Financial & Operational performance:**

The Net turnover of your Company for the Financial Year 2021-22 was ₹ 482.03 crores in comparison to 277.58 crore in the previous year. The production during the year was 26,427 MTs in comparison to 21,488 MTs in previous year.

Your Company has earned a Profit Before Tax of ₹ 60.58 crore in comparison to ₹ 26.48 crore in the previous year. The Company earned a profit after tax of ₹ 47.75 crore in comparison to ₹ 18.77 crore in the previous year in spite of Global volatility in Post Covid-19 Pandemic.

#### **Key Financial Ratios:**

Debtors / Turnover	Current year – 6.15 % (previous year 6.06%)	Increased due to higher volume of exports
Inventory/ Turnover	Current year – 7.96 % (previous year 16.20%)	Market boost, inflation exist in 2 <sup>nd</sup> half of year and drop in finished goods stocks
Interest Coverage Ratio	Current year – 1.57% (previous year 3.05%)	Repayments of borrowings & improved margins
Debt / Equity Ratio	Current year – 0.35 (previous year 0.52)	Repayment of Term loans installments & reduced working capital limits.
Operating Profit Margin (PBT)	Current year – 12.61 % (previous year 9.58%)	Increased with better operations, cost controls and increased in volumes
Net Profit Margin (PAT)	Current year – 9.90 % (previous year 6.78%)	Increased with better operations, cost controls and increased in volumes
Return on Net Worth	Current year – 24.43 % (previous year 12.65%)	Increased with better operations, cost controls and increased in volumes

**Human Resource Developments / Industrial Relations:**

There were no material developments in the Human resources. The industrial relations were generally found satisfactory.

The Company firmly believes that Human Resource Development strategies and practices will continue to provide a sustained competitive advantage and will continuously work towards nurturing and enhancing a competitively superior position in terms of human capital, people processes and employees behavior.

During the period under review, the total number of people employed by the Company is 1,497 in addition to indirect employment created.

**Corporate Social Responsibility**

The company formulated CSR policy to touch and transform people's lives by promoting health care, education including special education among children and employment opportunities for women, providing malnutrition, sanitation and drinking water, animal welfare etc.,

During the year Suryalata has taken up initiative to educate Vedic students thru Vedic Vidyalayam and in the form of contributions to improve the Health conscious and initiating public awareness programs to enhance the preventive health during Covid-19 Pandemic.

**Cautionary Statement:** The statement and views expressed by the management in the above said report are on the basis of best judgment but the actual results might differ from whatever stated in the report. The Company takes no responsibility for any consequence of decisions made based on such statements and holds no obligation to update these in future. Readers are cautioned not to place undue reliance on these forward-looking statements.

**Financial  
Statements**

## INDEPENDENT AUDITOR'S REPORT

To  
the Members of  
**SURYALATA SPINNING MILLS LIMITED**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of **SURYALATA SPINNING MILLS LIMITED** ("the company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "the financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, the profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

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

Key Audit Matters	Auditor's Response
<p><b>Ind AS 115 – Revenue recognition:</b></p> <p>Refer to note - 1.14 of significant accounting policies of the financial statements.</p> <p>The Company revenue is mainly derived from sale of PV/PSF synthetic blended yarn.</p> <p>In accordance with Ind AS 115, revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on terms of contract with the customer. Revenue is measured at fair value of the consideration received or receivable after deduction of any trade/volume discounts and taxes or duties collected.</p> <p>We identified revenue recognition as a key audit matter since revenue is significant to the financial statements and is required to be recognised as per the requirements of applicable accounting framework.</p>	<p><b>Principal audit procedures</b></p> <ul style="list-style-type: none"> <li>We assessed the appropriateness of the revenue recognition accounting policies in line with Ind AS 115 "Revenue from Contracts with Customers";</li> <li>We performed substantive testing of revenue transactions, recorded during the year by testing the underlying documents which included goods dispatch notes, shipping documents and customer acknowledgments, as applicable;</li> <li>We tested, on a sample basis, specific revenue transactions recorded before and after the financial year end date including examination of credit notes issued after the year end to determine whether the revenue has been recognised in the appropriate financial period.</li> </ul> <p>Based on the above stated procedures, no significant exceptions or unusual items were noted in revenue recognition.</p>

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we

are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

- 1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) the balance sheet, the statement of profit and loss including other comprehensive income, statement of changes in equity and the cash flow statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.
  - e) On the basis of written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
  - g) With respect to the Managerial remuneration to be included in the auditor's report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
  - h) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 39(B) to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. a. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b. The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) above, contain any material misstatement.
- v. a. The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
- b. As stated in note 37(B) to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

for **K.S.RAO & CO.**  
Chartered Accountants  
Firm's Regn No. 003109S

**(V.VENKATESWARA RAO)**  
Partner  
Membership No. 219209  
UDIN: 22219209AJLFAC9449

Place : Hyderabad  
Date : 23.05.2022

## **Annexure - A to the Auditor's Report**

The Annexure referred to in para 1 under the heading of "Report on other Legal and Regulatory Requirement of our report of even date, to the members of SURYLATA SPINNING MILLS LIMITED, for the year ended March 31, 2022.,

1. In respect of the Company's property, plant and Equipment and Intangible Assets:
  - a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, Plant and Equipment and relevant details of right-of-use assets.  
(B) The Company has maintained proper records showing full particulars of intangible assets.
  - b. The Company has a regular program of physical verification of its property, plant and equipment, and right of use assets under which the assets are physically verified in a phased manner over a period of three year, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. In accordance with this program, certain property, Plant and equipment were verified during the year and no material discrepancies were noticed on such verification
  - c. According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of all immovable properties (other than properties where the company is the lessee, and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.
  - d. The company did not revalue its property, plant and Equipment (including right of use assets) or intangible assets during the year. Accordingly, Paragraph 3 (i)(d) of the Order is not applicable.
  - e. There are no proceedings initiated or are pending against the company for holding any benami property under the prohibition of Benami property Transactions Act, 1988 and rules made thereunder
2.
  - a. The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.
  - b. In our opinion and according to the information and explanation given to us and the records of the Company examined by us during the course of the audit, the quarterly returns or statements filed by the company with banks or financial institutions are in agreement with the books of account of the Company.
3. The Company has not granted any loans to companies, firms, Limited Partnerships or any other parties. Therefore, the provisions of Clauses (a) to (f) of sub para (iii) of para 3 of the said Order are not applicable for the year under report:
4. The Company has not granted any loans or made any investments or provided any guaranteed or security to the parties covered under sections 185 and 186. Therefore, the provisions of clause 3(iv) of the said order not applicable to the company.
5. The Company has not accepted any deposit or amount which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
6. We have broadly reviewed the cost records maintained by the company pursuant to sub-section (1) of section 148 of the Companies Act and are of the opinion that prime facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
7.
  - a. According to the recording, the company is regular in depositing statutory dues including Goods and service tax, provident fund, employees' state insurance, income-tax, service tax, duty of customs, duty of excise, value added tax, cess and all other material statutory dues with the appropriate authorities and there were no arrears of statutory dues as at March 31, 2022 for a period of more than six months from the date they became payable.
  - b. According to the records of the company and the information and explanations given to us, there were no statutory dues referred to in subclause (a) have not been deposited on account of any dispute.
8. According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.

9.
  - a. According to the information and explanations given to us, the Company has not defaulted in repayment of loans or in the payment of interest thereon to any lender.
  - b. According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the company has not been declared a willful defaulter by any bank or financial institution or other lender.
  - c. In our Opinion and according to the information and explanations given to us, the company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained.
  - d. In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statement of the company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purpose by the company,
  - e. the company does not have subsidiaries, associates or joint ventures. Hence para 3(ix) (e) of the above mentioned Order is not applicable;
  - f. the company does not have subsidiaries, associates or joint ventures. Hence para 3(ix) (f) of the above mentioned Order is not applicable
10.
  - a. The company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, Paragraph 3 (x)(a) of the Order is not applicable.
  - b. The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Hence, reporting under paragraph 3(x)(b) of the order doesn't arise.
11.
  - a. No fraud by the company and no material fraud on the company has been noticed or reported during the year.
  - b. No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
  - c. According to the information and explanations given to us including the representation made to us by the management of the company, there are no Whistle-blower complaints received by the company during the year.
12. In our opinion and 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.
13. According to the information and explanations given to us and based on our examination of the records of the company, the company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of the Section 197 read with Schedule V to the Act.
14.
  - a. In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business;
  - b. We have considered the reports of the Internal Auditors for the period under audit.;
15. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
16.
  - a. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934. Accordingly, para 3(xvi) (a) of the Order is not applicable.
  - b. The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, para 3 (xvi) (b) of the Order is not applicable.
  - c. The company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence Para 3(xvi) (c) of the said Order is not applicable.
  - d. The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, para 3(xvi) (d) is not applicable.
17. The company has not incurred any cash losses in the financial year and also in the immediately preceding financial year.
18. There is no resignation of statutory auditors of the Company during the year.

19. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
20. According to the information and explanations given to us, the Company does not have any unspent amount in respect of any ongoing or other than ongoing project as at the expiry of the financial year. Accordingly, Para 3(xx)(a) and (b) of the Order is not applicable for the year.
21. The Company does not have subsidiaries, associates or joint ventures. Hence para 3 {xxi} of the above said Order with regard to qualifications or adverse remarks in CARO reports of the companies included in the consolidated financial statements, is not applicable.

for K.S.RAO & CO.  
Chartered Accountants  
Firm's Regn No. 003109S

(V.VENKATESWARA RAO)  
Partner  
Membership No. 219209  
UDIN: 22219209AJLFAC9449

Place : Hyderabad  
Date : 23.05.2022

## **Annexure – B to the Auditor’s Report**

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

We have audited the internal financial controls with reference to financial statements of SURYALATA SPINNING MILLS LIMITED (“the Company”) as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s financial controls with reference to financial statements.

#### **Meaning of Internal Financial Controls with Reference to Financial Statements**

A company’s internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls with reference to financial statements includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

for K.S.RAO & CO.  
Chartered Accountants  
Firm's Regn No. 003109S

Place : Hyderabad  
Date : 23.05.2022

(V.VENKATESWARA RAO)  
Partner  
Membership No. 219209  
UDIN: 22219209AJLFAC9449

**BALANCE SHEET AS AT 31st MARCH, 2022**

(Figures in ₹ Lakhs)

Particulars	Note No.	As at 31.03.2022	As at 31.03.2021
<b>I. ASSETS</b>			
<b>1. Non-Current assets</b>			
(a) Property, Plant and Equipment	2.1	20,036.15	18,844.93
(b) Capital work-in-progress	2.2	62.82	56.70
(c) Intangible Assets	2.3	0.13	1.27
(d) Financial Assets			
(i) Loans	3	0.60	0.20
(ii) Other financial assets	4	1,198.45	1,002.75
(e) Other non-current assets	5	1,156.83	257.77
<b>Total Non-current assets</b>		<b>22,454.98</b>	<b>20,163.62</b>
<b>2. Current assets</b>			
(a) Inventories	6	3,824.39	4,480.11
(b) Financial Assets			
(i) Investments	7	0.17	0.16
(ii) Trade receivables	8	2,956.73	1,675.48
(iii) Cash and cash equivalents	9	307.68	28.59
(iv) Other Bank Balances	10	1,436.72	194.42
(v) Other financial assets	11	49.78	55.37
(c) Other current assets	12	1,112.06	1,111.49
<b>Total Current assets</b>		<b>9,687.53</b>	<b>7,545.62</b>
<b>Total Assets</b>		<b>32,142.51</b>	<b>27,709.24</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
(a) Equity Share capital	13	426.70	426.70
(b) Other Equity	14	19,119.64	14,421.42
<b>Total Equity</b>		<b>19,546.34</b>	<b>14,848.12</b>
<b>2. Non-Current liabilities</b>			
(a) Financial Liabilities			
Borrowings	15	4,827.24	5,312.96
(b) Deferred tax liabilities (Net)		2,365.81	2,658.00
(c) Other non-current liabilities	16	220.74	257.53
<b>Total Non-current liabilities</b>		<b>7,413.79</b>	<b>8,228.49</b>
<b>3. Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	2,861.08	2,983.37
(ii) Trade payables	18		
Micro and small enterprises		79.11	60.18
Other than micro and small enterprises		194.58	162.24
(iii) Other financial liabilities	19	1,573.61	1,197.90
(b) Other current liabilities	20	76.36	46.05
(c) Provisions	21	137.84	38.01
(d) Current tax liabilities (net)	22	259.80	144.88
<b>Total Current liabilities</b>		<b>5,182.38</b>	<b>4,632.63</b>
<b>Total liabilities</b>		<b>12,596.17</b>	<b>12,861.12</b>
<b>Total Equity and Liabilities</b>		<b>32,142.51</b>	<b>27,709.24</b>
Significant Accounting policies and Key accounting adjustments & Judgments	1-45		

As Per Our Report of even date  
for **K S RAO & CO.**,  
Chartered Accountants  
Firm Regn. No. : 003109S

for and on behalf of the Board

**V.VENKATESWARA RAO**  
Partner  
Membership No. 219209

**Kushuboo Jain**  
Company Secretary

**VITHALDAS AGARWAL**  
Managing Director

Place : Secunderabad  
Date : 23rd May, 2022

**K.NAGESWARA RAO**  
Chief Financial Officer

**MAHENDER KUMAR AGARWAL**  
Joint Managing Director

**Statement of Profit and Loss for the Year ended 31st March, 2022**

(Figures in ₹ Lakhs)

Particulars	Note No.	Current Year 31.03.2022	Previous Year 31.03.2021
<b>I.</b> Revenue from operations	23	48,034.47	27,652.70
<b>II.</b> Other Income	24	169.00	105.16
<b>III.</b> <b>Total Income (I + II)</b>		<b>48,203.47</b>	<b>27,757.86</b>
<b>IV. EXPENSES</b>			
Cost of Raw material Consumed	25	27,237.12	15,974.72
Changes in inventories of finished goods, and work in Process	26	1,738.12	(1,660.52)
Employee benefits expense	27	3,140.12	2,730.05
Finance costs	28	878.29	1,149.40
Depreciation and amortization expense	29	1,142.79	1,118.52
Other expenses	30	8,009.07	5,797.74
<b>Total expenses (IV)</b>		<b>42,145.51</b>	<b>25,109.91</b>
<b>V. Profit before exceptional items and tax (III - IV)</b>		<b>6,057.96</b>	<b>2,647.95</b>
<b>VI. Tax expense:</b>			
a. Current Tax		1,536.06	482.60
b. Deferred Tax		(253.34)	288.48
<b>Total Tax Expenses (VI)</b>		<b>1,282.72</b>	<b>771.08</b>
<b>VII. Profit for the period (V - VI)</b>		<b>4,775.24</b>	<b>1,876.87</b>
<b>VIII. Other Comprehensive income</b>	31		
i. Items that will not be reclassified subsequently to profit or loss		(69.12)	73.67
ii. Income tax relating to items that will not be reclassified to profit or loss		17.40	(21.45)
<b>Total Other Comprehensive Income for the period (VIII)</b>		<b>(51.72)</b>	<b>52.22</b>
<b>IX. Total Income for The Period (VII + VIII)</b>		<b>4,723.52</b>	<b>1,929.09</b>
<b>X. Earnings per equity share ( Face value of ₹ 10/- each )</b>	32		
Basic and Diluted		111.91	43.99
Significant Accounting policies and Key accounting adjustments & Judgments	1-45		

As Per Our Report of even date  
for **K S RAO & CO.,**  
Chartered Accountants  
Firm Regn. No. : 003109S

for and on behalf of the Board

**V.VENKATESWARA RAO**  
Partner  
Membership No. 219209

**Kushuboo Jain**  
Company Secretary

**VITHALDAS AGARWAL**  
Managing Director

Place : Secunderabad  
Date : 23rd May, 2022

**K.NAGESWARA RAO**  
Chief Financial Officer

**MAHENDER KUMAR AGARWAL**  
Joint Managing Director

**i STATEMENT OF CHANGES IN EQUITY**
**A. Equity Share Capital**

(Figures in ₹ Lakhs)	
Particulars	Amount
<b>As at April 01, 2020</b>	<b>426.70</b>
Changes in equity share capital	-
<b>As at March 31, 2021</b>	<b>426.70</b>
Changes in equity share capital	-
<b>As at March 31, 2022</b>	<b>426.70</b>

**B. Other Equity**

Particulars	(Figures in ₹ Lakhs)							
	Security Premium	Capital Redemption Reserve	Preference Capital Redemption Reserve	General Reserve	Retained Earnings	Equity components of compound Financial instruments	Remeasurement of defined benefit plan	Total
<b>Balance as at 01st April, 2020</b>	<b>1,288.20</b>	<b>1,057.36</b>	<b>535.00</b>	<b>8,500.00</b>	<b>1,050.00</b>	<b>29.27</b>	<b>45.15</b>	<b>12,504.98</b>
Profit for the Year					1,876.87			<b>1,876.87</b>
Other Comprehensive income for the year (Net)					30.91		21.31	<b>52.22</b>
Transfer to Capital Reserve		150.00	(150.00)					-
Transfer to general Reserve				1500.00	(1500.00)			<b>0.00</b>
Equity Dividend Paid					(12.65)			<b>(12.65)</b>
<b>Balance as at 31 March, 2021</b>	<b>1,288.20</b>	<b>1,207.36</b>	<b>385.00</b>	<b>10,000.00</b>	<b>1,445.13</b>	<b>29.27</b>	<b>66.46</b>	<b>14,421.42</b>
Profit for the Year					4,775.24		(51.72)	<b>4,775.24</b>
Other Comprehensive income for the year								<b>(51.72)</b>
Transfer to Capital Redemption Reserve		150.00	(150.00)					-
Transfer to General Reserve				3,000.00	(3,000.00)			<b>0.00</b>
Equity Dividend Paid					(25.30)			<b>(25.30)</b>
<b>Balance as at 31 March, 2022</b>	<b>1,288.20</b>	<b>1,207.36</b>	<b>385.00</b>	<b>13,000.00</b>	<b>3,195.07</b>	<b>29.27</b>	<b>14.74</b>	<b>19,119.64</b>

**The description of nature and purpose of reserves within equity is as follows :**

- (i) **Security Premium :** Premium received on issue of equity shares credited to security premium reserve, It can be utilized as per the provision of section 63 of the companies act.
- (ii) **Capital Redemption Reserve :** Created on redemption of preference shares, It can be utilized as per section 63 of the companies act.
- (iii) **Preference Capital Redemption Reserve :** Created against the profits for redemption of preference shares issued. It can be utilized for redemption of preference shares on due date.
- (iv) **General reserve :** Reserve is created from time to time by transfer of profits from retained earnings. It can be utilised as per provisions of the companies act.
- (v) **Retained earnings :** Retained earnings are accumulation of profits earned by the company. It can be utilised for distribution of dividends to equity share holders.
- (vi) **Re-measurement of defined benefit obligations :**

The reserve represents the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the Company.

The re-measurement gains/(losses) are recognised in other comprehensive income and accumulated under this reserve within equity. The amounts recognised under this reserve are not reclassified to profit or loss.

As Per Our Report of even date  
for **K S RAO & CO.,**  
Chartered Accountants  
Firm Regn. No. : 003109S

**V.VENKATESWARA RAO**  
Partner  
Membership No. 219209

Place : Secunderabad  
Date : 23rd May, 2022

**Kushuboo Jain**  
Company Secretary

**K.NAGESWARA RAO**  
Chief Financial Officer

for and on behalf of the Board

**VITHALDAS AGARWAL**  
Managing Director

**MAHENDER KUMAR AGARWAL**  
Joint Managing Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022**

(Figures in ₹ Lakhs)

PARTICULARS	Year Ended 31.03.2022		Year Ended 31.03.2021	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Profit before tax		6,057.96		2,647.95
<b>Adjustment for:</b>				
Depreciation	1,142.79		1,118.52	
Finance Charges	878.29		1,149.40	
Fair value (Profit)/Loss on Investments	(0.01)		(0.01)	
Other Comprehensive Income/(Loss)	(69.12)		73.67	
(Profit)/Loss on sale of Assets (net)	-		2.27	
Interest Income	(63.94)	1,888.01	(59.37)	2,284.48
<b>Operating Profit before working capital changes</b>		<b>7,945.97</b>		<b>4,932.43</b>
<b>Movement in Working Capital</b>				
Decrease/(Increase) in Inventories	655.72		(1,944.49)	
Decrease/(Increase) in Receivables	(1,281.25)		795.95	
Decrease/(Increase) in Loans & Advances	(1,243.01)		(64.78)	
(Decrease)/Increase in Non Current Liabilities	(328.98)		(15.52)	
(Decrease)/Increase in Current Liabilities	804.26	(1,393.26)	(28.77)	(1,257.61)
<b>Cash Generated from Operations</b>		<b>6,552.71</b>		<b>3,674.82</b>
Taxes Paid		(1,409.87)		(324.57)
<b>Net Cash flow from Operating activity (A)</b>		<b>5,142.84</b>		<b>3,350.25</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of Assets	3.50		1.00	
Interest Received	69.66	73.16	65.05	66.04
<b>OUTFLOW:</b>				
Decrease/(Increase) in Financial assets	(196.10)		(89.50)	
Acquisition of fixed assets including Capital Work in Progress	(2,339.00)		(371.37)	
(Increase)/Decrease in Advance for Capital equipment	(899.05)	(3,434.15)	(211.45)	(672.31)
<b>Net Cash flow from Investing activity (B)</b>		<b>(3,360.99)</b>		<b>(606.27)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>				
Unsecured Loans received	35.00		-	
Deferred Payment Loan - Hero	1,884.55		-	
Increase/(decrease) in Bank Borrowings	(358.29)	1,561.26	(553.97)	(553.97)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022**

PARTICULARS	Year Ended 31.03.2022	Year Ended 31.03.2021
<b>OUTFLOW:</b>		
Repayment of Term loans	(1,350.00)	(947.09)
Dividends Paid	(25.29)	(12.65)
Repayment of preference shares	-	(150.00)
Repayment of Hire Purchase loans - Hero	(648.14)	-
Repayment of Hire Purchase loans	(28.64)	(25.37)
Repayment of sales tax loans	(113.16)	(162.92)
Repayment of Unsecured loans	(99.00)	(55.00)
Interest Paid	(799.80)	(849.80)
	(3,064.03)	(2,202.83)
Net Cash flow from financing activities ('C)	(1,502.77)	(2,756.80)
Net increase/(decrease) in Cash/Cash Equivalents during the year (A+B+C)	279.08	(12.82)
Add: Cash/Cash equivalents at the beginning of the year	28.59	41.41
Cash/Cash equivalents at the end of the year	307.68	28.59

Notes :

- The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Indian Accounting Standard (Ind-AS) - 7 on Statement of Cash flow.
- Previous year comparatives have been reclassified to confirm with current year's presentation, where ever applicable.
- Cash and Cash equivalents comprises of :

S. No	Particulars	As at 31.03.2022	As at 31.03.2021
A.	<b>Cash on Hand</b>	5.50	6.35
B.	<b>Balances in Bank Current a/c's</b>	302.18	22.24
	<b>a. Current account</b>		
	<b>b. Ear marked balance with Banks - Unpaid dividends</b>		
	<b>Cash and Cash equivalents in Cash Flow Statement</b>	307.68	28.59

As Per Our Report of even date  
for **K S RAO & CO.,**  
Chartered Accountants  
Firm Regn. No. : 003109S

for and on behalf of the Board

**V.VENKATESWARA RAO**  
Partner  
Membership No. 219209

**Kushuboo Jain**  
Company Secretary

**VITHALDAS AGARWAL**  
Managing Director

Place : Secunderabad  
Date : 23rd May, 2022

**K.NAGESWARA RAO**  
Chief Financial Officer

**MAHENDER KUMAR AGARWAL**  
Joint Managing Director

## Notes to Financial Statements for the Year Ended 31<sup>st</sup> March, 2022

### CORPORATE INFORMATION

Suryalata Spinning Mills Limited (the "Company") is a public limited company incorporated on may 23<sup>rd</sup>, 1983 and as its Registered office at 105, S P Road, Surya Towers, 1<sup>st</sup> Floor, Secunderabad, Telangana State. The Company is engaged in producing the best quality of Synthetic Yarns like 100% Polyester (PSF) Yarns, 100% Viscose (VSF) Yarns, PSF & VSF Blended Yarns and Value Added Yarns suitable for suiting's, shirting's and knitting. The Company has established in the domestic market as well as in the international market and sells its products through the multiple channels. The Company is listed on Bombay Stock Exchange.

The financial statements of the company for the year ended March 31<sup>st</sup>, 2022 are approved for issue by the company's Board of Directors on May 23<sup>rd</sup>, 2022.

### SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS.

#### 1. Significant Accounting Polices:

##### 1.1 Statement of Compliance:

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) as per the company (Indian Accounting Standard) Rules, 2015 notified under section 133 of the Companies Act 2013, amendments there to and other relevant provisions of the Act.

##### 1.2 Basis of Preparation and Measurement:

These Ind AS Financial Statements have been prepared on a going concern basis using historical cost conversion and on an accrual method of accounting, except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements.

The financial statements are presented in INR Which is also the Company's functional currency and all values are rounded to the nearest Lakhs (INR 00,000), except when otherwise indicated.

##### 1.3 Classification of Assets and liabilities as Current and Non-Currenet

The company has detemind its operating cycle as 12 months for the purpose of classification of current and non-current assets and liabilites. This is based on the nature of product and the time between the acquisition of inventories for processing and their realization in cash and cash equivalents. All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and others criteria set out in the schedule III (Division II) to the Companies Act, 2013.

Deferred tax assets and deferred tax liabilities are classified as non-current assets and non-current liabilities.

##### 1.4 Use of estimates & judgments:

The estimates and judgments used in the preparation of the financial statements are continously evaluated by the company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the company belives to be reasonable under the existing circumstances. Differences between actual results and estimates are recongnized in the period in which the results are Known / materialized.

##### 1.5 Property, Plant and Equipment-Tangible Assets.

- i. Property, plant and equipment other than land are stated at cost less accumulated depreciation and impairment losses if any. Freehold land is carried at cost of acquisition. Cost comprises of purchase price and any attributable cost of bringing the assests to its working condition for its intended use.
- ii. Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.
- iii. Subsequent expenditure are capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the company. Costs in nature of repairs and maintenance of equipment are recognized in the statement of profit and Loss as and when incurred.

## Notes to Financial Statements for the Year Ended 31<sup>st</sup> March, 2022

- iv. Depreciation on Fixed Assets is provided on ascertain useful life of assets under Straight Line Method (SLM) prescribed in schedule II of the Companies act-2013 except the assets costing '5000 or less on which depreciation is charged @100% in the year of acquisition.
- v. The Company follows the policy of charging depreciation on pro-rata basis on the assets acquired or disposed off during the year.

### 1.6 Intangible Assets

Intangible Assets are stated at cost less accumulated amortization. Cost includes any expenditure directly attributable on making the asset ready for its intended use.

Intangible assets are amortized their useful life as estimated by the management which is about 6 years for ERP software.

### 1.7 Impairment of Assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment if any indicating of impairment exists. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable value being higher of value in use and fair value less cost of disposal. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Profit and Loss Account in the year in which an asset is identified as impaired.

### 1.8 Leases

The Company assesses at contract inception wheather a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of lease, the company recognises a Right-of-use asset ("ROU") and a corresponding liability for all lease arrangements in which it is a lessee, except for leases with the term of twelve months or less (short term leases) and low value leases. For short term and low value leases, the Company recognises the lease payment as an operating expense on straight line basis over the term of lease.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate explicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases.

### 1.9 Inventory:

Inventories are valued at the lower of cost and net realizable value. The cost is determined on weighted Average basis. Cost of finished goods and work-in-process include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

Raw materials, stores, spares and packing materials are valued at cost on weighted average basis. Scrap is valued at net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of necessary to make sale.

### 1.10 Financial Instrument:

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

#### a. Financial Asset:

##### Initial recognition and measurement

All financial instruments are recognized 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

## Notes to Financial Statements for the Year Ended 31<sup>st</sup> March, 2022

asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e the date the company commits to purchase or sell the asset.

### **Subsequent Measurement**

For the purpose of subsequent measurement financial assets are classified as measured at:

- 1) Amortized Cost
- 2) Fair value through profit and loss (FVTPL)
- 3) Fair value through other comprehensive income (FVTOCI)

### **Financial Asset measured at amortized cost**

Financial Assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flow and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the statement of Profit & Loss.

The company while applying above criteria has classified all the financial assets (except investment in equity shares) at amortized cost.

### **Financial Assets Measured at fair value through other comprehensive income**

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the FIR method and impairment losses, if any are recognized in the statement of Profit and Loss. On de-recognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the statement of Profit and Loss.

### **Financial Assets at fair value through profit or loss (FVTPL)**

Financial Assets are measured at fair value through profit & Loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of Profit & Loss.

### **De-recognition of Financial Assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

### **Impairment of Financial Assets**

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the debt instruments, that are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

Expected credit loss is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive.

The management uses a provision matrix to determine the impairment loss on the portfolio of trade and other receivables. Provision matrix is based on its historically observed expected credit loss rates over the expected life of the trade receivables and is adjusted for forward looking estimates.

## Notes to Financial Statements for the Year Ended 31<sup>st</sup> March, 2022

Expected credit loss allowance or reversal recognized during the period is recognized as income or expense, as the case may be, in the statement of profit and loss. In case of balance sheet, it is shown as reduction from the specific financial asset.

### **b. Financial Liabilities**

#### **Initial recognition and measurement**

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

#### **Subsequent Measurement**

Financial liabilities are subsequently measured at amortized cost using the EIR method. Financial liabilities carried at fair value through Profit or Loss are measured at fair value with all changes in fair value recognized in the statement of Profit and Loss.

#### **Financial Liabilities at amortized cost**

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount. All the financial liabilities of the company are subsequently measured at amortized cost using Effective Interest method.

#### **De recognition of Financial Liabilities**

A financial liability shall be derecognized when, and only when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

### **1.11 Government Grants:**

Grants from the government are recognized 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. Grants related to revenue items are presented as part of profit or loss as a reduction from related expense. The benefit of a government loan at a below market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

### **1.12 Foreign Currency Transactions**

The functional and presentation currency of the Company is Indian Rupees. Transactions in foreign currency are accounted for at the exchange rate prevailing on the transaction date. Gains / losses arising on settlement as also on translation of monetary items are recognized in the statement of Profit and Loss.

### **1.13 Borrowing Costs**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

### **1.14 Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured regardless of the when the payment made. The specific recognition criteria described below must also be met before revenue is recognized.

#### **a. Sale of products**

Revenue from the sale of goods is recognized when significant risks and rewards of ownership have been transferred to the customer, the company no longer retain continuing managerial involvement to the degree usually associated with ownership nor has effective control over the goods sold, which is mainly upon delivery, the amount of revenue can be measured reliably and recovery of the consideration that will be derived in the sale of goods.

## Notes to Financial Statements for the Year Ended 31<sup>st</sup> March, 2022

The Company collects Goods & services Tax (GST) on behalf of the government and therefore, these are not economic benefits flowing to the company. Hence these are excluded from the revenue. Revenue from export sales is recognized on the date of bill of lading, based on the terms of export.

### **b. Recognition of Export benefits**

Export benefits entitlements in respect of incentives schemes including Duty Drawback, RoDTEP (Export Incentive), Merchandise Export Incentive scheme (MEIS) of the government of India are recognized in the year in which Export Sales are accounted for.

### **c. Interest Income**

Interest on deposit with government departments and financial institutions are recognized in statement of Profit and Loss when the right to receive / receivable during the period.

## **1.15 Taxes on Income**

### **Tax expense comprised of current and deferred tax**

#### **a. Current tax**

Current tax expense for the year is ascertained on the basis of assessable profits computed in accordance with the provisions with the provisions of the Income Tax Act, 1961.

#### **b. Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purpose and the corresponding amounts used for taxation purposes. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

## **1.16 Dividend Distribution**

Annual dividend distribution to the shareholders is recognized as a liability in the period in which the dividend is approved by the shareholders. Any interim dividend paid is recognized on approval by Board of Directors. Dividend payable and corresponding tax on dividend distribution is recognized directly in equity.

## **1.17 Employee Benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized 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.

### **a. Defined Contribution plans**

Contribution towards provident Fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution schemes as the company does not carry any further obligations, apart from the contributions made on a monthly basis.

### **b. Defined benefit Plans**

Gratuity liability is defined obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each year. The Company funds the benefit through contributions to SBI Life.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined

## Notes to Financial Statements for the Year Ended 31<sup>st</sup> March, 2022

liability(asset) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in statement of Profit and Loss.

### 1.18 Provisions

Provisions are recognized when, as a result of a past event, the Company has a legal or constructive obligation; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. The amount so recognized is a best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

In an event when the time value of money is material, the provision is carried at the present value of the cash flows estimated to settle the obligation.

### 1.19 Contingent Liabilities

Contingent Liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

### 1.20 Claims

Claims against the company not acknowledged as debts are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

### 1.21 Offsetting

Financial Assets and Financial Liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

### 1.22 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

### 1.23 Cash Flow statement

Cash flows are reported using the indirect method. Where by profit for the period is adjusted for effects of transactions of a non-cash nature, any deferrals are accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

### 1.24 Segment Reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's Chief Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

The operations of the company are related to one segment i.e. spinning in textiles.

### 1.25 Events after Reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

## Notes to Financial Statements for the Year Ended 31<sup>st</sup> March, 2022

### 1.26 Recent Accounting Pronouncements

- a. Amendment in schedule III of the Companies Act, 2013 on 24<sup>th</sup> March, 2021, the Ministry of Corporate Affairs ("MCA") through a notification amended Schedule III of the Companies Act, 2013 which is applicable from 01<sup>st</sup> April, 2021. The effect of said amendment has been incorporated in these financial Statement to the extent applicable to the Company.

b. **Standards issued but not effective**

**Ind AS 16 - Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the assets for its intended use. Instead, an entity will recognize such sales proceeds and relative cost in Profit and Loss. The Company does not expect the amendments to have any impact in its recognitions of its property, plant and equipment in its financial statements.

**Ind AS 37 - Onerous Contracts - Costs of Fulfilling a Contract**

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification, and the company does not expect the amendment to have any significant impact in its financial statement.

**Ind AS 109 - Annual Improvement to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to de recognize a financial liability. The Company does not expect the amendment to have any significant impact in its financial Statements

**Ind AS 106 - Annual Improvements to Ind AS (2021)**

The amendments remove the illustration of the reimbursement of leasehold improvement by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration, The Company does not expect the amendment to have any significant impact in its financial statements.

### 1.27 Critical Accounting Estimates and judgments

The preparation of financial statements is in conformity with generally Accepted Accounting Principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions in accounting estimates are recognized prospectively.

The areas involving critical estimates or judgments are -

- Estimates of Useful life of Property, plant and equipment and intangible Assets (refer note 1.5 & 1.6)
- Measurement of defined benefit obligation (refer note 1.17)
- Recognition of deferred taxes (refer note 1.15)
- Estimation of impairment (refer note 1.7 and 1.10)
- Estimation of provision and contingent liabilities (refer note 1.18 and 1.19)

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022**
**Note No. 2 (a) : Property, Plant and Equipment**

(Figures in ₹ Lakhs)

Sl. No.	Particulars	Gross Carrying amount			accumulated Depreciation			Net Carrying amount		
		As at 01.04.2021	Additions	Deductions	As at 31.03.2022	Upto 01.04.2021	For the Year	Deductions	Upto 31.03.2022	As at 31.03.2022
1	Land (Freehold )	198.15	-	-	198.15	-	-	-	-	198.15
2	Buildings									
-	- Factory Buildings	4,437.72	-	-	4,437.72	1,322.01	147.19	-	1,469.19	2,968.53
-	- Non Factory Buildings	1,819.52	331.63	-	2,151.15	280.65	31.38	-	312.03	1,839.12
3	Plant and Equipment									
-	- Plant & Machinery	20,412.75	213.82	97.18	20,529.39	7,461.02	760.02	97.18	8,123.86	12,405.53
-	- Workshop Equipment	52.04	-	-	52.04	24.28	2.14	-	26.42	25.62
-	- Testing Equipment	83.51	-	-	83.51	83.51	-	-	83.51	-
-	- Electrical Installations	1,312.10	-	-	1,312.10	905.13	79.83	-	984.96	327.14
-	- Weighing Machinery	13.02	-	-	13.02	13.02	-	-	13.02	-
-	- Water Works	48.71	-	-	48.71	31.47	5.23	-	36.70	12.01
4	Furniture & Fixtures	119.11	8.64	-	127.75	104.76	6.87	-	111.63	16.12
5	Office Equipment	84.48	7.21	-	91.69	81.28	1.93	-	83.21	8.49
6	Vehicles	252.28	-	7.14	245.14	134.69	21.98	7.14	149.53	95.61
7	Date Processing Equipment	61.350	5.59	-	66.94	56.49	1.57	-	58.06	8.88
8	Material Handling Equipment	707	35.45	-	742.15	258.21	47.30	-	305.51	436.64
9	Solar power plant	-	1,730.53	-	1,730.53	-	36.22	-	36.22	1,694.31
	<b>Total</b>	<b>29,601.45</b>	<b>2,332.87</b>	<b>104.32</b>	<b>31,830.00</b>	<b>10,756.51</b>	<b>1,141.65</b>	<b>104.32</b>	<b>11,793.85</b>	<b>20,036.15</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2021**
**Note No. 2 (b) : Property, Plant and Equipment**

(Figures in ₹ Lakhs)

Sl. No.	Particulars	Gross Carrying amount			accumulated Depreciation			Net Carrying amount		
		As at 01.04.2020	Additions	Deductions	As at 31.03.2021	Upto 01.04.2020	For the Year	Deductions	Upto 31.03.2021	As at 31.03.2021
1	Land (Freehold )	198.15	-	-	198.15	-	-	-	-	198.15
2	Buildings									
-	Factory Buildings	4,437.72	-	-	4,437.72	1,174.73	147.28	-	1,322.01	3,115.71
-	Non Factory Buildings	1,754.42	65.10	-	1,819.52	251.15	29.50	-	280.65	1,538.87
3	Plant and Equipment									
-	Plant & Machinery	20,224.11	188.64	-	20,412.75	6,710.57	750.45	-	7,461.02	12,951.72
-	Workshop Equipment	52.04	-	-	52.04	18.42	5.86	-	24.28	27.76
-	Testing Equipment	83.51	-	-	83.51	83.51	-	-	83.51	-
-	Electrical Installations	1,312.10	-	-	1,312.10	819.74	85.38	-	905.13	406.98
-	Weighing Machinery	13.02	-	-	13.02	11.66	1.36	-	13.02	-
-	Water Works	48.71	-	-	48.71	22.53	8.95	-	31.47	17.24
4	Furniture & Fixtures	118.33	0.78	-	119.11	92.54	12.21	-	104.76	14.36
5	Office Equipment	84.23	0.25	-	84.48	79.32	1.96	-	81.28	3.20
6	Vehicles	239.15	30.88	17.75	252.28	129.81	22.63	17.75	134.69	117.59
7	Date Processing Equipment	60.60	0.75	-	61.35	51.38	5.11	-	56.49	4.86
8	Material Handling Equipment	670.21	46.19	9.70	706.70	219.56	44.98	6.33	258.21	448.49
	<b>Total</b>	<b>29,296.31</b>	<b>332.59</b>	<b>27.45</b>	<b>29,601.44</b>	<b>9,664.90</b>	<b>1,115.69</b>	<b>24.08</b>	<b>10,756.51</b>	<b>18,844.93</b>

**Note No.2.2 : Capital work-in-progress (CWIP)**
**2.2 (a) Ageing schedule**

Capital work-in-progress	Amount in CWIP for a period of				Total as at 31st March 2022
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Project in Progress	62.82	-	-	-	62.82
Project temporarily suspended	-	-	-	-	-

**2.2 (b) Ageing Schedule**

Capital work-in-progress	Amount in CWIP for a period of				Total as at 31st March 2021
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Project in Progress	56.70	-	-	-	56.70
Project temporarily suspended	-	-	-	-	-

**Note No.2.3(a) Intangible Assets**

Sl. No	Particulars	Gross Carrying amount			Accumulated Depreciation			Net carrying amount As at 31.03.2022	
		As at 01.04.2021	Additions	Deductions	As at 31.03.2022	upto 01.04.2021	For the year		Deductions
1	Computer Software	14.19	-	-	14.19	12.92	1.14	-	14.06
	<b>Total</b>	<b>14.19</b>	<b>-</b>	<b>-</b>	<b>14.19</b>	<b>12.92</b>	<b>1.14</b>	<b>-</b>	<b>14.06</b>

**Note No. 2.3(b) Intangible Assets**

Sl. No	Particulars	Gross Carrying amount			Accumulated Depreciation			Net carrying amount As at 31.03.2021	
		As at 01.04.2020	Additions	Deductions	As at 31.03.2021	upto 01.04.2020	For the year		Deductions
1	Computer Software	14.19	-	-	14.19	10.08	2.84	-	12.92
	<b>Total</b>	<b>14.19</b>	<b>-</b>	<b>-</b>	<b>14.19</b>	<b>10.08</b>	<b>2.84</b>	<b>-</b>	<b>12.92</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022**

(Figures in ₹ Lakhs)

Note No.	PARTICULARS	As at 31.03.2022	As at 31.03.2021
<b>3</b>	<b>Financial Assets</b>		
	<b>Loans :</b>		
	Staff loans	0.60	0.20
	<b>Total</b>	<b>0.60</b>	<b>0.20</b>
<b>4</b>	<b>Other financial assets :</b>		
a.	Security deposits recoverable (Telephone, TSSPDCL & Other Deposits)	962.97	962.89
b.	Term Deposits with balance maturity of more than 12 months	235.48	39.86
	<b>Total</b>	<b>1,198.45</b>	<b>1,002.75</b>
<b>5</b>	<b>Other non-current assets( unsecured, considered good):</b>		
	Advances for Capital Works	1,156.83	218.82
	Advance With Gratuity Fund	0.00	38.95
	<b>Total</b>	<b>1,156.83</b>	<b>257.77</b>
<b>6</b>	<b>Inventories:</b>		
	(As certified by the management)		
a.	Raw Materials (Valued at lower of cost or net realisable value basis)	2,352.32	1,364.96
b.	Finished Goods (including consignment stocks (Valued at lower of cost or net realisable value basis)	652.45	2,417.66
c.	Stores & Spares (Valued at cost)	382.91	287.88
d.	Stocks-in-process (Valued at cost)	436.25	408.99
e.	Others - PV & PSF waste / scrap (at realisable value)	0.46	0.62
	<b>Total</b>	<b>3,824.39</b>	<b>4,480.11</b>
<b>7</b>	<b>Investments - Current:</b>		
a.	Investment in Equity Instruments Fair value through profit or loss- Quoted- Non Trade 800 Equity Shares in UCO Bank of ₹ 10/-	0.09	0.09
b.	Unquoted 999 Equity Shares in YP Solar P Ltd of ₹ 10/- each	0.08	0.07
	<b>Total</b>	<b>0.17</b>	<b>0.16</b>
<b>8</b>	<b>Trade Receivables:</b>		
A.	Secured, Considered Good	-	-
B.	Unsecured, Considered Good		
i)	Related Parties	-	-
ii)	Others	2,956.73	1,675.48
iii)	Trade Receivables which have significant increase in credit risk	-	-
iv)	Trade Receivables - credit impaired	-	-
	<b>Total</b>	<b>2,956.73</b>	<b>1,675.48</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2022**

(Figures in ₹ Lakhs)

**8.a Trade Receivables ageing Schedule**

S No	Particulars	Outstanding for following periods from due date of payment					Total as at 31 March 2022
		Less than 6 Month	6 months - 1 year	1-2 Year	2-3 Year	More than 3 Year	
		INR lacs	INR lacs	INR lacs	INR lacs	INR lacs	INR lacs
a)	Undisputed Trade Receivables - considered good	2,947.26	-	-	-	-	2,947.26
b)	Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
c)	Undisputed Trade receivable - credit impaired	-	-	-	-	-	-
d)	Disputed Trade receivables - considered good	-	-	-	-	9.47	9.47
e)	Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
f)	Disputed Trade receivables - credit impaired	-	-	-	-	-	-

**8.b Trade Receivables ageing schedule**

S No	Particulars	Outstanding for following periods from due date of payment					Total as at 31 March 2021
		Less than 6 Month	6 months - 1 year	1-2 Year	2-3 Year	More than 3 Year	
		INR lacs	INR lacs	INR lacs	INR lacs	INR lacs	INR lacs
a)	Undisputed Trade Receivables - considered good	1,666.01	-	-	-	-	1,666.01
b)	Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
c)	Undisputed Trade receivable - credit impaired	-	-	-	-	-	-
d)	Disputed Trade receivables - considered good	-	-	-	-	9.47	9.47
e)	Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
f)	Disputed Trade receivables - credit impaired	-	-	-	-	-	-

Note No.	PARTICULARS	As at 31.03.2022	As at 31.03.2021
<b>9</b>	<b>Cash and cash equivalents:</b>		
	a. Cash on Hand	5.50	6.35
	b. Balances in bank a/c's Current Accounts	302.18	22.24
	<b>Total</b>	<b>307.68</b>	<b>28.59</b>
	* Cash and cash equivalents include cash on hand, cheques & drafts on hand, cash at bank and deposits with banks with original maturity of 3 months or less.		
<b>10</b>	<b>Other Bank balances</b>		
	Balances with banks		
	a. Term deposits with balance maturity less than 12 months	1,431.06	187.75
	b. Unclaimed dividend accounts	5.66	6.67
	<b>Total</b>	<b>1,436.72</b>	<b>194.42</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022**

(Figures in ₹ Lakhs)

Note No.	PARTICULARS	As at 31.03.2022	As at 31.03.2021
<b>11</b>	<b>Other financial assets - Current:</b>		
	a. Advances to Staff & Workers	10.34	10.20
	b. Interest receivable	39.44	45.17
	<b>Total</b>	<b>49.78</b>	<b>55.37</b>
<b>12</b>	<b>Other Current Assets:</b>		
	a. Advances for Suppliers & Expenses	369.19	352.17
	b. Prepaid Expenses	52.89	42.78
	c. Export Benefit entitlement Receivable	92.39	6.48
	d. GST benefit entitlement	437.81	318.20
	e. State Incentive Receivables	159.78	391.86
	<b>Total</b>	<b>1,112.06</b>	<b>1,111.49</b>
<b>13</b>	<b>Equity Share Capital:</b>		
	<b>A. Authorised Share Capital:</b>		
	(i) 90,00,000 Equity Shares of ₹ 10/- each	900.00	900.00
	(ii) 8,00,000 preference share of ₹ 100/- each	800.00	800.00
	<b>Total</b>	<b>1,700.00</b>	<b>1,700.00</b>
	<b>B. Issued Share Capital:</b>		
	(i) 42,67,000 Equity shares of ₹ 10/- each	426.70	426.70
	(ii) 1,50,000 7% Cumulative Redeemable Pref shares of ₹ 100 each	-	-
	(iii) 3,85,000 8% Cumulative Redeemable Pref shares of ₹ 100 each	385.00	385.00
	<b>Total</b>	<b>811.70</b>	<b>811.70</b>
	<b>C. Subscribed and fully paid up capital:</b>		
	(i) 42,67,000 Equity shares of ₹ 10/- each	426.70	426.70
	<b>Total</b>	<b>426.70</b>	<b>426.70</b>
	<b>D. Reconciliation of the shares outstanding at the beginning and at the end of the year:</b>		
	<b>Particulars</b>	<b>No. of Shares</b>	<b>Value of Shares</b>
	<b>(a) Equity Share Capital</b>		
	At the Beginning and at the end of the period	42,67,000	4,26,70,000
	<b>(b) Preference Share Capital</b>		
	8% cumulative Redeemable Preference Shares		
	At the Beginning and at the end of the period	3,85,000	3,85,00,000

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2022**

(Figures in ₹ Lakhs)

Note No.	PARTICULARS	As at 31.03.2022	As at 31.03.2021
<b>E. Details of Shareholders holding more than 5% shares in the company:</b>			
<b>Equity Shares:</b>			
a.	Vithaldas Agarwal - No of shares held	8,18,844	8,18,844
	- In % of total shares of the Company	19.19%	19.19%
b.	Mahender Kumar Agarwal - No of shares held	12,47,133	12,47,133
	- In % of total shares of the Company	29.23%	29.23%
c.	Madhavi Agarwal - No of shares held	7,45,291	7,45,291
	- In % of total shares of the Company	17.47%	17.47%

**F. Shares held by promoters of the company**

FY 2021-22				
Promoter's Name	No of Shares held at the start of the year	No of shares held at the end of the year	% total shares	% change
Vithaldas Agarwal	8,18,844	8,18,844	19.19%	0.00%
Mahender Kumar Agarwal	12,47,133	12,47,133	29.23%	0.00%
Madhavi Agarwal	7,45,291	7,45,291	17.47%	0.00%

**G. Rights, Preferences and restrictions attached to the ordinary Shares**

The Company has only one class of equity shares having per value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees, the dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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.

**14. Other Equity**

a.	Securities Premium	1,288.20	1,288.20
b.	Capital Redemption Reserve	1,207.36	1,207.36
c.	Preference Capital Redemption Reserve	385.00	385.00
d.	General Reserve	13,000.00	10,000.00
e.	Retained Earnings	3,195.07	1,445.13
	At the beginning of the period	1,445.13	1,080.91
	(+) For the current year	4,775.24	1,876.87
	(-) Dividend on Equity Shares	25.30	12.65
	(-) Corporate Dividend Tax	-	-
	(-) Transfer to General Reserve	3,000.00	1,500.00
f.	Equity portion of Preference Shares	29.27	29.27
g.	Items of Other Comprehensive Income		
	Remeasurment of net defined benefit plans	14.74	66.46
<b>TOTAL</b>		<b>19,119.64</b>	<b>14,421.42</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2022**

(Figures in ₹ Lakhs)

Note No.	PARTICULARS	As at 31.03.2022	As at 31.03.2021
<b>15</b>	<b>Borrowings - Non Current:</b>		
	<b>A. Secured</b>		
	<b>Term loans-Banks :</b>		
	<b>a. IDBI Bank Limited</b>		
	Term Loan	2,446.13	3,142.23
	less: Current maturities	700.00	700.00
	<b>Sub total</b>	<b>1,746.13</b>	<b>2,442.23</b>
	<b>b. Indusind Bank</b>		
	Term Loan	2,093.63	2,687.89
	less: Current maturities	600.00	600.00
	<b>Sub total</b>	<b>1,493.63</b>	<b>2,087.89</b>
	<b>Total</b>	<b>3,239.76</b>	<b>4,530.12</b>
	<b>Details of security for Term loans</b>		
	Loans referred in (a) and (b) are secured by pari passu first charge on all movable and immovable properties of the company present and future. These loans are further secured by personal guarantees of two promoter Directors of the company and pledge of some shares of the promoters of the Company.		
	<b>Terms of Repayment:</b>		
	<b>Particulars</b>	<b>Sanction Date</b>	<b>Rate of Interest</b>
	<b>Quarterly Instalments</b>		
	<b>a) IDBI Bank Limited</b>		
	i) Term Loan - I	13.05.2016	9.00%
	<b>b) IndusInd Bank Term Loan</b>	13.12.2016	8.90%
			14
			14
	<b>B. HERO Deffered Payment</b>		
	HREPL - Solar Power Plant	1,238.22	-
	less: Current maturities- 29,40460*12	353.20	-
	<b>Sub total</b>	<b>885.02</b>	<b>-</b>
	<b>C. Vehicle loans from banks</b>	<b>22.87</b>	<b>50.69</b>
	Note : Vehicle loans are secured by hypothecation of the respective vehicles and guaranteed by the Managing Director of the company.		
	<b>Unsecured</b>		
	<b>D. Preference shares</b>		
	8 % Cumulative Redeemable Preference shares of ₹100 each	385.00	385.00
	<b>Sub total</b>	<b>385.00</b>	<b>385.00</b>
	<b>E. Unsecured loans</b>		
	- Loans from related parties	-	-
	Inter-Corporate Deposits	5.11	5.11
	<b>Sub total</b>	<b>5.11</b>	<b>5.11</b>
	<b>F. Deferred payment liabilities</b>		
	- Sales Tax Deferment (loan)	289.48	342.04
	<b>Sub total</b>	<b>289.48</b>	<b>342.04</b>
	<b>Grand total (A+B+C+D+E+F)</b>	<b>4,827.24</b>	<b>5,312.96</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022**

(Figures in ₹ Lakhs)

Note No.	PARTICULARS	As at 31.03.2022	As at 31.03.2021
<b>16</b>	<b>Other non-current liabilities</b>		
	Deferred Government Grant	220.74	257.53
	<b>Total</b>	<b>220.74</b>	<b>257.53</b>
<b>17</b>	<b>Borrowings :</b>		
	<b>Secured</b>		
	Loans repayable on demand from banks *		
	(i) State Bank of India		
	Cash Credit	0.00	1,135.83
	(ii) HDFC		
	Cash Credit	780.28	2.74
	(iii) IDBI Bank Ltd		
	Cash Credit	-0.00	0.00
	<b>Sub total</b>	<b>780.28</b>	<b>1,138.57</b>
	<b>NOTE:</b>		
	* Working Capital loans from bank referred to in (A) above are secured by hypothecation of stock in trade, raw material, stock in process, stores and spares and receivables present and future and by a second charge on the present and future movable and immovable properties of the Company on pari passu basis. The loans further secured by personal guarantees of two promoter Directors of the Company.		
<b>B</b>	<b>Unsecured</b>		
	Loans from Directors	289.00	353.00
	<b>Sub total</b>	<b>289.00</b>	<b>353.00</b>
<b>C</b>	<b>Current maturity of long term debt</b>		
	i) IDBI Bank Limited		
	Term Loan - I	0.00	50.00
	Term Loan - II	700.00	700.00
	ii) Deffered Payment		
	HREPL - Solar Power Plant	353.20	0.00
	iii) Indusind Bank		
	Term Loan	600.00	600.00
	iv) Vehicle Loans from Banks	27.82	28.64
	v) Sales tax deferment (loan)	110.78	113.16
	<b>Sub total</b>	<b>1,791.80</b>	<b>1,491.80</b>
	<b>Total</b>	<b>2,861.08</b>	<b>2,983.37</b>
<b>18</b>	<b>Trade Payables :</b>		
	Micro, Small and Medium Enterprises	79.11	60.18
	Other than Micro, Small and Medium Enterprises	194.58	162.24
	<b>Total</b>	<b>273.69</b>	<b>222.42</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2022**

(Figures in ₹ Lakhs)

Note No.	PARTICULARS	As at 31.03.2022	As at 31.03.2021
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**18.a Trade Payable ageing Schedule**

S No	Particulars	Outstanding for following periods from due date of payment				31 March 2022
		Less than 1 Year	1-2 year	2-3 Year	More than 3 Year	
		INR lacs	INR lacs	INR lacs	INR lacs	INR lacs
a)	Total outstanding dues of MSME	79.11	-	-	-	79.11
b)	Total outstanding dues of creditors other than MSME	192.50	1.83	0.25	-	194.58
c)	Disputed dues of creditors - MSME	-	-	-	-	-
d)	Disputed dues of creditors - Other than MSME	-	-	-	-	-

**18.b Trade Payable ageing Schedule**

S No	Particulars	Outstanding for following periods from due date of payment				31 March 2021
		Less than 1 Year	1-2 year	2-3 Year	More than 3 Year	
		INR lacs	INR lacs	INR lacs	INR lacs	INR lacs
a)	Total outstanding dues of MSME	60.18	-	-	-	60.18
b)	Total outstanding dues of creditors other than MSME	161.88	0.36	-	-	162.24
c)	Disputed dues of creditors - MSME	-	-	-	-	-
d)	Disputed dues of creditors - Other than MSME	-	-	-	-	-

**19 Other Financial Liabilities - Current:**

a.	Interest Accrued but not due	0.35	1.16
b.	Interest accrued on preference Shares	30.80	40.52
c.	Dues to Others	1,212.67	639.71
d.	Unpaid to Others	5.66	6.67
e.	Employee benefits payable	283.48	469.71
f.	Creditors for Capital purchases	40.65	40.13
<b>Total (a+b+c+d+e+f)</b>		<b>1,573.61</b>	<b>1,197.90</b>

**20 Other Current Liabilities:**

a.	Advance from Customers	23.61	-
b.	Contribution to PF & ESI	18.03	18.25
c.	Statutory remittances	34.72	27.80
<b>Total</b>		<b>76.36</b>	<b>46.05</b>

**21 Provisions - Current:**
**Provision for employee benefits**

(i)	Provision for Gratuity	90.87	-
(ii)	Leave Encashment	46.97	38.01
<b>Total</b>		<b>137.84</b>	<b>38.01</b>

**22 Current Tax Liabilities (net):**

	Provision for Income Tax (net of Advance Tax)	259.80	144.88
<b>Total</b>		<b>259.80</b>	<b>144.88</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2022**

(Figures in ₹ Lakhs)

Note No.	PARTICULARS	As at 31.03.2022	As at 31.03.2021
<b>23</b>	<b>Revenue from Operations:</b>		
	<b>i. Sale of Products - Yarn</b>	52,515.35	30,660.54
	<b>ii. Other operating Revenue</b>		
	a. Sale of Waste / Scrap	37.14	27.45
	b. Export Benefit entitlements	205.46	29.21
	<b>Total Sales :</b>	<b>52,757.95</b>	<b>30,717.20</b>
	Less : GST	4,723.48	3,064.50
	<b>Total</b>	<b>48,034.47</b>	<b>27,652.70</b>
<b>24</b>	<b>Other Income:</b>		
	a. Interest Income on		
	i. Deposits with banks and TSSPDCL	63.93	59.37
	ii. Notional Interest on Employee loans	-	0.01
	b. Fair value Gain/(Loss) on Investments	0.01	0.01
	c. Profit on sale of Assets (Net)	3.50	-
	d. Net Gain on foreign currency transactions & translation	64.76	8.41
	e. Miscellaneous Income	0.01	0.57
	f. Government grant on Sales tax deferment loan	36.79	36.79
	<b>Total</b>	<b>169.00</b>	<b>105.16</b>
<b>25</b>	<b>Cost of Materials Consumed</b>		
	Opening Stock	1,364.95	1,080.69
	Add: Purchases	28,225.03	16,258.98
		<b>29,589.98</b>	<b>17,339.67</b>
	Less: Value of Raw materials sold	0.54	-
	Less: Closing Stock	2,352.32	1,364.95
	<b>Total</b>	<b>27,237.12</b>	<b>15,974.72</b>
<b>26</b>	<b>Changes in inventories of Finished Goods, and work-in-process</b>		
	a. Inventory at the beginning of the period	2,827.28	1,166.75
	b. Inventory at the end of the period	1,089.16	2,827.27
	<b>Total</b>	<b>1,738.12</b>	<b>(1,660.52)</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022**

(Figures in ₹ Lakhs)

Note No.	PARTICULARS	As at 31.03.2022	As at 31.03.2021
<b>27</b>	<b>Employee Benefits Expense</b>		
a.	Salaries, Wages and Bonus	2,697.76	2,361.54
b.	Contribution to Provident Fund	173.91	140.56
c.	Staff welfare expenses	109.80	96.58
d.	Gratuity	99.56	85.26
e.	Contribution to Employee State Insurance and EDLI	59.09	46.11
	<b>Total</b>	<b>3,140.12</b>	<b>2,730.05</b>
<b>28</b>	<b>Finance Costs</b>		
a.	Interest on Term loans	471.01	681.20
b.	Interest on others	253.39	125.98
c.	Interest on Preference Shares	30.80	44.25
d.	Interest on Sales tax deferment loan	58.22	56.19
e.	TUF Rebate Receivable written off	-	199.16
f.	Bank charges	64.87	42.62
	<b>Total</b>	<b>878.29</b>	<b>1,149.40</b>
<b>29</b>	<b>Depreciation and amortisation expense:</b>		
a.	Depreciation on Property ,Plant and Equipment	1,141.66	1,115.68
b.	Amortisation of Intangible Assets	1.13	2.84
	<b>Total</b>	<b>1,142.79</b>	<b>1,118.52</b>
<b>30</b>	<b>Other expenses:</b>		
a.	Stores consumed:		
	Stores and Spares	578.12	415.39
	Packing Material	578.15	344.58
b.	Power and Fuel		
	Electricity charges	3,978.59	3,257.43
c.	Repairs to :		
	Buildings	28.14	41.32
	Machinery	606.51	491.39
	Others	4.26	5.76
d.	Sales Expenses :		
	GST on others	0.28	0.30
	Commission on Sales	59.82	16.84
	Freight & Others - Domestic Sales	684.07	537.84
	Freight & Others - Export Sales	621.13	113.66

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022**

(Figures in ₹ Lakhs)

Note No.	PARTICULARS	As at 31.03.2022	As at 31.03.2021
<b>e.</b>	<b>Payments to Auditors</b>		
	As Auditors	2.50	2.00
	for Tax Audit	0.50	0.50
	for Certification	0.43	0.69
	for Cost Auditors	0.39	0.35
f.	Rates and Taxes	35.69	21.84
g.	Printing and Stationery	7.75	6.63
h.	Postage, Telegrams and Telephones	11.58	8.81
i.	Travelling, Conveyance and Vehicle expenses	93.59	113.81
j.	Insurance	53.28	46.28
k.	Managerial Remuneration	318.66	115.41
l.	Directors sitting fees	1.77	1.56
m.	Professional charges	17.57	14.42
n.	Office Maintenance	193.82	147.45
o.	Miscellaneous expenses	49.17	29.20
p.	Loss on sale of assets (Net)	-	1.27
q.	Corporate Social Responsibility	80.55	39.04
r.	Donations	2.75	23.97
	<b>Total</b>	<b>8,009.07</b>	<b>5,797.74</b>
<b>31</b>	<b>Other comprehensive income:</b>		
a.	Actuarial Gain/(Losses) on Gratuity Expense for the period	(69.12)	73.67
b.	Amortisation of Intangible Assets	17.40	(21.45)
	<b>Total</b>	<b>(51.72)</b>	<b>52.22</b>
<b>32</b>	<b>Earnings Per Equity Share</b>		
a.	Total Income for the period	4,775.24	1,876.87
b.	Weighted average number of equity shares of ₹ 10/-	42.67	42.67
	Earnings per equity share (Basic and Diluted) - (a) / (b)	<b>111.91</b>	<b>43.99</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2022**
**Note No. 33**
**Reconciliation of tax expenses**
**Income tax** (All the amounts in ₹ Lakhs)

Particulars	As at	
	March 31, 2022	March 31, 2021
<b>Amount recognized in statement of profit &amp; loss account</b>		
Current tax	1,536.06	482.60
Deferred tax	(253.34)	288.48
<b>Taxes expense for the year</b>	<b>1,282.72</b>	<b>771.08</b>
<b>Reconciliation of effective tax rate</b>		
profit before Income tax expense	6,057.96	2,647.95
Tax at the Indian tax rate of 25.168% (2021: 29.12%)	1,524.67	771.08
Effect on non-deductible expense	36.58	63.59
Exceptional income and other deductions	-	(49.30)
Tax impact due to revaluation of deferred tax due to change in income tax rate	(360.72)	-
Taxes related to previous years	11.28	-
other adjustments	70.91	(14.29)
	<b>1,282.72</b>	<b>771.08</b>
<b>Effective tax rate</b>	21.17%	29.12%

**Deferred tax liabilities (net)**
(All the amounts in ₹ Lakhs)

Particulars	As at	
	March 31, 2022	March 31, 2021
Property, Plant and Equipment	2,366.39	2,619.73
Other items including employee benefits, Fair value	20.87	38.27
<b>Total</b>	<b>2,387.26</b>	<b>2,658.00</b>

**Movement in deferred tax liabilities**

Particulars	Property, Plant and Equipment	Other Items	Total
<b>As at March 31, 2021</b>	<b>2,619.73</b>	<b>38.27</b>	<b>2,658.00</b>
Charged / (Credited)			-
to Profit or loss (including OCI)	(253.34)	(17.40)	(270.74)
<b>As at March 31, 2022</b>	<b>2,366.39</b>	<b>20.87</b>	<b>2,387.26</b>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2022**
**Note No 34**
**Fair Value Measurement Hierarchy**

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

**Level 1 - Quoted prices in an active market**

Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds, ETFs and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2 - Valuation techniques with observable inputs:**

The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize 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 - Valuation techniques with significant unobservable inputs:**

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

The following table provide the fair value measurement hierarchy of the company's asstes and liabilities.

Quantitative disclosures of fair value measurement hierarchy as at March 31, 2022.

(Figures in ₹ Lakhs)

Particulars	Fair value hierarchy	As at	
		March 31 2022	March 31 2021
<b>Financial Assets measured at FVTPL</b>			
Investments	1	0.17	0.16
<b>Financial Assets measured at amortised Cost</b>			
Loans to employees	3	0.60	0.20
<b>Financial Liabilities measured at amortised cost</b>			
Deferred Sales tax liability	3	400.26	455.20
Government grant		220.74	257.53
Term loans	2	4539.76	5880.12
Loans from related Parties	3	5.11	5.11

**Note No 35**
**Financial Risk Management**

The Company's activities expose it to market risk, credit risk and liquidity risk. Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

**I. Market Risk**

Market risk is the risk of loss of the future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and borrowings.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2022**

- a. Foreign Currency Risk** - Foreign Currency Risk is the risk of impact related to fair value or future cash flow of an exposure in foreign currency, which fluctuate due to change in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to impact of raw materials and spare parts, capital expenditure, borrowings and exports of yarns. The Company does not enter into any derivative instruments for trading or speculative purposes.

The carrying amount of the company's foreign currency denominated monetary items are as follows.

(Figures in ₹ Lakhs)

Year	Receivables	
	INR	USD
As at March 31, 2021	396.47	5.43
As at March 31, 2022	1,267.80	16.86

The below table demonstrates the sensitivity to a 5% increase or decrease in the USD against INR, with all other variables held constant

**Sensitivity Analysis**

Sensitivity analysis of 5% Change rate at the ending of the reporting period net of hedges.

(Figures in ₹ Lakhs)

Particulars	Receivables 31.03.2022
USD Sensivity	
Increase by 5% (loss)	-
Decrease by 5% gain	-
Increase by 5% gain	63.39
Decrease by 5% (loss)	(63.39)

- b. Interest Rate Risk** - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market rates relates primarily to the Company's short term borrowing. The Company constantly monitors the credit markets and rebalances its financing strategies to achieve an optimal maturity profile and financing cost. Since all the borrowing are on floating rate, no significant risk of change in interest rate.
- c. Commodity Risk** - Commodity price risk arises due to fluctuation in raw material (fiber prices) linked to Various external factors, which can affect the production cost of the Company. The Company actively manages inventory and in many cases sale prices are linked to major raw material prices. These risks are reviewed and managed by senior management on continuous basis.

**II. Credit Risk**

Credit risk arises when a customer or counterparty does not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing/investing activities, including deposits with banks, The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. The Company is receiving payments regularly from its customers and hence the company has no significant credit risk.

**III. Liquidity risk**

Liquidity risk is defined as the risk that the company will not be able to settle or meet obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the company's liquidity position through rolling forecasts based on expected cash flows.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022**
**Note No 36**
**Forex Transactions**

(Figures in ₹ Lakhs)

<b>PARTICULARS</b>		<b>Year Ended 31.03.2022</b>	<b>Year Ended 31.03.2021</b>
a.	Revenue of Foreign Exchange On accounts of		
	i) Exports Sales	USD \$ 1,08,07,295	\$ 27,85,051
	ii) Technical Knowhow	INR (Lakhs) 8,493.94	2,100.00
		0.00	0.00
		<b>8,493.94</b>	<b>2,100.00</b>
b.	Expenditure in Foreign Currency during the year on account of		
	i) Commission on Export Sales	38.07	4.47
	ii) Foreign Travel (Excluding tickets purchased in India)	0.00	0.00
		<b>38.07</b>	<b>4.47</b>
c.	Value of Imports calculated on CIF basis in respect of :		
	i) Raw materials (CIF Value)	0.00	0.00
	ii) Stores and Spares (CIF Value)	146.36	67.16
		<b>146.36</b>	<b>67.16</b>

**Note No 37**
**Capital Management**
**A. Capital Management and Gearing Ratio**

The Company's objectives when managing capital are to

- i) Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders.
- ii) Maintain an optimal capital structure to reduce the cost of capital Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet)

**GEARING RATIO**

(Figures in ₹ Lakhs)

<b>Particulars</b>	<b>As at March 31, 2022</b>	<b>As at March 31, 2021</b>
(a) Debt	7,229.96	7,810.75
(b) Cash and Cash Equivalents	307.68	28.59
(c) Net Debt (a) - (b)	6,922.27	7,782.16
(d) Total Equity	19,546.34	14,848.12
Net Debt to equity ratio (c) / (d)	0.35	0.52

**B. Dividends**

(Figures in ₹ Lakhs)

<b>Particulars</b>	<b>As at March 31, 2022</b>	<b>As at March 31, 2021</b>
For the year ended the directors have recommended the payment of a final dividend of ₹ 3/- per fully paid non-promoter equity share (31 March, 2021-₹ 2/-). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting hence the same is not recognised.	37.94	25.30

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022**
**Note No 38**
**Corporate Social Responsibility**

As per section 135 of the companies Act 2013, a company, has to spend 2% of its average net profits of three immediate preceding financial year as detailed below.

Particulars	(Figures in ₹ Lakhs)	
	Year ended March 31, 2022	Year ended March 31, 2021
Amount required to be spent by the company during the year	46.41	37.02
Amount of expenditure incurred on:		
(i) Constructin/acquisition of any asset	-	-
(ii) On purpose other than (i) above	80.55	39.04
<b>Shortfall / (Excess) at the end of the year</b>	<b>(34.14)</b>	<b>(2.02)</b>
Total of previous years shortfall	0.00	0.00
Reason for shortfall	NA	NA
Nature of CSR Activities	Imparting universal massage of the vedas at their impressionable age	
Details of related party transactions in relation to CSR expenditure as per relevant Accounting Standard :	NA	NA

The Company has spent the total amount of earmarked during the financial year.

**Note No 39**
**A. Contingent Liabilities**

Particulars	(Figures in ₹ Lakhs)	
	As on 31.03.2022	As on 31.03.2021
a. Contingent Liabilities not provided for on account of :		
i. Contracts to be executed on capital projects.	4264.00	Nil
ii. Bank Guarantee	Nil	4.00
iii. Bills discounted against LC's	Nil	Nil
iv. CST demand levied on transportation charges in 2016-17	Nil	7.04
v. CST demand levied on transportation charges in 2017-18	Nil	1.83

**B. Pending legal litigations**

There is no action, suit, proceeding, investigation or litigation pending against the Company.

**Note No 40**
**Employee benefits: Gratuity**

Consequent to the adoption of Accounting Standard on Employees Benefits (Ind AS-19) issued by the Institute of Chartered Accountants of India, the following disclosures have been made as required by the Standard for Actuarial valuation of Gratuity.

The company has created a Trust namely SLSML Employees Gratuity Trust vide Trust deed dated 31<sup>st</sup> December, 2005 and obtained approvals from Income Tax Authorities vide letter No. CIT-III/10/GF/2005-06 dated 18.10.2006. SBI Life Insurance has been appointed for management of the Trust fund for the Benefit of the employees. The following tables summarize the components of net benefits.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022**

(Figures in ₹ Lakhs)

Particulars	As on 31.03.2022	As on 31.03.2021
<b>i Table showing changes in present value of obligations</b>		
Present value of obligations as at beginning of the year	687.06	699.50
Interest cost	46.20	45.44
Current Service Cost	103.60	77.41
Benefits Paid	(38.85)	(60.31)
Actuarial gain / (Loss) on obligations	71.86	(74.98)
Present value of obligations as at end of the year	869.87	687.06
<b>ii Table showing changes in the fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	726.01	584.27
Expected return on plan assets	50.24	43.06
Contributions	38.85	160.31
Benefits Paid	(38.85)	(60.31)
Actuarial gain / (Loss) on Plan assets	2.74	(1.32)
Fair value of plan assets at the end of the year	778.99	726.01
<b>iii. Table showing fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	726.02	584.27
Actual return on plan assets	50.24	40.02
Contributions	38.85	-
Benefits Paid	(38.85)	-
Actuarial gain / (Loss) on Plan assets	2.74	101.73
Fair value of plan assets at the end of year	778.99	726.02
Funded status including OCI	(90.88)	38.95
Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March)	-	-
<b>iv. Assumptions</b>		
Discount rate	7.35%	6.92%
Rate of return on assets		
Salary Escalation	8.00%	8.00%

**Note No 41**
**DUES TO MICRO AND SMALL ENTERPRISES**

The Micro, Small and Medium Enterprises have been identified on the basis of the information available with the Company. This has been relied upon by the auditors. Dues to such parties are given below:

Particulars	As at 31.03.2022	As at 31.03.2021
(a) The principal amount remaining unpaid as at the end of the year	79.11	60.18
(b) The amount of interest accrued and remaining unpaid at the end of the year	-	-
(c) Amount of interest paid by the Company in terms of Section 16, of (MSMED Act, 2006) along with the amounts of payments made beyond the appointed date during the year.	-	-
(d) Amount of interest due and payable for the period of delay in making payment without the interest specified under the (MSMED Act, 2006).	-	-
(e) The amount of further interest remaining due and Payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the (MSMED ACT, 2006).	-	-

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2022**
**Note No 42**
**Related party disclosures as required by the IND AS 24 are given under.**
**i) Transactions during the year**

(Figures in ₹ Lakhs)

SI No	Name	Relationship	Nature of Transaction	Current Year 2021-22	Previous Year 2020-21
a)	Sri Vithaldas Agarwal Managing Director	Key Management	Remuneration Interest (Gross) Unsecured loan Repaid Unsecured loan Received	39.00 22.32 40.00 9.00	37.38 25.72 55.00 -
b)	Sri Mahender Kumar Agarwal Joint Managing Director	Key Management	Remuneration Interest (Gross) Unsecured loan Repaid Unsecured loan Received	46.70 1.69 36.00 13.00	47.40 1.61 - -
c)	Smt Madhavi Agarwal Executive Director	Key Management	Remuneration Interest (Gross) Unsecured loan Repaid Unsecured loan Received	38.12 0.90 23.00 13.00	30.63 0.70 - -
SI No	Name	Relationship	Nature of Transaction	Current Year 2021-22	Previous Year 2020-21
e)	Suryamba Spinning Mills Ltd	MD son is Director	Sale of Yarn	0.00	21.02
f)	Surana Solar	Common Director	Solar Power purchased	69.12	66.79
g)	sri K Nageswara Rao	Chief Financial Officer	Remuneration	30.02	26.57
h)	Sri R Surendar reddy	Chairman	sitting fee	0.60	0.57
i)	Sri Lakshmikanth Reddy	Director	Sitting fee ( Resigned on 24.08.2021)	0.24	0.54
j)	sri K Suresh Reddy	Director	Sitting fee	0.60	0.40
k)	Sri Harish Chandra Prasad	Director	Sitting fee ( Appointed on 27.08.2021)	0.33	-
l)	S Nage Latha	Company secretary	remuneration (left on 05.02.2022)	1.59	-
m)	Kushboo Jain	Company secretary	remuneration (joined on 11.02.2022)	0.41	-

**Payables as at 31.03.2022**

(Figures in ₹ Lakhs)

SI No	Name	Relationship	Nature of Transaction	As at 31.03.2022	As at 31.03.2021
a)	Sri Vithaldas Agarwal Managing Director	Key Management	Remuneration (net) Interest (net) Unsecured loan	9.78 4.83 289.00	2.23 2.81 320.00
b)	Sri Mahender Kumar Agarwal Joint Managing Director	Key Management	Remuneration (net) Interest (net) Unsecured loan	2.16 0.25 -	3.83 0.37 23.00
c)	Smt Madhavi Agarwal Executive Director	Key Management	Remuneration (net) Interest (net) Unsecured loan	1.85 0.20 -	2.41 0.16 10.00
d)	Surana Solar	Common Director	Solar Power purchased	6.72	8.15

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2022**
**Note No 43 : Key Financial Ratios**

Ratio	Numerator	Denominator	31st March,2022	31st March,2021	% of Change	Reason for variance
Current Ratio	Current asstes	Current liabilities	1.869	1.629	15%	Refer Note(a)
Debt Equity Ratio	Debt	Shareholders Equity	0.354	0.524	-32%	Refer Note(b)
Return on Equity	Profit after tax	Average Shareholder's Equity	0.27	0.14	98%	Refer Note(c)
Inventory Turnover Ratio (times)	Gross Revenue	Average inventories	11.61	7.91	47%	Refer Note(c)
Trade Receivables Turnover Ration	Gross Revenue	Average trade receivables	20.81	13.39	55%	Refer Note(c)
Trade Payables Turnover Ratio	Net Purchase	Average trade payables	113.78	63.28	80%	Refer Note(c)
Net Capital Turnover Ratio (in times)	Gross Revenue	Working Capital	10.700	9.529	12%	
Net Profit Ratio	Profit after tax	Revenue from operation	0.098	0.070	41%	Refer Note(c)
Return on Capital Employed	Profit before tax	Average Capital Employed	0.242	0.116	108%	Refer Note(c)

**Notes:**

- a) Improved with increased operational profits.
- b) Improved with repayment of loan installments.
- c) During the previous year, on account of covid outbreak and various government restrictions, operations of the Company were impacted significantly. During the year, the situation has improved and accordingly, cashflows and profitability of company has also improved as compared to previous year. Accordingly, all ratios to cash flows, revenue and profitability of the company has been improved as compared to previous year.

**Note No 44 : Additional Information:**

- i) The Company do not have any Benami property and neither any proceedings have been initiated or is pending against the Company for holding any Benami property.
- ii) The Company do not have any transactions with companies struck off.
- iii) The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- iv) The Company has not been declared a wilful defaulter by any bank or financial institution or any other lender during the current period.
- v) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the intermediary shall:
  - a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2022**

- vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recored in writing or otherwise) that the Company shall:
  - a. directly or indirectly lend or invest in other person or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries), or
  - b. Provide any guarentee, security or the like on behalf of the Ultimate Beneficiaries.
- (vii) The loan has been utilized for the purpose for which it was obtained and no short term funds have been used for long term purpose.
- (viii) The Company is in compliance with the number of layers prescribed under clause (87) of section 2 of the Companies Act read with the Companies (Restriction on number of Layers) Rules, 2017.
- (ix) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year
- (x) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

**Note No 45**

Previous Year's Figures have been regrouped wherever necessary to correspond with the current year's figures. Except when otherwise stated, the figures are presrnted in Rupees in Lakhs.

As Per Our Report of even date  
for **K S RAO & CO.,**  
Chartered Accountants  
Firm Regn. No. : 003109S

**V.VENKATESWARA RAO**  
Partner  
Membership No. 219209

Place : Secunderabad  
Date : 23rd May, 2022

**Kushuboo Jain**  
Company Secretary

**K.NAGESWARA RAO**  
Chief Financial Officer

for and on behalf of the Board

**VITHALDAS AGARWAL**  
Managing Director

**MAHENDER KUMAR AGARWAL**  
Joint Managing Director

