sutlej
textiles and industries limited

SUTLEJ TEXTILES AND INDUSTRIES LIMITED
Lotus Corporate Park, 'E' Wing, 5th/6th Floor,
185/A, Graham Firth Compound, Near Jay Coach,
Goregaon (East), Mumbai - 400 063, INDIA.
Phone : (022) 4219 8800/6122 8989 Fax : (022) 4219 8830
E-mail : info@sutlejtextiles.com Website : www.sutlejtextiles.com
CIN No. : L17124RJ2005PLC020927

29th July, 2019

BSE Limited	**National Stock Exchange of India Ltd.**
Phiroze Jeejeebhoy Towers,	Exchange Plaza, 5th Floor, Plot No.C/1,
Dalal Street, Fort,	G-Block, Bandra-Kurla Complex,
Mumbai 400 001.	Bandra (E), Mumbai 400 051.
Scrip Code: 532782	**Scrip Code : SUTLEJTEX**

Dear Sirs,

Sub: Annual Report and Notice of 14th Annual General Meeting of the Company.

Please find enclosed a copy of the Annual Report and Notice convening the 14th Annual General Meeting of the Company to be held on Thursday, the 22nd August, 2019 at 03.00 p.m. at the Registered Office at Pachpahar Road, Bhawanimandi, Rajasthan – 326 502.

The same is available on the Company's website at www.sutlejtextiles.com.

You are requested to take the same on records.

Thanking You

Yours faithfully
For **Sutlej Textiles and Industries Limited**

Manoj Contractor

Manoj Contractor
Company Secretary & Compliance officer

SUTLEJ TEXTILES AND INDUSTRIES LTD.
Bhawanimandi
(RAJ.)

Encl.: a/a

sutlej
textiles and industries limited

(CIN: L17124RJ2005PLC020927)
Regd.Office: Pachpahar Road, Bhawanimandi 326 502 (Rajasthan)
Tel. No: (07433) 222052/82/90 Fax: (07433) 222354/222916
Email: stil.investor_grievance@sutlejtextiles.com **website:** www.sutlejtextiles.com

Dear Members,

Invitation to attend the Annual General Meeting on 22nd August, 2019

You are cordially invited to attend the Fourteenth Annual General Meeting of the Company, to be held on Thursday, 22nd August, 2019 at 3.00 p.m. at the Registered Office at Pachpahar Road, Bhawanimandi 326 502 (Rajasthan).

The notice convening the Annual General Meeting is attached herewith.

Your Company will be providing return transport facility at 2.00 p.m. from Bhawanimandi Railway Station (East), Pachpahar Road, Dist. Jhalawar (Rajasthan), to reach the meeting venue comfortably.

Those of you who wish to avail of this facility are requested to get confirmation to this effect on the following number: (07433) 222082 (Contact Person: Corporate Secretarial Team).

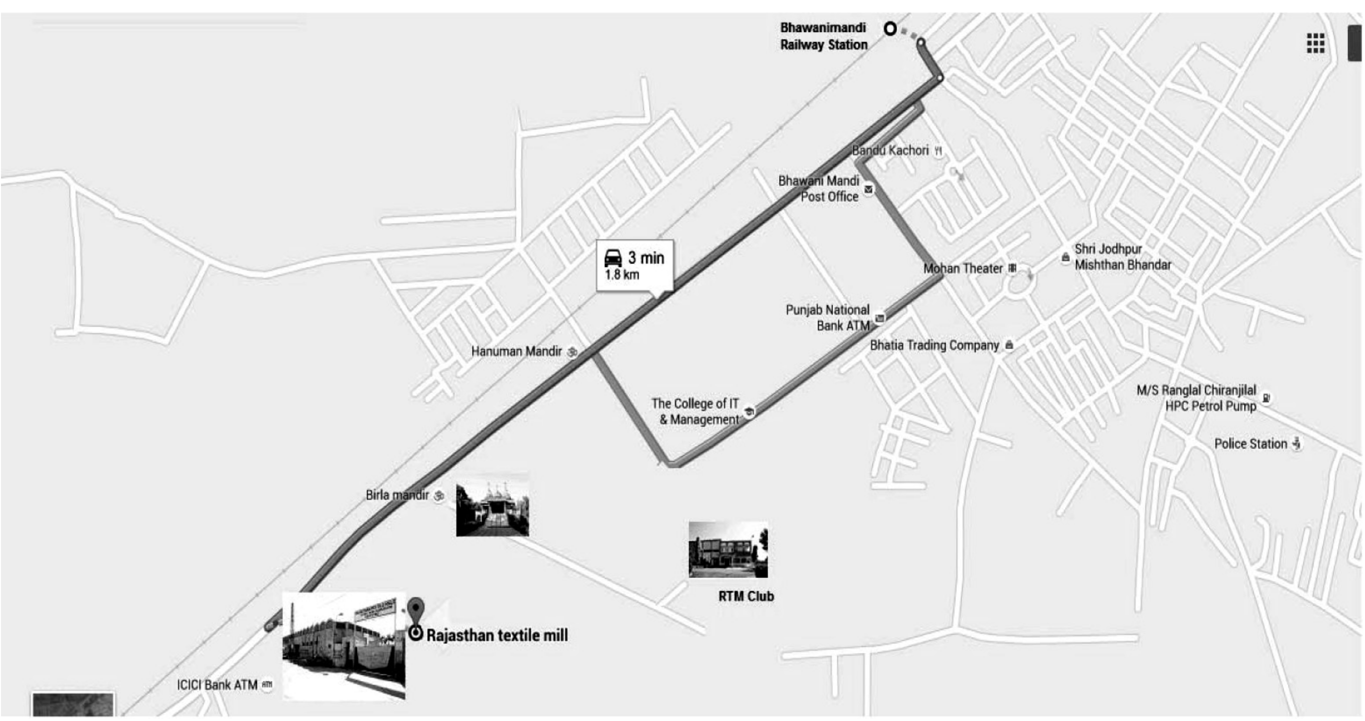
You may also send your request by email to hoffice@sutlejtextiles.com. Your requests must reach us latest by 20th August, 2019.

Yours truly,

Manoj Contractor
Company Secretary and Compliance Officer
Sutlej Textiles and Industries Limited

Place : Mumbai
Date : 09th May, 2019

ROUTE MAP



SUTLEJ TEXTILES AND INDUSTRIES LIMITED

(CIN: L17124RJ2005PLC020927)
Regd.Office: Pachpahar Road, Bhawanimandi 326 502 (Rajasthan)
Tel. No: (07433) 222052/82/90 Fax: (07433) 222354/222916
Email: stil.investor_grievance@sutlejtextiles.com **website:** www.sutlejtextiles.com

NOTICE is hereby given that the Fourteenth Annual General Meeting of the shareholders of Sutlej Textiles and Industries Limited, will be held on Thursday, 22nd August, 2019 at 3.00 p.m. at the Registered Office of the Company at Pachpahar Road, Bhawanimandi 326 502 (Rajasthan) to transact the following business:

A. AS ORDINARY BUSINESS:

1. To receive, consider and adopt the standalone Audited Financial Statements of the Company as at 31st March, 2019, together with the Reports of the Auditors and Directors thereon.
2. To receive, consider and adopt the consolidated Audited Financial Statements of the Company as at 31st March, 2019, together with the Reports of the Auditors thereon.
3. To declare Dividend, if any.
4. To appoint a Director in place of Shri C. S. Nopany (DIN 00014587) who retires by rotation and being eligible, offers himself for re-appointment.

B. AS SPECIAL BUSINESS:

Item no. 5

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

"**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 including any statutory modifcation(s) or re-enactment thereof, for the time being in force, read with the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Records and Audit) Rules, 2014, M/s K. G. Goyal & Associates who have been appointed as the Cost Auditors of the Company and its units, be paid the remuneration as set out in the explanatory statement annexed to the notice convening this meeting.

RESOLVED FURTHER THAT the appointment of M/s. K. G. Goyal & Associates as Cost Auditors (the "Cost Auditor") shall also extend to all such unit/s as may be owned by the Company during 2019-20; and shall be on such remuneration as may be mutually agreed between the Company and the Cost Auditor, subject to the recommendation of the Audit Committee and the approved resolution of the Board in this behalf.

RESOLVED FURTHER THAT the Board and / or the Company Secretary, be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution".

Item no. 6

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

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 ("the Act") read with The Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, Shri Ashok Mittal (DIN 00016275), who was appointed as an Additional Director w.e.f. 05th February, 2019 at the meeting of the Board of Directors and who holds office under Section 161(1) of the Act upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, proposing his candidature for the office of Director, be and is hereby appointed, w.e.f. the date of this meeting, as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT any one Director and / or the Company Secretary of the Company be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Item no. 7

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and The Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri Umesh Kumar Khaitan (DIN 01180359), who was appointed as an Independent Director and who holds office as an

Independent Director upto the date of this Annual General Meeting and who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, being eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company with effect from 23rd August, 2019 for a second term of 5 (five) consecutive years as an Independent Director of the Company, not liable to retire by rotation.

RESOLVED FURTHER THAT any one Director and / or the Company Secretary of the Company be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Item no. 8

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and The Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri Amit Dalal (DIN 00297603), who was appointed as an Independent Director and who holds office as an Independent Director upto the date of this Annual General Meeting and who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, being eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company with effect from 23rd August, 2019 for a second term of 5 (five) consecutive years as an Independent Director of the Company, not liable to retire by rotation.

RESOLVED FURTHER THAT any one Director and / or the Company Secretary of the Company be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Item no. 9

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and The Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri Rajan Dalal (DIN 00546264), who was appointed as an Independent Director and who holds office as an Independent Director upto the date of this Annual General Meeting and who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, being eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company with effect from 23rd August, 2019 for a second term of 5 (five) consecutive years as an Independent Director of the Company, not liable to retire by rotation.

RESOLVED FURTHER THAT any one Director and / or the Company Secretary of the Company be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Item no. 10

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and The Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Shri Rajiv Podar (DIN 00086172), who was appointed as an Independent Director and who holds office as an Independent Director upto the date of this Annual General Meeting and who has submitted a declaration that he meets the criteria for independence as provided in the Act and Listing Regulations and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, being eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company with effect from 23rd August, 2019 for a second term of 5 (five) consecutive years as an Independent Director of the Company, not liable to retire by rotation.

RESOLVED FURTHER THAT any one Director and / or the Company Secretary of the Company be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Item no. 11

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and The Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Smt Sonu Bhasin (DIN 02872234), who was appointed as an Independent Director and who holds office as an Independent Director upto 06th May, 2020, and who has submitted a declaration that she meets the criteria for independence as provided in the Act and Listing Regulations and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing her candidature for the office of Director, being eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company with effect from 07th May, 2020, for a second term of 5 (five) consecutive years, not liable to retire by rotation.

RESOLVED FURTHER THAT any one Director and / or the Company Secretary of the Company be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Item no. 12

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"**RESOLVED THAT** in accordance with the provisions of Sections 41, 42, 62, 71 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, including any statutory modification or re-enactment thereof for the time being in force and subject to such approvals, permissions and sanctions, consents and / or permissions required under the Foreign Exchange Management Act, 1999, the Securities and Exchange Board of India ("SEBI") regulations including Securities Contracts (Regulation) Act, 1956, the SEBI Act, 1992, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, the SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended, ("Debt Listing Regulations") and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, or any other applicable law or regulations of such other appropriate authorities, institutions or bodies, as the case may be, and subject also to such terms, conditions and modifications as may be prescribed or imposed while granting such approvals, sanctions, permissions and agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute to exercise its powers including the powers conferred by this Resolution), the consent, authority and approval of the Company be and is hereby accorded to the Board to create, issue, offer and allot from time to time in one or more tranches and in consultation with the Lead Managers and / or Underwriters and / or other Advisors, Convertible Bonds, Fully Convertible Debentures (FCDs), Partly Convertible Debentures (PCDs), Optionally Convertible Debentures (OCDs) and / or securities convertible into Equity Shares at the option of the Company or the holders thereof and / or securities linked to Equity Shares and / or securities with or without detachable warrants with right exercisable by the warrant holder to convert or subscribe to Equity Shares and / or Bonds or Foreign Currency Convertible Bonds or securities through Global Depository Receipts, American Depository Receipts and / or Non-Convertible Debentures (hereinafter collectively referred to as "the Securities") to such Indian or Foreign Institutional Investors / Foreign Mutual Funds / Overseas Corporate Bodies / Foreigners / other Foreign parties / Indian Financial Institutions / Alternative Investment Funds / Qualified Institutional Buyers / Companies / individuals / other persons or investors, whether or not they are members of the Company and / or by any one or more or a combination of the above modes / methods or otherwise by offering the Securities in the international market comprising one or more countries or domestic market or in any other approved manner through Prospectus and / or Offering Letter or Circular and / or on private placement basis as may be deemed appropriate by the Board, such offer, issue and allotment to be made at such time or times at such issue price, face value, premium amount on issue / conversion of securities / exercise of warrants / redemption of Securities, rate of interest, redemption period, listing on one or more stock exchange in India and / or abroad and in such manner and on such terms and conditions as the Board may think fit, for an aggregate amount (inclusive of such premium as may be fixed on the Securities) not exceeding Rs. 500 crore (Rupees Five Hundred crore only), with power to the Board to settle details as to the form and terms of issue of the Securities, and all other terms, conditions and matters connected therewith or difficulties arising therefrom.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 42 and 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations") and the provisions of Foreign Exchange Management Act, 1999 and Regulations thereunder, the Board of Directors may at their absolute discretion create, issue, offer and allot equity shares or non-convertible debt instruments along with warrants and convertible securities other than warrants ("Eligible Securities") up to an amount of Rs. 500 crore (Rupees Five Hundred crore only) inclusive of such premium, as specified above, to Qualified Institutional Buyers (as defined by the SEBI ICDR Regulations) pursuant to qualified institutional placements ("QIP"), as provided under Chapter VIII of the SEBI ICDR Regulations.

RESOLVED FURTHER THAT in case of QIP Issue the relevant date for determination of the floor price of the Equity Shares to be issued shall be –

1. In case of allotment of Equity Shares, the date of meeting in which the Board decides to open the proposed issue.

2. In case of allotment of convertible Eligible Securities, either the date of the meeting in which the Board decides to open the issue of such convertible Securities or the date on which the holders of such convertible Securities become entitled to apply for the Equity Shares, as may be determined by the Board.

RESOLVED FURTHER THAT in the event the Securities are proposed to be issued as American Depository Receipts ("ADRs"), Global Depository Receipts ("GDRs"), pursuant to the provisions of the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 as amended and Companies (Issue of Global Depository Receipts) Rules, 2014 and other applicable regulations, the relevant date for the purpose of pricing the Equity Shares to be issued pursuant to such issue shall be the date of the meeting in which the Board or duly authorised committee of directors decides to open such issue after the date of this resolution.

RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Equity Shares or Securities or instruments representing the same, as described above, the Board be and is hereby authorized on behalf of the Company to seek listing of any or all of such Securities on one or more Stock Exchanges in India or outside India and the listing of Equity Shares underlying the ADRs, GDRs on the Stock Exchanges in India.

RESOLVED FURTHER THAT the Board be and is hereby authorized to create, issue and allot such number of additional equity shares as may be required in pursuance of the above issue and that the additional equity shares so allotted shall rank in all respects pari passu with the existing equity shares of the Company save that such additional equity shares shall carry the right to receive dividend as may be provided under the terms of the issue / offer and / or in the offer documents.

RESOLVED FURTHER THAT the Company may apply for listing of the new Equity Shares that may be issued with the BSE Limited and National Stock Exchange of India Limited.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board or a Committee thereof, be and is hereby authorised to accept any modifications in the proposal as may be required by the authorities / parties involved in such issues in India and / or abroad and to do all such acts, deeds, matters and things as they may, in their absolute discretion deem necessary or desirable including, if necessary, for creation of such mortgage and / or charges on all or any of the Company's immovable and / or movable assets, both present and future in respect of the Securities on the whole or in part of the undertaking of the Company under Section 180(1)(a) of the Companies Act, 2013 and to execute such documents or writing as maybe considered necessary or proper and incidental to this resolution and to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of the Securities as it may deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution including for issue of any related securities as a condition of the issue of the said Securities as also for securing the said Securities.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions the Board be and is hereby authorised to do all such acts and deeds, execute such documents, appoint such intermediaries, bankers, consultants in order to give effect to the aforesaid resolutions and is also empowered to delegate all or any of the powers herein conferred to any Committee of Directors and / or any Whole-time Director and / or any Officer(s) of the Company."

By Order of the Board
For Sutlej Textiles and Industries Limited

Manoj Contractor
Company Secretary and Compliance Officer
Membership No. A11661

Place: Mumbai
Date: 09th May, 2019

NOTES FOR MEMBERS' ATTENTION

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING 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**.

2. A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10 (ten) percent of the total share capital of the Company carrying voting rights. A member holding more than 10 (ten) percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or shareholder.

3. In order to be effective, the instrument appointing a proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time of holding the meeting. Proxies submitted on behalf of limited companies, bodies corporate, societies, etc. must be supported by appropriate resolution / authority, as applicable. Blank Proxy Form is attached.

4. Corporate members intending to send their authorized representatives to attend the Annual General Meeting (AGM) are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf at the meeting.

5. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the special businesses to be transacted at the AGM as set out in the Notice, is annexed hereto.

6. Pursuant to Regulation 42 of the Securites and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, (Listing Regulations) , and the relevant provisions of the Companies Act, 2013 (the Act), the record date fixed for the purpose of Dividend entitlement is Wednesday, 21st August, 2019.

7. The Final Dividend for the financial year ended 31st March, 2019, as recommended by the Board, if approved at the AGM, will be paid on or after 27th August, 2019 to those members whose name appears in the Register of Members of the Company as on the record date.

8. Pursuant to provisions of Section 124(5) of the Act, dividends which remains unclaimed / un-encashed for a period of 7 years is required to be transferred to the Investor Education and Protection Fund of the Central Government established under Sub-section (1) of Section 125 of the Act. Therefore, shareholders who have not encashed their dividend for the financial year 2011-12 to 2017-18 should lodge their request for the same with the Registrar and Transfer Agents of the Company (RTA) or the Company. The new IEPF Rules mandate the companies to transfer the shares of shareholders whose dividends remain unpaid / unclaimed for a period of seven consecutive years to the demat account of IEPF Authority. In accordance with the aforesaid IEPF Rules, the Company after sending notices to all the shareholders whose shares were due to be transferred to the IEPF Authority and after publishing newspaper advertisement, have transferred the shares pertaining to those shareholders who had not encashed their dividends for 7 consecutive years to the IEPF Authority. The list of the shareholders whose shares have been transferred to the IEPF Authority is available on the website of the Company at www.sutlejtextiles.com. Hence, the Company urges all the shareholders to encash / claim their respective dividend during the prescribed period. The details of the unpaid / unclaimed amounts lying with the Company as on 31st August, 2018 (date of last AGM) are available on the website of the Company www.sutlejtextiles.com. The members whose dividend / shares are transferred to the IEPF Authority can now claim their shares from the Authority by following the Refund procedure as detailed on the website of the IEPF Authority http:// www.iepf.gov.in/.

9. In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is mandatory for all the security holders to register their Permanent Account Number (PAN) and Bank Account Details.

   Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account Details to RTA of the Company by sending a duly signed letter along with self-attested copy of PAN Card and original cancelled cheque. The original cancelled cheque should bear the name of the member. The said details will also be required in the following cases viz. deletion of name, transmission of shares and transposition of shares. Members holding shares in demat form are requested to submit the aforesaid information to their respective Depository Participant.

10. Shareholders desirous of availing the facility of Electronic Credit of dividend are requested to fill up NECS form attached to this notice and return the same duly filled and signed alongwith a photocopy of a leaf of their cheque book bearing bank account number, on or before 14th August, 2019. The said details in respect of the shares held in electronic form should be sent to their respective **Depository Participant** (with a copy to the Company/RTA) for appropriate action before close of work on 14th August, 2019. For shares held in physical form, the same should be sent to the Company/ RTA for appropriate action.

11. Particulars pursuant to Regulation 36(3) of Listing Regulations, pertaining to the Directors being appointed / re-appointed are annexed hereto to this notice.

12. Members of the Company had approved the appointment of M/s. BSR & Co. LLP, Chartered Accountants, as the Statutory Auditors at the Twelfth AGM of the Company which is valid till the Seventeenth AGM of the Company. In accordance with the Companies Amendment Act, 2017, enforced on 7th May, 2018 by Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every AGM.

13. Electronic copy of the Notice of the 14th AGM of the Company, inter-alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose e-mail IDs are registered with the Company / Depository Participant(s) and physical copy is being sent to those members who have not registered their e-mail address with the Company or Depository Participant(s). Members who have received the Notice of AGM and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the Registration Counter at the AGM.

14. Members are requested to send all their documents and communications pertaining to shares to **Link Intime India Pvt. Ltd.,** RTA of the Company at their address at C-101, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai, Maharashtra 400083, Telephone No. 022 - 4918 6000, rnt.helpdesk@linkintime.co.in, for both physical and demat segment of Equity Shares. Please quote on all such correspondence - “Unit - Sutlej Textiles and Industries Limited”.

15. Members are requested:

    a. To bring their copies of Annual Report and Notice at the meeting, if received physically and those who have received the Annual Report and Notice in electronic mode may request the same at the Registration Counter at the AGM.

    b. To submit their Attendance Slip, duly filled in, for attending the meeting.

    c. To quote their folio number / DP ID and Client Id in all correspondence.

    d. To notify immediately change of their address and bank particulars to the RTA in case the shares are held in physical form; and in case the shares are held in dematerialized form, the information should be passed on directly to their respective Depository Participant and not to the Company / RTA, without any delay.

16. The route map for easy location of the venue of AGM is given with the Notice. The Notice of AGM (including the route map) and Annual Report 2018-19 will be available on the website of the Company at www.sutlejtextiles.com

17. **No Gifts in AGM**

    The members may kindly note that no gifts, gift coupons or any benefit in lieu of gifts, will be distributed at or in connection with the AGM.

18. The instructions and other information relating to voting through electronic means is given hereunder:

VOTING THROUGH ELECTRONIC MEANS

I. In compliance with provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of Listing Regulations, the Company is pleased to provide members with the facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-voting. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL).

II. The facility for voting through ballot paper shall be made available at the AGM and members attending the meeting and who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

IV. The remote e-voting period commences on 19th August, 2019 (9:00 am) and ends on 21st August, 2019 (5:00 pm). During this period, members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 14th August, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

V. The process and manner for remote e-voting is as under:

    1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

    2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholders’ section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL e-services after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	**Your User ID is:**
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
   a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
   b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
   c. How to retrieve your ‘initial password’?
      i. If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
      ii. If your email ID is not registered, your ‘initial password’ is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
   a. Click on “Forgot User Details/Password?” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b. “Physical User Reset Password?” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF / JPG format) of the relevant Board Resolution / Authority letter, etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to cschouhanr007@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in
4. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

VI. The voting rights of members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date of 14th August, 2019.

VII. Any person, who acquires shares of the Company and becomes member of the Company after 19th July, 2019 i.e. the BENPOS date considered for dispatch of the notice and holding shares as of the cut-off date i.e. 14th August, 2019, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or ashok.sherugar@linkintime.co.in

VIII. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

IX. Mr. Rajendra Chouhan of M/s. R. Chouhan & Associates, Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process to ensure it is conducted in a fair and transparent manner.

X. The Chairman at the AGM, at the end of discussion on the resolutions on which voting is to be held, shall allow voting with the assistance of the Scrutinizer, by use of “Ballot Paper / Polling Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

XI. The Scrutinizer shall after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated Scrutinizer’s Report of the total votes cast in favour or against, if any, to the Chairman of the AGM or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

XII. The results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.sutlejtextiles.com and on the website of NSDL immediately after the declaration of result by the Chairman of the meeting or a person authorized by him in writing. The results shall also be immediately forwarded to Stock Exchanges where the shares of the Company are listed.

By Order of the Board
For Sutlej Textiles and Industries Limited

Manoj Contractor
Company Secretary and Compliance Officer
Membership No. A11661

Place: Mumbai
Date: 09th May, 2019

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following statement sets out all material facts relating to Item nos. 5 to 12 mentioned in the accompanying Notice.

Item no. 5

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s. K. G. Goyal and Associates, Cost Accountants, (Firm Registration No. 000024), as the Cost Auditors of the Company to conduct the audit of the cost records of the Company's units (a) Rajasthan Textile Mills, Bhawanimandi (Raj.); (b) Chenab Textile Mills, Kathua (J&K); (c) Birla Textile Mills, Baddi, (H.P.); (d) Damanganga Home Textiles, Bhilad, (Guj.) and (e) Damanganga Process, Bhilad, (Guj.) for the financial year 2019-20, at a fee of Rs. 1,80,000/- subject to tax deductible at source (TDS), plus Goods and Services Tax, etc., as applicable, apart from certifications and other out of pocket expenses, as remuneration for cost audit services for the financial year 2019-20.

The appointment of M/s. K. G. Goyal & Associates as Cost Auditors shall also extend to all such applicable unit/s as may be owned by the Company during the said financial year; and shall be on such remuneration as may be mutually agreed upon, subject to the recommendation of the Audit Committee of the Board and endorsed / ratified by the resolution of the shareholders in this behalf.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors needs to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an ordinary resolution as set out at item no. 5 of the Notice for approval of the proposed remuneration to the Cost Auditors for the financial year ending 31st March, 2020. The Board recommends the ordinary resolution for approval by the shareholders of the Company.

None of the directors / key managerial personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no. 5 of the Notice.

Item no. 6

Shri Ashok Mittal (DIN 00016275) was appointed as an Additional Director at the Board meeting held on 05th February, 2019. The term of his office extends upto the date of this Annual General Meeting (AGM). Notice as per the provisions of Section 160 of the Companies Act, 2013 has been received in writing from a member proposing the candidature of Shri Ashok Mittal for the office of Director of the Company.

Shri Mittal has done his Post Graduation from International Management Institute in India. He also holds a BA degree in Physics and Mathematics from The College of Wooster in the U.S.A.

He has an experience of about 25 years in mergers & acquisitions, structured financing, equity & debt capital markets, privatisations and corporate restructuring and has served as a Partner - Head of Mergers & Acquisitions at KPMG and Managing Director - Head of Investment Banking at Rabo, UBS, Lehman Brothers and HSBC.

Having regard to his background and wide experience, the appointment of Shri Ashok Mittal will be in the best interest of the Company.

In the opinion of the Board, Shri Mittal fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder for his appointment as a Director of the Company. Shri Mittal is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director. A copy of the draft letter for appointment of Shri Mittal as a Director would be available for inspection to the members at the Registered Office of the Company during normal business hours on any working day till the date of the AGM.

The Board of Directors of your Company recommends the ordinary resolution for appointment of Shri Mittal as a Director, for the approval by the shareholders of the Company.

Save and except Shri Mittal none of the other directors and key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item no. 6 of the Notice.

Item nos. 7, 8, 9 and 10

Shri Umesh Kumar Khaitan (DIN 01180359), Shri Amit Dalal (DIN 00297603), Shri Rajan Dalal (DIN 00546264) and Shri Rajiv Podar (DIN 00086172) were appointed as Independent Directors on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014. They hold office as Independent Directors of the Company up to the date of this Annual General Meeting of the Company.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended re-appointment of Shri Umesh Kumar Khaitan, Shri Amit Dalal, Shri Rajan Dalal and Shri Rajiv Podar as Independent Directors of the Company for a second term of 5 (five) consecutive years.

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination and Remuneration Committee, considers that, given their background, experience and contributions made by them during their tenure, the continued association of Shri Umesh Kumar Khaitan, Shri Amit Dalal, Shri Rajan Dalal and Shri Rajiv Podar would be beneficial to the Company.

In terms of Section 149 and other applicable provisions of the Act, it is proposed to re-appoint Shri Umesh Kumar Khaitan, Shri Amit Dalal, Shri Rajan Dalal and Shri Rajiv Podar as Independent Directors of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years.

In the opinion of the Board, Shri Umesh Kumar Khaitan, Shri Amit Dalal, Shri Rajan Dalal and Shri Rajiv Podar fulfil the conditions for appointment as Independent Directors as specified in the Act and the Listing Regulations, 2015, (as amended), and the Company has also received declarations of Independence from them in this regard. Shri Umesh Kumar Khaitan, Shri Amit Dalal, Shri Rajan Dalal and Shri Rajiv Podar are independent of the management. Copies of draft letters of appointment would be available for inspection to the members at the Registered Office of the Company during normal business hours on any working day till the date of the AGM.

The Board of Directors of your Company recommends the special resolutions in relation to appointment of Shri Umesh Kumar Khaitan, Shri Amit Dalal, Shri Rajan Dalal and Shri Rajiv Podar as Independent Directors, for the approval by the shareholders of the Company.

Save and except Shri Umesh Kumar Khaitan, Shri Amit Dalal, Shri Rajan Dalal and Shri Rajiv Podar none of the other directors and key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions set out at item nos. 7, 8, 9 and 10, respectively of the Notice.

Item no. 11

Smt Sonu Bhasin (DIN 02872234) was appointed as an Independent Director on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 ("the Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014. Smt Bhasin holds office as an Independent Director of the Company upto 06th May, 2020.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended re-appointment of Smt Bhasin as an Independent Director of the Company for a second term of 5 (five) consecutive years.

The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination and Remuneration Committee, considers that, given her background, experience and contributions made by Smt Bhasin during her tenure, the continued association of Smt Bhasin would be beneficial to the Company.

In terms of Section 149 and other applicable provisions of the Act, it is proposed to re-appoint Smt Bhasin as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company upto 06th May, 2025.

In the opinion of the Board, Smt Bhasin fulfills the conditions for appointment as an Independent Director as specified in the Act and the Listing Regulations, 2015, (as amended), and the Company has also received a declaration of Independence from her in this regard. Smt Bhasin is independent of the management. A copy of draft letter of appointment of Smt Bhasin would be available for inspection to the members at the Registered Office of the Company during normal business hours on any working day till the date of the AGM.

The Board of Directors of your Company recommends the special resolution in relation to appointment of Smt Bhasin as an Independent Director, for the approval by the shareholders of the Company.

Save and except Smt Bhasin, none of the other directors and key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at item no. 11 of the Notice.

Item no. 12

In order to meet the long-term fund requirements of the Company for expansion and / or modernization of existing business, capital expenditure, working capital requirements, repayment of debts / indebtedness and for other general corporate objectives from time to time, and to augment the Company's capital base and financial position, the Board of Directors of your Company, at their meeting held on 09th May, 2019 have approved raising of financial resources through the issue of Securities in the domestic / international markets for an amount not exceeding Rs. 500 crore, or its equivalent in one or more currencies, in one or more tranche, in such form, on such terms, in such manner, at such price or prices and at such time as may be considered appropriate by the Board, to the various categories of investors in the domestic / international markets, as set out in the resolution.

Such issue shall be subject to the provisions of the Companies Act, 2013 and rules made thereunder, Articles of Association of the Company, SEBI (Issue of Capital & Disclosure Requirement) Regulations and other applicable laws.

The detailed terms and conditions for the issue / offering will be determined in consultation with the lead managers, consultants, advisors and / or such other intermediaries as may be appointed for the issue / offer. Wherever necessary and applicable, the pricing of the issue / offer will be finalised in accordance with applicable guidelines in force, of the Government of India, Securities and Exchange Board of India, Reserve Bank of India and other appropriate authorities.

The resolution contained at item no. 12 of the accompanying Notice, accordingly, seeks members approval through a special resolution for raising funds through issue of Securities in one or more tranche and authorizing the Board of Directors (including any Committee thereof authorised for the purpose) of the Company to complete all the formalities in connection with the issue of Securities. The Board recommends the special resolution for the approval of the members.

None of the directors / key managerial personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at item no.12 of the Notice.

By Order of the Board
For Sutlej Textiles and Industries Limited

Manoj Contractor
Company Secretary and Compliance Officer
Membership No. A11661

Place: Mumbai
Date: 09th May, 2019

ANNEXURE

PURSUANT TO REGULATION 36(3) OF THE LISTING REGULATIONS, 2015 WITH THE STOCK EXCHANGES, INFORMATION ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED / RE-APPOINTED IS FURNISHED BELOW:

Particulars	Shri C. S. Nopany	Shri Ashok Mittal
DIN No.	00014587	00016275
Designation	Executive Chairman	Director
Age	53 years	54 years
Date of appointment	01.06.2006	05.02.2019
Qualification	C.A., Masters Degree in Science of Industrial Administration from Carnegie Mellon University, Pittsburgh, USA.	PG from International Management Institute - India BA - Physics & Mathematics - College of Wooster, U.S.A.
Expertise in specific functional areas	Shri C. S. Nopany is an eminent industrialist having industrial experience in diverse fields like sugar, tea, shipping, textiles, fertilizers, chemicals, finance, etc. He was the past president of Indian Chamber of Commerce.	25 years of experience in Mergers & Acquisitions, Structured Financing, Equity & Debt Capital Markets, Privatisations and Corporate Restructuring. He has also served as Partner - Head of Mergers & Acquisitions at KPMG and Managing Director - Head of Investment Banking at Rabo, UBS, Lehman Brothers and HSBC.
Directorships held in other public companies (excluding foreign companies)	1. Chambal Fertilizers & Chemicals Limited 2. SIL Investments Limited 3. New India Retailing & Investment Limited 4. Yashovardhan Investment & Trading Company Limited 5. Ronson Traders Limited 6. Magadh Sugar & Energy Limited 7. Avadh Sugar & Energy Limited 8. Ganges Securities Limited	Nil
Memberships / Chairmanships of Committees of other Indian public companies	**Stakeholders Relationship Committee :** 1. Ronson Traders Limited - Chairman 2. SIL Investments Limited - Chairman **Nomination & Remuneration Committee :** 1. Chambal Fertilizers & Chemicals Limited - Member **Corporate Social Responsibility Committee:** 1. Chambal Fertilizers & Chemicals Limited - Chairman 2. Magadh Sugar & Energy Limited - Chairman 3. SIL Investments Limited - Chairman	Nil
Number of Shares held in the Company	1,10,000 shares	Nil
Inter-se relationships between Directors	Shri C. S. Nopany is not related to any other Director.	Shri Ashok Mittal is not related to any other Director.
No. of Board meetings attended during the financial year 2018-19	4	-
Details of remuneration last drawn from the Company (Rs.)	4,72,00,000 (excluding sitting fees)	60,274/- (excluding sitting fees)
Terms and Conditions of appointment / re-appointment	Shri C. S. Nopany is proposed to be re-appointed as a Director of the Company and is liable to retire by rotation.	Shri Ashok Mittal is proposed to be appointed as a Director of the Company and is liable to retire by rotation.

Particulars	Shri Umesh Kumar Khaitan	Shri Amit Dalal
DIN No.	01180359	00297603
Designation	Independent Director	Independent Director
Age	70 years	56 years
Date of appointment	01.06.2006	01.06.2006
Qualification	B.A, LL.B.	B.Com, M.B.A.
Expertise in specific functional areas	Renowned solicitor and senior advocate of Supreme Court of India. He has been solicitor and legal advisor for various companies.	Stock Broker with a vast experience in financing and other related businesses.
Directorships held in other public companies (excluding foreign companies)	1. Ferro Alloys Corporation Limited 2. Combine Overseas Limited 3. Cremica Food Industries Limited 4. Ghaziabad Investments Limited 5. The Ayer Manis Rubber Estate Limited	1. Manugraph India Limited 2. Phoenix Mills Limited 3. Tata Investment Corporation Limited 4. Simto Investment Co. Limited 5. Milestone Capital Advisors Limited
Memberships / Chairmanships of Committees of other Indian public companies	Nil	Member Tata Investment Corporation Limited : 1. Stakeholders' Relationship Committee 2. Corporate Social Responsibility Committee 3. Asset Liability and Risk Management Committee
Number of Shares held in the Company	Nil	Nil
Inter-se relationships between Directors	Shri Umesh Kumar Khaitan is not related to any other Director.	Shri Amit Dalal is not related to any other Director.
No. of Board meetings attended during the financial year 2018-19	4	4
Details of remuneration last drawn from the Company (Rs.)	4,00,000/- (excluding sitting fees)	4,00,000/- (excluding sitting fees)
Terms and Conditions of appointment / re-appointment	Shri Umesh Kumar Khaitan is proposed to be re-appointed as an Independent Director of the Company on the terms and conditions contained in the explanatory statement to the notice.	Shri Amit Dalal is proposed to be re-appointed as an Independent Director of the Company on the terms and conditions contained in the explanatory statement to the notice.

Particulars	Shri Rajan Dalal	Shri Rajiv Podar
DIN No.	00546264	00086172
Designation	Independent Director	Independent Director
Age	69 years	54 years
Date of appointment	19.11.2008	21.07.2009
Qualification	B.Sc, SME Management from IIM-Ahmedabad	B. Com.
Expertise in specific functional areas	Experience in marketing of textiles and other fields like investment bankers, creating dealer network in domestic and international markets, wealth management, investment in equity and debt market, capital raising, mergers and acquisitions, etc.	Involved in the business of K.R.Podar Group and was instrumental in setting up the textile units of the Group. Founder Chairman of the International Business Linkage Forum (IBLF).
Directorships held in other public companies (excluding foreign companies)	1. Century Textiles and Industries Limited 2. Asiatic Oxygen Limited	1. Podar Infotech & Entertainment Limited 2. Sports Education Development India Limited
Memberships / Chairmanships of Committees of other Indian public companies	Chairman Stakeholders' Relationship Committee - Century Textiles and Industries Limited Member 1. Audit Committee - Century Textiles and Industries Limited 2. Audit Committee - Asiatic Oxygen Limited 3. Stakeholders' Relationship Committee - Asiatic Oxygen Limited	-
Number of Shares held in the Company	Nil	Nil
Inter-se relationships between Directors	Shri Rajan Dalal is not related to any other Director.	Shri Rajiv Podar is not related to any other Director.
No. of Board meetings attended during the financial year 2018-19	3	4
Details of remuneration last drawn from the Company (Rs.)	4,00,000/- (excluding sitting fees)	4,00,000/- (excluding sitting fees)
Terms and Conditions of appointment / re-appointment	Shri Rajan Dalal is proposed to be re-appointed as an Independent Director of the Company on the terms and conditions contained in the explanatory statement to the notice.	Shri Rajiv Podar is proposed to be re-appointed as an Independent Director of the Company on the terms and conditions contained in the explanatory statement to the notice.

Particulars	Smt Sonu Bhasin
DIN No.	02872234
Designation	Independent Director
Age	55 years
Date of appointment	07.05.2015
Qualification	MBA, Faculty of Management Studies - University of Delhi B.Sc. Hons, St. Stephen's College
Expertise in specific functional areas	Expertise in various fields such as investments, financial services, private banking, wealth management, banking, relationship management, insurance, portfolio management, sales management, commercial banking, asset management.
Directorships held in other public companies (excluding foreign companies)	1. Whirlpool of India Limited 2. Berger Paints India Limited 3. Mahindra First Choice Services Limited 4. Max Specialty Films Limited 5. PNB MetLife India Insurance Company
Memberships / Chairmanships of Committees of other Indian public companies	<u>Chairperson</u> : 1. Nomination & Remuneration Committee, Mahindra First Choice Services Limited. 2. Stakeholders' Relationship Committee, PNB Metlite India Insurance Company Limited <u>Member</u> : <u>Audit Committee</u> : 1. Whirlpool of India Limited 2. Mahindra First Choice Services Limited 3. Max Speciality Films Limited <u>Nomination and Remuneration Committee</u> : 1. Whirlpool of India Limited
Number of Shares held in the Company	Nil
Inter-se relationships between Directors	Smt Sonu Bhasin is not related to any other Director.
No. of Board meetings attended during the financial year 2018-19	4
Details of remuneration last drawn from the Company (Rs.)	4,00,000/- (excluding sitting fees)
Terms and Conditions of appointment / re-appointment	Smt Sonu Bhasin is proposed to be re-appointed as an Independent Director of the Company on the terms and conditions contained in the explanatory statement to the notice.

sutlej
textiles and industries limited

(CIN : L17124RJ2005PLC020927)
Regd.Office: Pachpahar Road, Bhawanimandi 326 502 (Rajasthan)
Phone No: (07433) 222082; Fax: (07433) 222916
Email: stil.investor_grievance@sutlejtextiles.com ; **Website:** www.sutlejtextiles.com

NECS MANDATE FORM

1. Shareholder's name (in Block letters) : ______________________ {First holder}
   : ______________________ {Joint holder(s)}
2. Folio Number (for Physical shares) : [ ][ ][ ][ ][ ][ ][ ]
3. DP ID / Client ID No. (for Dematerialised shares) :
   (i) -NSDL : [ ][ ][ ][ ][ ][ ]
   (ii) -CDSL [ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]
4. Number of Shares : ______________________
5. Bank Name : ______________________
6. Branch Name & Address : ______________________
7. Status of the Investor (Mark"√" in the appropriate box) : Resident [ ] Non-Resident [ ]
8. Account Types (Mark"√" in the appropriate box) : Savings [ ] Current [ ]
9. Account Number : ______________________
10. Ledger Folio No. of the A/C : ______________________
11. Nine digit code number of the Bank and Branch appearing on the Cheque : [ ][ ][ ][ ][ ][ ][ ][ ][ ][ ]

I/We hereby declare that the particulars given above are correct and complete. If credit is not effected for reasons of incomplete or incorrect information, I/we would not hold the Company responsible.

Place: Signature of the First holder

Date : Name of the First holder

Note: In case, shares are held in electronic form, kindly submit ECS particulars to your Depository Participants (DPs)

Certificate of the Shareholder's Bank

Certified that the particulars of the Bank Account furnished above are correct as per our records.

Bank Stamp:

Signature of the authorized
Official of the Bank

Date:

Note: Please attach a photocopy of Cheque issued by your Bank relating to your bank account for verifying the accuracy of the code number.

sutlej
textiles and industries limited
(CIN : L17124RJ2005PLC020927)
Regd.Office: Pachpahar Road, Bhawanimandi 326 502 (Rajasthan)
Phone No: (07433) 222082; Fax: (07433) 222916
Email: stil.investor_grievance@sutlejtextiles.com; **Website:** www.sutlejtextiles.com

09th May, 2019

Dear Shareholder,

Sub: Green Initiative in Corporate Governance

As a responsible Corporate Citizen, your Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India (MCA).

The Green Initiative endeavors to reduce consumption of paper, in turn preventing deforestation and contributes towards a green and clean environment - a cause that we at Sutlej Textiles and Industries Ltd. are committed to. This initiative is also aligned to our Mission Statement of demanding that everything we do leads to a clear, healthier and safer environment. In furtherance of these initiatives, the Company invites its shareholders to participate in the Green Initiatives to affirm its commitment towards future generations.

Keeping in view the above, your Company proposes to send documents like Notice convening Annual General Meeting, Audited Financial Statements, Directors' Report and Auditors' Report , etc. in electronic form. For supporting this initiative:-

1) **If you hold shares in electronic form**, kindly intimate your email ID to your Depository Participant (DP). The same will be deemed to be your registered email address for serving notices/documents.

2) **If you hold shares in physical form**, kindly intimate your email ID to the Company's Registrar & Transfer Agent (RTA) at the following address:

Link Intime India Private Limited
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West), Mumbai- 400083
Email ID: rnt.helpdesk@linkintime.co.in
Telephone No. 022 - 4918 6000 / 270

If you do not register your email ID, a physical copy of the Annual Report and other communication/documents will be sent to you free of cost, as per the current practice. These documents will also be available on the Company's website www.sutlejtextiles.com.

It may be noted that you will be entitled to be furnished free of cost, with a copy Annual Report and all other documents required by law upon receipt of a requisition from you, any time, as a member of the Company even after registering your email ID.

We strongly urge you to support this 'Green Initiative' and opt for electronic mode of communication by advising your email ID to your DP / RTA.

We solicit your support to join in this initiative in reducing the impact on the environment and receive all communications electronically.

Thanking You,

Yours truly,
For Sutlej Textiles and Industries Limited

Manoj Contractor
Company Secretary and Compliance Officer
Membership No. A11661

sutlej
textiles and industries limited
(CIN : L17124RJ2005PLC020927)
Regd.Office: Pachpahar Road, Bhawanimandi 326 502 (Rajasthan)
Phone No: (07433) 222082; Fax: (07433) 222916
Email: stil.investor_grievance@sutlejtextiles.com; **website:** www.sutlejtextiles.com

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Form No. MGT-11

CIN : **L17124RJ2005PLC020927**

Name of the Company : **SUTLEJ TEXTILES AND INDUSTRIES LIMITED**

Registered Office : **PACHPAHAR ROAD, BHAWANIMANDI - 326 502 (RAJASTHAN)**

Name of the member (s) :	
Registered Address :	
E-mail ID :	
DP ID* :	
Client ID* :	
Folio No. :	

* Applicable for investors holding shares in electronic form.

I / We, being the member(s) of ___________ shares of the above named Company, hereby appoint as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Fourteenth Annual General Meeting of the Company, to be held on Thursday, 22nd August, 2019 at 3.00 p.m. at the Registered Office at Pachpahar Road, Bhawanimandi-326 502 (Rajasthan) and at any adjournment thereof in respect of such resolutions as are indicated below:

1. Name : Address : ....

E-mail ID: Signature ....

or failing him / her

2. Name : Address : ....

E-mail ID: Signature ....

or failing him / her

3. Name : Address : ....

E-mail ID: Signature ....

We direct my/our Proxy to vote on the Resolution in the manner as indicated below:

Sr. No.	RESOLUTIONS	Vote	
		For	Against
Ordinary Business			
1.	Adoption of Standalone Audited Financial Statements for the year ended 31st March, 2019.		
2.	Adoption of Consolidated Audited Financial Statements for the year ended 31st March, 2019.		
3.	Declaration of Dividend.		

Sr. No.	RESOLUTIONS	Vote	
		For	Against
4.	Re-appointment of Shri C. S. Nopany as a Director, who retires by rotation.		
Special Business			
5.	Ratification of remuneration paid of M/s. K. G. Goyal & Associates, Cost Auditors.		
6.	Appointment of Shri Ashok Mittal as a Director of the Company.		
7.	Re-appointment of Shri Umesh Kumar Khaitan as an Independent Director.		
8.	Re-appointment of Shri Amit Dalal as an Independent Director.		
9.	Re-appointment of Shri Rajan Dalal as Independent Director.		
10.	Re-appointment of Shri Rajiv Podar as an Independent Director.		
11.	Re-appointment of Smt Sonu Bhasin as an Independent Director.		
12.	To raise financial resource through issue of securities for long term requirement of the Company.		

This is optional. Please put a tick mark (√) in the appropriate column against the resolutions indicated in the box. If a member leaves the "For" or "Against" column blank against any or all the resolutions, the proxy will be entitled to vote in the manner he/she thinks appropriate. If a member wishes to abstain from voting on a particular resolution, he/she should write "Abstain" across the boxes against the resolution.

Signed this ________day of _____________ 2019.

Affix Rs. 1 Revenue Stamp

Signature of Shareholder : _______________________________

Signature of Proxy holder (s) : ________________________

Notes:

1. The Proxy to be effective should be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before the commencement of the meeting.
2. A Proxy need not be a member of the Company.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.

sutlej
textiles and industries limited

(CIN : L17124RJ2005PLC020927)
Regd. Office: Pachpahar Road, Bhawanimandi - 326 502 (Rajasthan)
Tel. No: (07433) 222052/82/90 Fax: (07433) 222354/222916
Email: stil.investor_grievance@sutlejtextiles.com; **website:** www.sutlejtextiles.com

14th Annual General Meeting

ATTENDANCE SLIP

(Please bring this attendance slip to the meeting hall and hand it over at the entrance)
(Only Shareholders or Proxies will be allowed to attend the meeting)

Sr. No.:

Name and Address of the Shareholder	:
Name(s) of the Joint Shareholder(s) if any	:
Registered Folio No./ DP ID No. & Client ID	:
Number of Shares held	:
Name of the Proxy/Representative, if any	:

I / We hereby record my / our presence at the Fourteenth Annual General Meeting of the Company being held on Thursday, the 22nd August, 2019 at 3.00 p.m. at the Registered Office of the Company at Pachpahar Road, Bhawanimandi - 326 502, Rajasthan.

Signature of Shareholder(s) 1. ______________________________

2. ______________________________

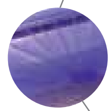
Signature of Proxy holder ______________________________

Note: Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting venue.

ELECTRONIC VOTING PARTICULARS

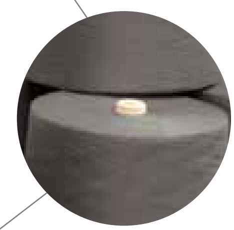
EVEN (e-voting event number)	User ID	Password / PIN

Note: Please read the instructions for voting through electronic means printed in the Notice of the Fourteenth Annual General Meeting dated 09th May, 2019. The voting period starts from 09.00 a.m. on 19th August, 2019 and ends at 05.00 p.m. on 21st August, 2019.



COUNTERING THE VUCA WORLD

Sutlej Textiles and Industries Limited | Annual Report 2018-19



sutlej
textiles and industries limited

Forward-looking statement

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.

WHAT'S IN THIS REPORT?

Contents

Countering the VUCA world

The world is increasingly unpredictable.

Marked by volatility, uncertainty, complexity and ambiguity (VUCA).

At Sutlej, we strengthened our responsiveness with the objective to enhance stability, predictability and sustainability.

9 things you need to know about the exciting world of Sutlej Textiles

Rich experience

Established before India's independence, Sutlej Textiles and Industries Ltd. (STIL) is one of the flagship companies of a multi-business conglomerate promoted by the late visionary industrialist Dr. K.K. Birla. The Company is among the leading textile solution providers in India, manufacturing spun dyed and melange yarn on the one hand and home furnishing fabrics on the other.

Manufacturing facilities

The Company's manufacturing units are located in Rajasthan, Jammu & Kashmir, Himachal Pradesh and Gujarat. The Company's aggregate spinning capacity was 4.21 lakh spindles as on 31st March, 2019.

Quality

The Company's quality standards conform to IS/ISO-9001:2008 norms. The Company was given the 'Usterised' license by Uster Technologies, Switzerland, for the Kathua unit and OCS-IN (Organic Content Standard), GOTS-IN (Global Organic Textiles Standard) and Oeko-Tex Standard 100 certifications.

Presence

The Company exports products to more than 60 countries, enjoying a strong brand among prominent textile manufacturers in key markets like Turkey, Bangladesh, USA, Poland, Egypt, Italy Portugal, Colombia, Africa, South Africa and Morocco.

Portfolio

Sutlej is a one-stop solution provider for all kinds of cotton-blended, cotton-melange dyed yarn and spun-dyed yarn, manufactured from natural or human-made fibres of any blend and any shade in the count range extending from 6s to 50s.

Clientele

The Company's key clients include Jockey, Westside, Marks and Spencer, Arvind, Raymond, Donear NXG, Siyaram's, Arrow, Aditya Birla Grasim, Digjam, JC Penney, Monte Carlo and Pantaloons, among others.

Relationships

In addition to textile brands, the Company has partnered leading fibre providers and market intermediaries. The reputed international brands that the Company works with comprise Lenzing (Modal, Esfrom, Tencel), Invista (Cool max, Lycra) and Far Eastern Textile Ltd. (Low Phill PSF).

Units	Location	Products	Capacities
Rajasthan Textile Mills (RTM)	Bhawanimandi (Rajasthan)	Cotton yarns and man-made fibre yarns including melange yarns	35,280 spindles of cotton-blended melange yarns; 91,584 spindles of man-made fibre yarns
Chenab Textile Mills (CTM)	Kathua (Jammu & Kashmir)		113,088 spindles of cotton-blended melange yarns; 97,512 spindles of man-made fibre yarns
Birla Textile Mills (BTM)	Baddi (Himachal Pradesh)		20,864 spindles of cotton-blended melange yarns; 62,512 spindles of man-made fibre yarns
Damanganga Home Textiles	Daheli (Gujarat)	Home textiles furnishings	9.6 million metres per annum, 126 shuttle-less looms

Vision

We have set our sights on becoming a global textile frontrunner, providing wide spectrum solutions to the textile industry, from speciality yarns to fabrics; thereby maximizing value for our clients and in turn, becoming their preferred partner.

Mission

We believe that with time, we must constantly evolve as each accomplishment marks a new beginning, an inspiration to focus on ‘the possibilities of tomorrow’.

As an organization, we strive:

To excel in our core areas of competence through consistent innovation

To strengthen production efficiency through innovation and the use of latest technology

To uphold and nurture the core values of transparency, accountability, empowerment and good governance

To create consistent value for stakeholders by staying strong to our commitments

To consistently reduce our environment footprint

Sutlej. **The big numbers**

9.6

MILLION METRES, HOME TEXTILES CAPACITY PER ANNUM

4,20,840

NUMBER OF SPINDLES OF THE COMPANY (YARN)

>60
NUMBER OF COUNTRIES WHERE THE COMPANY MARKETS PRODUCTS

2085.65
(RS. CRORE), INVESTMENTS IN THE COMPANY'S GROSS BLOCK, 31ST MARCH, 2019

4
NUMBER OF MANUFACTURING PLANTS

2.7
MW, RENEWABLE ENERGY CAPACITY AVAILABLE WITH THE COMPANY

14,736
EMPLOYEES OF THE COMPANY

Executive Chairman's overview

I present the performance of Sutlej Textiles and Industries Limited for the financial year 2018-19. The year under review proved to be a challenging year for the Indian economy in general and the country's textile sector in particular.

Despite the various challenges, I am pleased to communicate that Sutlej performed better than the sectoral average. The Company reported a top line growth of 4.09%, even as margins remained under pressure on account of subdued demand. The scenario was aggravated by unprecedented volatility in raw material costs and exchange rates, creating uncertainty and affecting market sentiment. This is a transitional phase and the Company should report a performance rebound as soon as the consumer sentiment revives.

The dynamic India growth story

The Indian economy continues to be the biggest driver of the Indian textile sector, providing a large captive market and various realities that make India one of the most exciting exporters of textile products.

India emerged as a trillion-dollar economy at the end of the first sixty years since Independence; the country added the next trillion dollars to its economy in only the next seven years; the country is well on its way to emerge as a US$ 10 trillion economy in a little more than the next decade.

This growth – arguably the fastest among major economies – is the principal driver of the country's textile sector. The country's growth continues to generate increased disposable incomes. A growth in India's aspirations is derived from the expectation of a better tomorrow, greater willingness to spend than save and the openness to take credit.

After growing 7.2% in FY2017-18, the Indian economy slowed to 6.8% in FY2018-19. After a creditable first half, the pace of the Indian economy eased considerably in the second half following a liquidity crunch. Rural growth moderated to about 1.2 times in urban areas compared with 1.5 times a year ago for fast-moving consumer goods on account of the national economic slowdown and declining agriculture revenues.

India's growth was also affected by a weakening global economy: from 3.8% in 2017 to 3.6% in 2018 largely on account of the failure of Brexit negotiations, tightened financial conditions, geopolitical tensions and higher crude prices. The ongoing trade dispute between the US and China affected the global sentiment. The US increased import duties from 10 per cent to 25 per cent on US$ 200 billion worth of Chinese imports in 2019, demanding that China reduce the massive trade deficit. The worrying feature is that global growth is now estimated at 3.3% in 2019 on account of a sustained weakening in advanced economies.

The Company positioned itself as a one-stop solution for all types of ring spun dyed yarns to service growing customer needs and account for a larger share of the customer's wallet.

The Indian textile sector overview

From a short-term perspective, a number of challenges affected the Indian economy in general and the textile sector in particular.

The general economic slowdown affected consumer sentiment and promoted a 'save first' approach. Consumers focused on experiential spending over apparel, deferring purchases. Relatively lower investments in garmenting within the country compared to a sizable build-up in yarn capacity affected offtake and realizations. There was a yarn manufacturing capacity accumulation in some Indian states following the announcement of attractive investment-based tax incentives. On the other hand, the cost of raw materials remained high. Increase in the crude oil rates impacted the price of polyester staple fibre, a major raw material, as it is a downstream product of crude oil. In case of cotton our other major raw material, the prices were impacted following the announcement of increased minimum support price by the government and the effect of the pink bollworm pest attack that affected crop output. There are also challenges in terms of power cost and declining availability of trained manpower.

From a long-term perspective, the Indian textile sector appears at an exciting point in its existence. The coming together of the millennial generation, the influence of the internet and growth in personal vanity cum aspirations combined to create a demand for textile products. There has been increased traction from the consumption of functional and fashionable textile products. There is a greater alignment with shorter fashion cycles in a single year

as opposed to the conventional approach of four fashion seasons a year.

How Sutlej addressed the slowdown

Sutlej was affected by the slowdown in India's textile industry. Rather than wait for the sectoral slowdown to pass, I am pleased to report that Sutlej selected to counter the prevailing realities through various initiatives.

The Company did not increase manufacturing capacities in the last two years, selecting instead to consolidate and increase manufacturing efficiencies. The Company focused on new product development. It entered new territories to increase exports. It focused on sweating manufacturing facilities, maintaining its average capacity utilization at around 95%. It broad-based the global presence by selling deeper and larger in the markets of its presence. It strengthened gearing from 1.15 in the previous year to 0.97.

Banking on strengths

Sutlej is India's largest spun-dyed yarn manufacturer (including cotton, cotton-blended dyed and melange yarns). Our spinning capacity of 420,840 spindles generates attractive economies of scale. We produce niche yarns in a wide range of counts, blends and shades. Our fibre-dyed products provide ready-to-use convenience for downstream manufacturers.

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

The Company positioned itself as a one-stop solution for all types of ring spun dyed yarns to service growing customer needs and account for a larger share of the customer's wallet.

The Company selected to leverage its large proportion of modern spindleage addressing the manufacture of value-added yarns to invest in sectoral downturns with the objective to capitalize effectively on rebounds.

New initiatives

At Sutlej, we believe that every slowdown represents an opportunity to make selective investments.

During the course of this downturn, the Company invested in a decisive backward integration comprising the setting up of the Rs. 189 crore green-fibre project (recycled polyester staple fibre) scheduled to be commissioned in the first quarter of 2020-21. Almost entire production of the green-fibre plant will be captively consumed, which will reduce manufacturing costs, deliver consistent product quality and enhance the profitability of our yarn business.

We have also decided to invest around Rs. 80 crore to broaden product portfolio of our home-fabric manufacturing facility and have also engaged specialized designers and senior marketing professionals. As a result of this increased focus, we believe that the home textiles business should turn around going forward.

By investing selectively in our business for sustainable gains in addition to sweating our existing assets, we believe we are attractively positioned to reduce costs, enhance value-addition and increase volumes, the very competencies required to strengthen our business sustainability and enhance value for all those associated with our Company.

Overview

I would like to end by expressing my heartfelt thanks to all our stakeholders for their continued support.

C. S. Nopany
Executive Chairman

While the textile sector is getting more competitive and volatile...

From a make-and-sell approach to sell-and-make today

From predictable sectoral cycles to increased volatility

From relatively stable market cycles to volatile market cycles today

From four fashion seasons a year to around eight seasons a year today

From established product preferences to demand shifts and substitution

From a preference for low-cost products to a preference for superior price-value

From a preference for established products to a perpetual need for innovation

From a price-based transaction approach to collaborative vendor-customer relationships

...We are building a more agile Sutlej that is transforming faster than ever

From a convention-driven business approach to a start-up vibrancy

From responding to sectoral trends to foreseeing them

From being engaged as a supplier of products to becoming advisor and consultant

From possessing deep capabilities in product replication to product innovation

From being positioned as a large company to becoming a lean organization

From a focus on manufacturing efficiency to eco-system effectiveness

From a focus on increasing market share to creating a market instead

From a position as market leader by size into a sectoral benchmark by respect

From individual-driven to progressive process institutionalization

The building blocks of a competitive and futuristic Sutlej

The building blocks

Strengthening our knowledge bandwidth + Decisive backward integration + Superior cost management + Strengthening the home textiles product mix + Ongoing modernization

Strengthening our knowledge bandwidth

- Inducted fresh blood across the yarn and home textiles businesses
- Strengthened domain competence in yarn and home textiles
- Placed a premium on the need for a differentiated non-textile mindset
- Reconciled the need for experience with increased enthusiasm
- Deepened employee engagement; enhanced pride of association

Decisive backward integration

Setting up a 120-million tonnes per day green fibre project for manufacturing recycled polyester staple fibre

+

To enhance raw material predictability and security in a volatile space

+

To explore increased raw material grades at different quality levels

+

Increased responsibility in the use of eco-friendly resources

Superior cost management

- Deeper focus on cost management
- Focused on enhancing operating viability across market cycles
- Invested in renewable energy to moderate high electricity costs
- Explored improvements in thermal efficiency
- Focused on moderating per unit electricity costs

Strengthening the home textiles product mix

Focus on widening the product basket, strengthening customer traction

+

Extending focus from weaves to superior prints and finishes

+

Strengthening the Company's positioning as a single-stop solution provider

+

Investing in modernization of the home textile facilities

+

Focusing on leveraging the presence of American Silk Mills for growth in the US market

Ongoing modernization

Enhanced modernization of spindles and process house

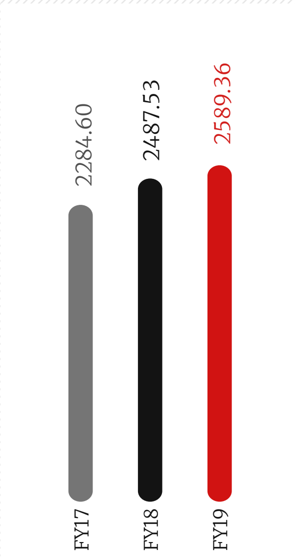
Focus on generating a superior product quality

Focus on enhancing operating efficiency (getting more out of less)

Focus on reducing costs arising out of modernization

How Sutlej has grown over the years

Higher revenues
(Rs. crore)

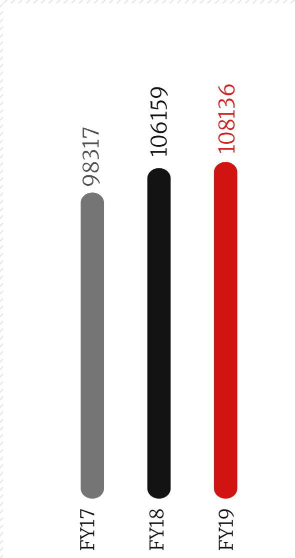


Definition
Sales growth inclusive of taxes.

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

Performance
Our aggregate sales increased by 4.09% to Rs. 2589.36 crore in FY19, which compares favorably with the performance of the sector.

Higher tonnage sales
(MT)

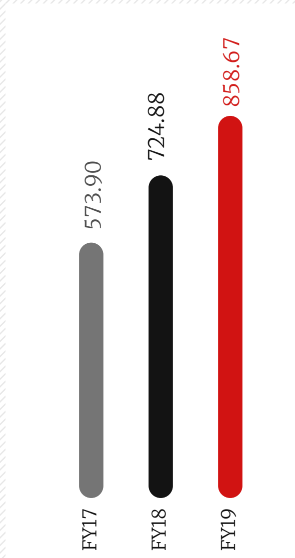


Definition
Sales growth by volume (tonnes).

Why we measure
This measure indicates whether the Company has been able to increase volume sales during the year under review.

Performance
Our sales by volume increased by 1.86% to 108136 tonnes in FY19, creditable at a time of sectoral weakness.

Export revenue
(Rs. crore)

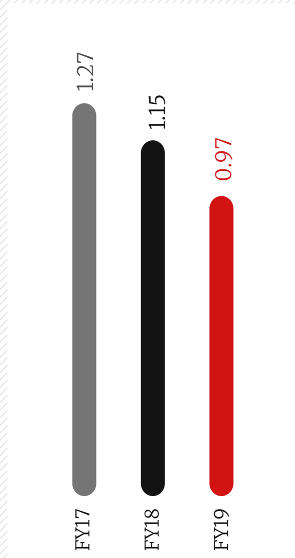


Definition
Export growth by value.

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

Performance
The Company's exports increased by 18.46% to Rs. 858.67 crore in FY19, which came at a time when the domestic market slowed. Exports as a proportion of revenue increased 4.02 bps to 18.46%.

Debt-equity ratio
(x)

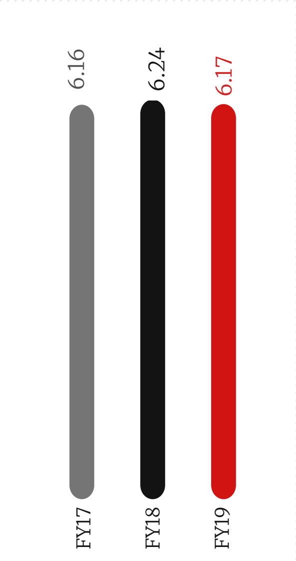


Definition
This is derived through the ratio of debt to net worth (less revaluation reserves).

Why we measure
This is one of the defining measures of a company's financial solvency

Performance
The Company's gearing moderated from 1.27 in FY16 year to 0.97 in FY19.

Average debt cost *(%)*

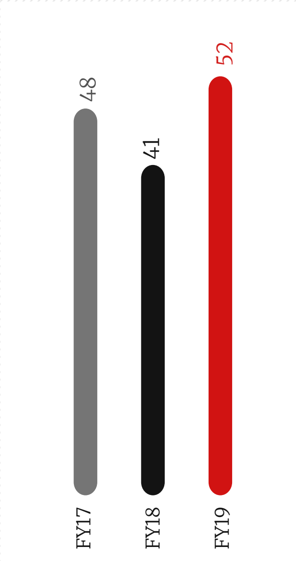


Definition
This is derived through the calculation of the average cost of the consolidated debt on the Company's books.

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

Performance
The Company's debt cost has progressively declined compared to the previous year.

Term loan tenure *(months)*

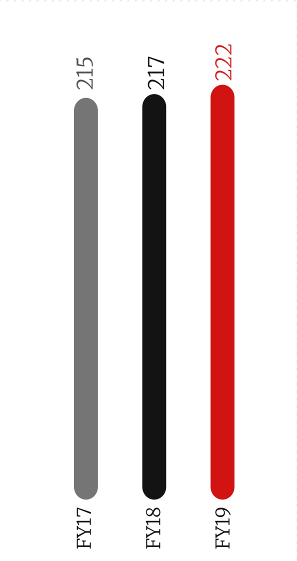


Definition
This is derived through an aggregation of the number of months in which the Company's total loan position needs to be repaid.

Why we measure
This measure provides an insight into whether the loan is too short in nature (which could warrant fresh debt mobilization) and provides long-term visibility related to funds availability and cash flow stability.

Performance
The Company extended its loan tenure across the last decade, strengthening its financial stability

Average yarn realization *(Rs./kg)*



Definition
This is derived by dividing yarn revenue by the quantum (kg) sold.

Why we measure
This indicates whether the Company has been able to enhance yarn realizations in line with the need for value-addition and evolving customer needs.

Performance
The Company strengthened average yarn realization from Rs.215 per kg in FY17 to Rs. 222 per kg in FY19.


Our business model provides clarity, profitability and sustainability
From a focus on standalone yarn to fabric manufacture
From excessive debt to prudent gearing
From stock-to-sell to sell-and-make approach
From presence in a few countries to over 60 countries
From a commodity product focus to niche products
From a product focus to backward integration
From a focus on profitability to responsibility/ sustainability

The context of our sector

Income growth
India is the fastest growing global economy passing through a period of increased income and aspirations, enhancing consumption and up-trading, creating a wider market for product manufacturing companies that offer a superior price-value proposition.

Evolving needs
The textile sector is evolving towards a preference for superior quality, marked by a stronger price-value proposition. Increased aspiration has accelerated consumption, widened ownership across different products, increased fashion cycles within a given period of time and shortened the tenure of fashion cycles.

Social media
The social media is transforming the world in ways that could barely be contemplated a few years ago. A number of networking sites (like Instagram) are highlighting personal vanity, which, in turn, is driving textile consumption.

Wider choice and consumption
Consumption patterns are being increasingly defined by multi-ownership and wider wardrobe components. Clothes are purchased for different occasions, applications, locations and utilities.

Technology
The textile sector has evolved considerably following the phasing out of obsolete equipment and increased investment in digital manufacturing technologies that are not only upgradable but also scalable, helping reduce manufacturing costs and follow-on expenditure.

Greater customization
A number of textile companies have evolved from the manufacture of basic fabrics and apparel to customized products that factor adaptation to the local culture, age, gender and climatic variations.

Informalization
There is a greater informalization in society, marked by the growing use of T-shirts, sweatshirts, shorts and track suits, creating a demand for specific kinds of yarn and fabric.

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

Working women
The incidence of working women (and other distinctive end user segments like children) has added a new dimension to the global textile sector, resulting in the productization of specific customized textile products.

Easier to buy
It has become far easier to buy textile products today than ever – with the click of a button after having screened hundreds of product options coupled with product return assurance.

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

Value-addition
The consumption pattern of an India seeking to buy at the cheapest price has yielded to a new India that is less price-sensitive and seeking higher products around a compelling price-value proposition.

Formalization
India's textile sector has evolved towards formalization following the need to increase capacities, invest in modernization and GST introduction (reducing the cost differential between the organized and unorganized sector, benefiting the former).

Our tangibles foundation

Products
The Company manufactures yarn and home textiles, capitalizing on a growing sense of personal and home pride.

Niche
The Company manufactures niche yarns (cotton blended dyed and cotton melange) and home textiles (upholstery / curtains); all yarn manufacturing investments after 2004 have been in specialized equipment; melange capacity is expected to increase from about 28% of overall revenue to 35% across the foreseeable future

Market creation
The Company is focused on the creation of new markets (yarn and home textiles) through the manufacture of innovative products, making it possible for the Company to compete on quality, consistency and innovation (and not price alone).

Trade terms
The Company has selected to focus on the sell-and-make approach that makes it possible to insulate the Company from finished products inventory and a long working capital cycle while strengthening revenue visibility.

Locations
The Company's manufacturing facilities are located in four locations. It has invested in right-sized manufacturing facilities that enhanced scale-driven economies, technologies, utilization and returns - among the most productive in India.

Technologies
The Company invested in cutting-edge technologies to enhance equipment uptime, product sophistication and cost efficiency. Nearly 28% of the Company's spindles are less than a decade old, making the Company one of the most competitive in its space.

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

Footprint
Even as the Company's manufacturing facilities are located in North India, its sales footprint extends across India and the world (over 60 countries). Export contributed 31% to the Company's yarn revenue in 2018-19.

Supermarket
The Company widened its product portfolio that strengthened its positioning as a single-stop solution provider accounting for a large customer wallet share.

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

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

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

Forex management
The Company selects to completely hedge its foreign exchange earnings, minizming the possibility of foreign exchange risks, enhancing the credibility of its stated financial numbers.

Our foundation of intangibles

Experience
The Company is run by a management that has decades of rich experience under its belt. Its commitment has enabled the Company to outperform peers and expand substantially over the years.

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

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

Brand
Sutlej's business is brand-driven. Over the decades, the Company's brand has generated distinctive recalls: pioneering (new product introduction), quality (high performance on customer machines), dependable (client welfare) and accessible (grievance redressal).

Relationships
The Company's relationship-driven model focuses on maximizing sales from existing customers, marked by a growing wallet share of existing customers (5.28% of the home textile customers in 2018-19).

Knowledge
Sutlej's competitiveness is derived from the knowledge of its people – 14,736 employees. Nearly 75% of the Company's employees had been with the Company for more than five years as on 31st March, 2019.

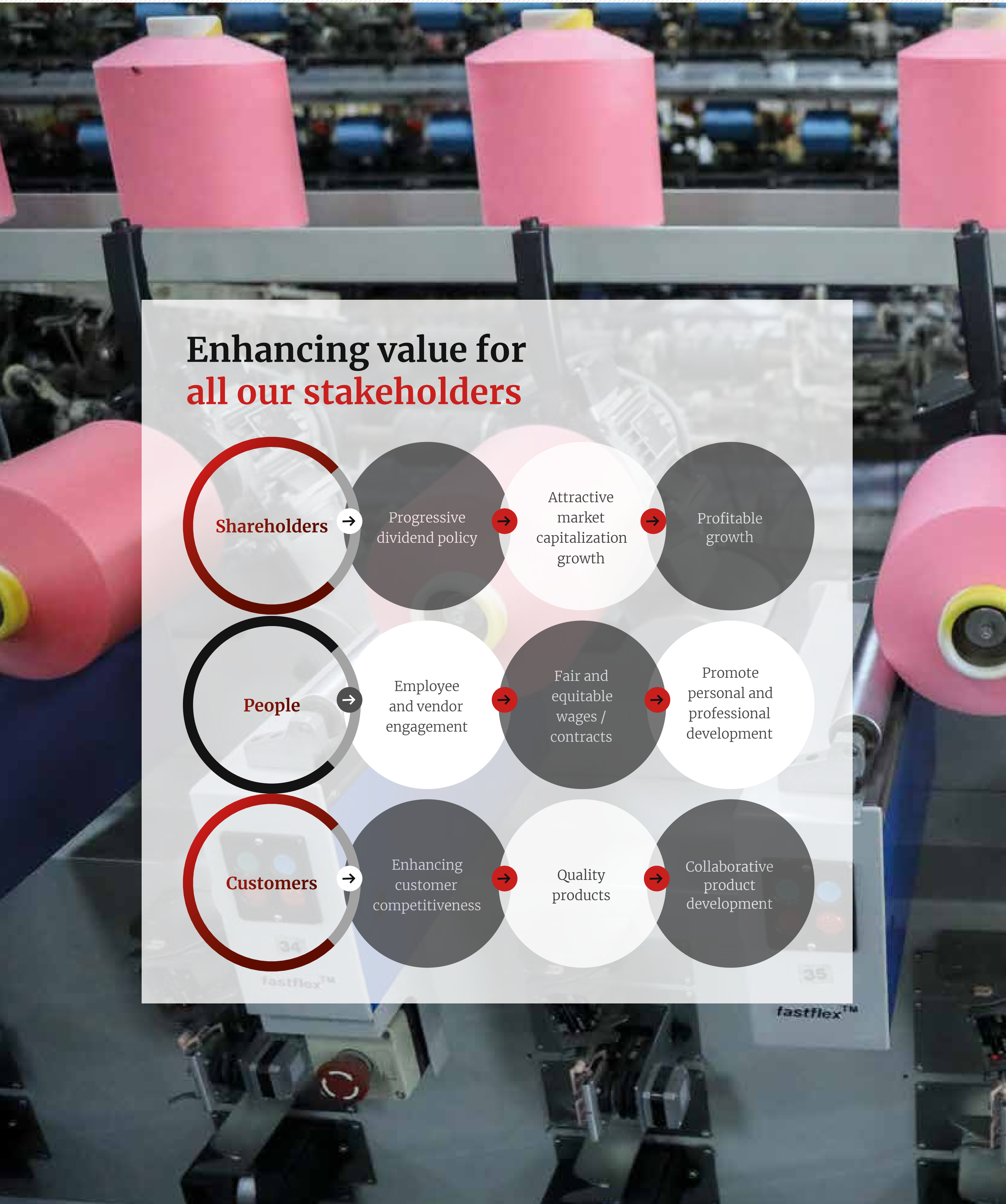
The effectiveness of our business model

Growth
In the five years ending 31st March, 2019, Sutlej reported 35% revenue growth.

Sustainability
Sutlej possesses a robust Balance Sheet. The Company nursed a gearing of 0.97 as on 31st March, 2019; average debt cost moderated by 7 bps to 6.17% in 2018-19; EBIDTA margin was at 9.5% on standalone basis in a competitive business.

Diversified portfolio
Sutlej has a diversified value-added product portfolio in domestic and international markets, with special emphasis on value-added dyed and melange yarns (95% capacity utilization, 2018-19).

Discipline
Sutlej practices financial discipline by investing in core businesses with better returns, cost optimization and plough-back of profits, directed to enhance stakeholder value.

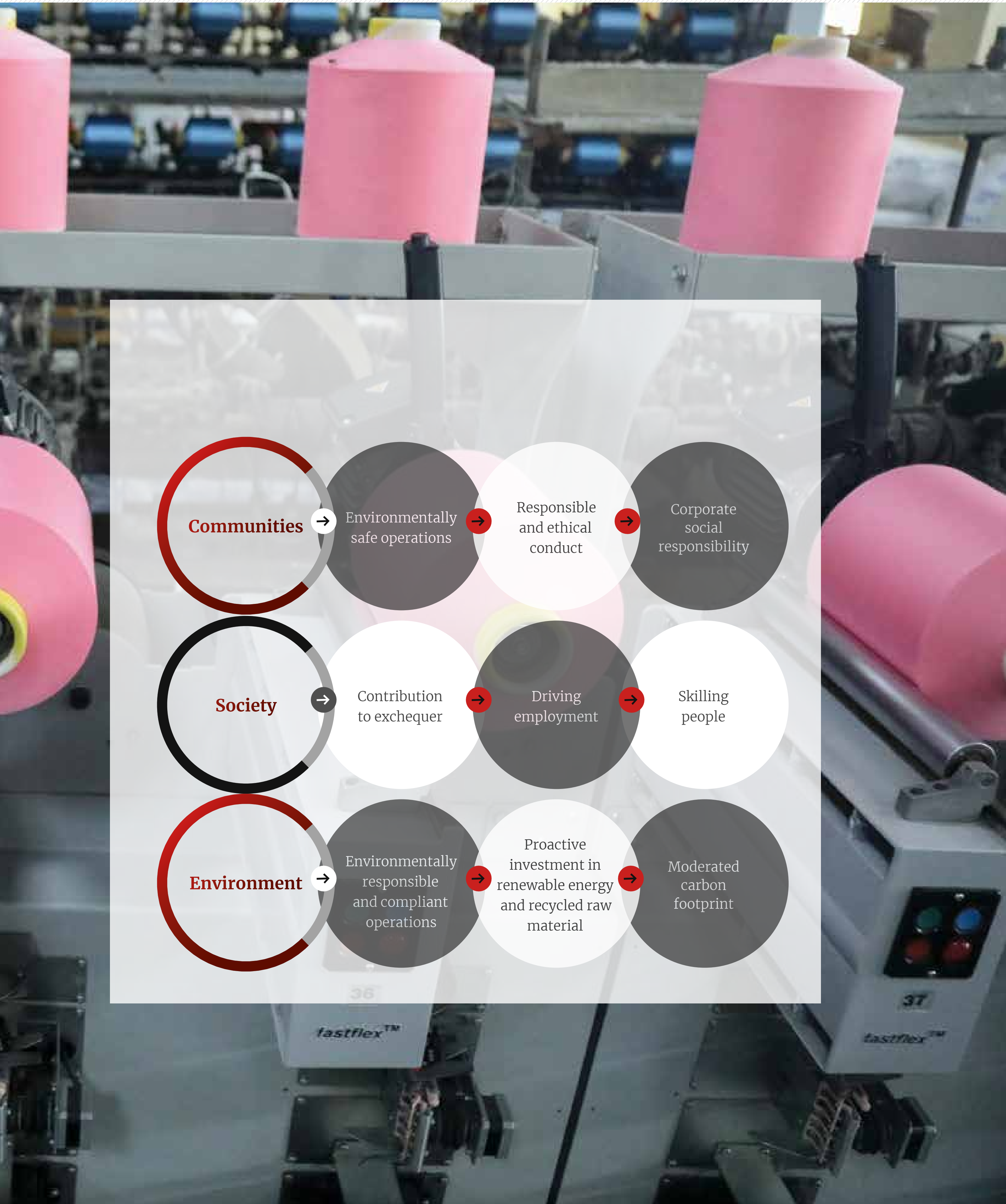


Enhancing value for all our stakeholders

Shareholders → Progressive dividend policy → Attractive market capitalization growth → Profitable growth

People → Employee and vendor engagement → Fair and equitable wages / contracts → Promote personal and professional development

Customers → Enhancing customer competitiveness → Quality products → Collaborative product development



Communities
- Environmentally safe operations
- Responsible and ethical conduct
- Corporate social responsibility

Society
- Contribution to exchequer
- Driving employment
- Skilling people

Environment
- Environmentally responsible and compliant operations
- Proactive investment in renewable energy and recycled raw material
- Moderated carbon footprint

Business segment#1

Specialized **yarns**

The yarn segment accounted for **94.21%** of the Company's revenues

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

4,20,840 spindles (as on 31st March, 2019)

Cotton and cotton-blended mélange yarn capacity of **1,69,252 spindles (as on 31st March, 2019)**

Addressing the growing needs of marquee clients with a B2B business model

Average yarn count of 26.90

Overview

Sutlej was once a grey commodity yarn manufacturer marked by declining margins and uncertain realizations. As a progressive yarn manufacturer seeking business sustainability, the Company consciously transformed into a specialized yarn (cotton blended yarn and melange yarn) single-stop solution provider. In its new manifestation, the Company offers a range of natural and man-made yarns in various blends (grey, dyed and mixture) and count ranges (6-50). As a result of this proactive transformation, the Company is now one of the most respected spun-dyed and melange yarn manufacturers in India with a business model comprising multi-year engagements with demanding fabric manufacturers and a raw material supplier of first recall when downstream customers need to introduce new fabric varieties.

Overview

Sutlej is one of the largest producers of value-added cotton blended spun yarns in India. As a future-focused yarn manufacturer, the Company has kept evolving its personality. It has widened its presence across the yarn value chain (cotton to polyester to viscose to acrylic to modal to lycra to teflon to linen), making it possible to blend diverse raw materials and generate innovative products, treatments and finishes.

Portfolio

The Company manufactures a range of specialized yarns evolving into a select specialized manufacturer of specialty yarns (lycra, coolmax, modal and tencel yarns, among others) and the largest modal yarn manufacturer (licensed from Lenzing, Austria). The result is that the Company has reinforced its position as a single-point solution provider for a range of customers, empowering customers to launch distinctive products and strengthen their competitiveness.

Regular varieties

100%-polyester ● 100%-viscose ● 100%-acrylic ● 100%-modal and tencel ● 100%-cotton melange and cone-dyed ● Polyester/viscose ● Polyester/cotton ● Acrylic/cotton ● Polyester/acrylic ● Modal/cotton ● Modal/polyester ● Viscose/cotton ● Bamboo/cotton

Premium varieties

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

Challenges

Over the years, the textile sector has been challenged by changes in consumer preferences with increasing frequency, increased fashion focus (from the conventional and functional), shortening fashion cycles increased need for innovative and specialized yarns.

During the year under review, new domestic challenges emerged: with unprecedented marketplace volatility that affected trade confidence, the consumption of synthetic blended yarn was affected by a preference for dyed filament yarn, increased raw material cost that affected manufacturing spreads, inability to pass cost increases to customers, fabric makers evolving products towards lower cost alternatives (from 65-35 polyester-viscose combination to 90-10), nursing larger inventories as weavers de-stocked and the differential between white and dyed yarn declining by nearly 30%, squeezing margins.

On the export front, the following challenges emerged: some increased competition from China in niche product segments. Besides, India's currency strengthened against the US dollar in the later part of the financial year under review, making some Asian countries more globally competitive; besides, the Indian currency's volatility affected the capacity of exporters to provide stable six-month prices to customers. The volatile raw material environment affected the ability of players to protect competitiveness especially when needing to book sales well in advance.

Counter-challenges

During the year under review, the Company responded with various initiatives to counter the prevailing challenges.

In the domestic business sector, the Company reduced its inventory position through increased offtake, widened the product portfolio to cover fast-moving varieties (fancy yarns,

special blends and acrylic), converted a small portion of dyed yarn output to white yarn, extended into niche markets of North and South India and increased the production of polyester cotton yarn.

These initiatives were in addition to a number of long-standing responses: a deeper commitment to address new textile preferences and sustained focus on niche cotton blended dyed and cotton melange yarns.

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

In the export business, the Company sustained the development of new colours, blends and counts. It entered into arrangements with global fabric brands. The Company deepened its engagement with large international buyers and traders possessing deep stocking, networking and distribution capabilities.

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

Business strengths

The Company enjoys the recall of being a 'peace of mind provider' to customers on account of its products being compatible with modern downstream weaving machines of fabric manufacturers.

The Company has positioned itself as a one-stop solution provider by the virtue of its SKU range running into hundreds of yarn varieties and by strengthening its ability to provide any product, any quantity and any quality needs of fancy and specialized dyed to yarn buyers.

Appreciation and awards

- Silver Trophy for Second highest exports of Cotton yarn (Processed Yarns) in category II by TEXPROCIL
- Bestowed 'Silver Trophy' for the 'Second Best Export Performance of Spun Yarns' for 2017-18 by SRTEPC

The Company generates around 90% of its revenues in this business from dyed yarns, enjoying a realization higher than the prevailing average.

The Company is the largest Indian player in its space, marked by multi-year relationships with around 60 large and liquid international traders who reach out to customers across their global locations.

The Company enjoys the advantage of a presence in different markets – 34% of revenues were exported in 2018-19 in more than 60 countries, which represents adequate de-risking from being excessively dependent on a few markets.

The Company has been a consistent introducer of fancy and specialized dyed yarn varieties (counts ranging from 6s to 50s) supported by dedicated sampling plants.

The Company's operations across three plants have enhanced specialization and evolution of its manufacturing facilities into centres of excellence.

Operational highlights, 2018-19

- Grew yarn revenues 4.52% from Rs. 2334 crore in 2017-18 to Rs. 2440 crore; while the domestic market was sluggish, the Company reported a 25.15% increase in yarn export to Rs. 761 crore, standing for 31.18% of the Company's revenue
- Grew yarn production 1.57% - from 99.80 million kilograms in 2017-18 to 101.37 million kilograms in 2018-19
- Reported average yarn realizations of Rs. 222 per kg (Rs. 217 per kg in the previous year)
- Achieved capacity utilization of 94.29% (94.44% in the previous year); commissioned 2160 spindles, taking the total to 4,20,840
- Continued to focus on product innovation involving the use of superior raw material and finishes, reflected in increased spinning speed tolerance and the introduction of new varieties with a high success rate

Outlook, 2019-20

The Company expects the market to normalize from the second quarter of 2019-20 when the booking for the festive season commences. The robust rural consumption engine is likely to be sustained by the expectation of a normal monsoon, increased disposable income and enhanced aspirations. The increase in operating costs as a result of deeper investments in countering pollution is likely to affect small dyeing houses, who may be compelled to cease operations, widening the market for a long-term player like Sutlej. As the sectoral decline ends, a combination of a rebound in pent-up consumer demand and trader de-stocking could increase volume and realization.

The Company continues to seek upsell and cross-sell opportunities across its large family of customers. The Company's proposed backward integration into the manufacture of green polyester staple fibre is expected to moderate raw material costs and strengthen overall competitiveness.

Sutlej's dyed yarn leadership in India

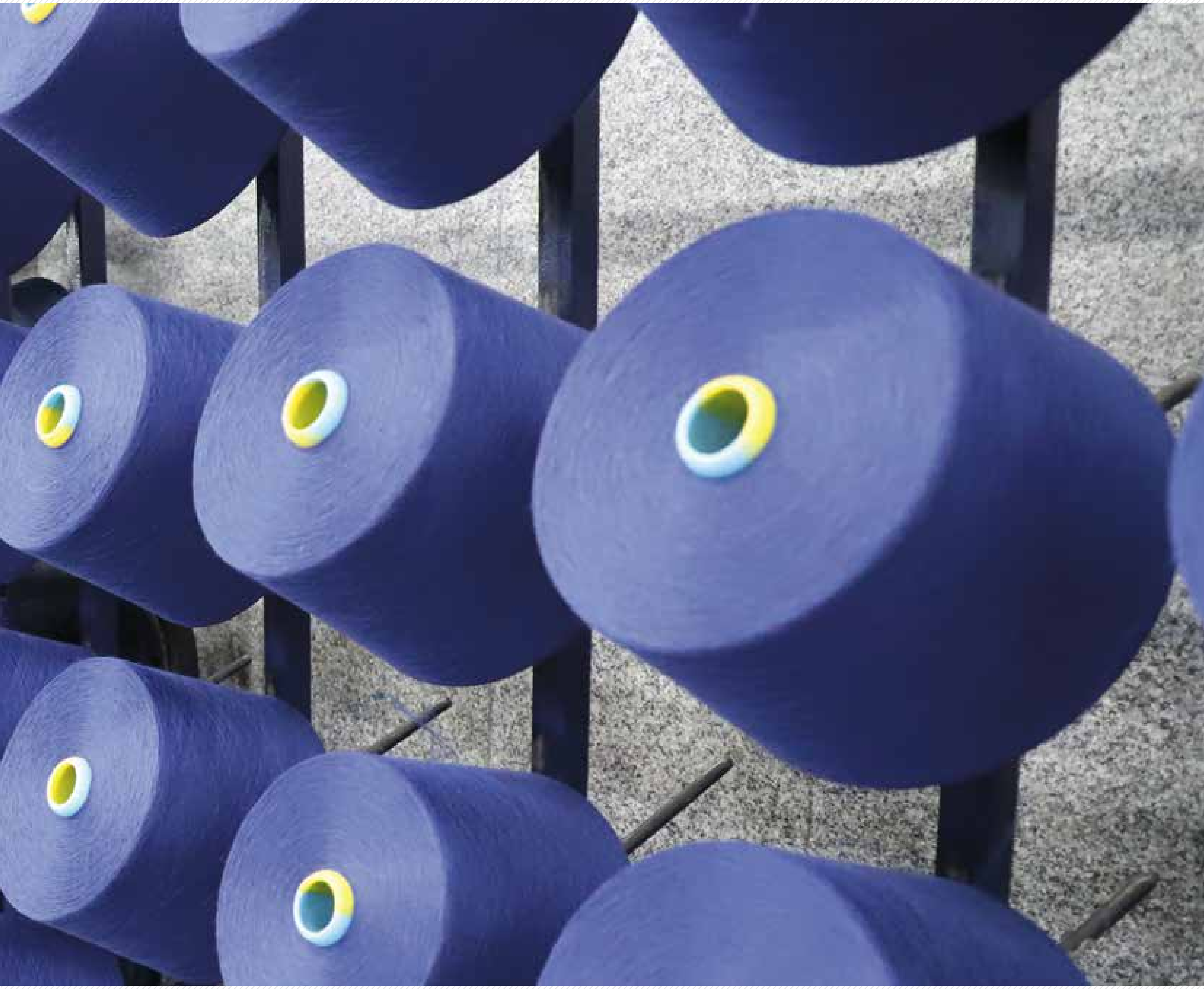
Share of India's total capacity of dyed yarn spindles

25%

Number of dyed yarn spindles of Sutlej

4,20,840

*Figures relevant as of 31st March, 2019



Sutlej's cotton melange yarn leadership in India

Position among melange yarn producers in India

1st

Number of melange yarn spindles of Sutlej

1,69,252

*Figures relevant as of 31st March, 2019

Business segment#2

Home **Textiles**

Overview

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

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

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

The Company brought to this business corresponding technology investments. It invested in cutting-edge equipment, state-of-the-art software, back-end testing laboratory, wide range (upholstery and curtains), fast-moving

designs and collaborations with reputed European studios.

Based on attractive traction, the Company trebled its manufacturing capacity in FY17.

However, the business is yet to scale as the Company addressed challenges in manufacturing, marketing and people bandwidth in the last couple of years.

Damanganga Home Textiles	
Location	Daheli (Gujarat)
Product	Home textiles furnishings
Capacity	9.6 million metres per annum (126 shuttle-less looms)

Challenges, 2018-19

The challenges encountered by the Company during the year under review comprised the following: economic sluggishness that affected consumer sentiment; the absence of a large products portfolio that could evoke choice and interest; the relatively low scale of operations made it difficult to cover overheads, interest and depreciation.

Operational highlights, 2018-19

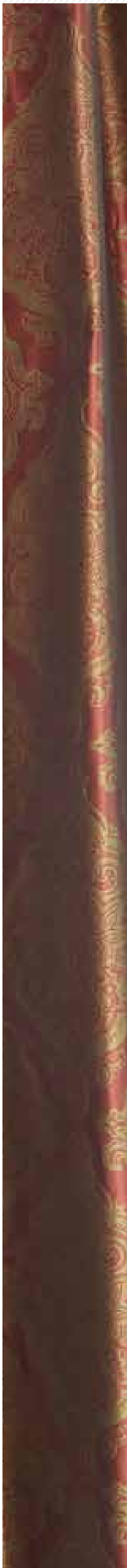
- Appointed a new plant head to steward the business and increased the engagement of senior marketing professionals.
- Consciously moderated the volume of output by selecting to move from commodity fabrics to value-added fabric, which enjoyed a superior traction in the marketplace. The Company reported a capacity utilization of 63% as against 78% in the previous year; performance was affected by sluggish sales, high interest impact and long receivables.
- Widened its offerings to cover printed varieties of wider width for the export market.
- Commissioned a branch in Dubai to enhance visibility in Middle East; a greater focus on Europe and US is expected to translate into superior offtake.
- Protected its business addressing institutional customers, providing a base for prospective growth
- Engaged closer with American Silk Mills, leveraging cross-synergies
- Modernized the plant coupled with a superior product mix
- Overhauled its management team with enhanced accountability
- Worked closely with international and national designers to enhance product contemporariness
- Addressed institutional hospitality segments within India and abroad
- Continued to leverage the in-house presence of the acquired American Silk Mills, addressing the large US hotel market with complementary products

Financial highlights, 2018-19

- The home textiles business accounted for 4% of the Company's revenues (5% in 2017-18).
- Average realizations were Rs. 45/metre compared with Rs. 49/metre in 2017-18.
- The business marketed products across a number of countries and scaled relationships with large Indian wholesalers
- The business was affected by a slowdown in furniture offtake

Outlook, 2019-20

The Company intends to penetrate B and C Indian urban locations with a complement of new designs and finishes. The Company believes that a wider products mix (printed and woven) will enhance portfolio strength, customer interest and cross-selling. The Company soon expects to get the business towards break-even and subsequent profitability.



Taking the Home Textiles business ahead

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

Our Home Textile products

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

The strengths that we bring to this business

Specialized
The manufacture of fabrics using fancy yarns

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

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

Leverage
The Company produced 500,000 metres / month in FY19; after FY19 it possesses an installed capacity of 800,000 metres / month


iterna

At Sutlej, we have invested in a number of sustainability initiatives w
the objective to moderate the consumption of finite resources, reduc
the Company's carbon footprint and reinforce the Company's
positioning as a responsible corporate citizen.

The Company promotes sustainable practices inspired by the convic
that such practices empower us towards business sustainability.

The result is that Sutlej is driven by the goal to enhance value for soc
business and people.

ERVATION

ting

into the river or ocean. This meaningless waste can be controlled through rain-water harvesting where the rain-water collected on the roofs or in areas around the buildings can be directed into open wells through a filter tank or into a percolation chamber built specifically for this purpose. This harvested water can then be re-used or recharged into the ground to raise the ground-water level.

Initiatives undertaken

Rain water harvesting is undertaken including charging dried wells for preservation of water and also increasing the water table in and around the Company's manufacturing facilities. The Company constructed two ANI CUTs outside the mill areas for the purpose of water harvesting in line with the 'Jal Swalambhan Abhiyan' of the Government of Rajasthan. The Company actively participated in Gujarat government's 'Sujlam Suflam Jal Sanchay Yojana'.

WASTE WATER UTILIZATION

The Company focuses on the prudent utilization of waste water with the objective to put every

RENEWABLE ENERGY / ENERGY EFFICIENCY

At Sutlej, we believe that an upfront investment in renewable energy moderates carbon footprint, reduces energy costs, enhances power security and provides a long-term insurance against an increase in power costs.

The Company invested Rs. 8.6 crore and Rs. 2.78 crore to commission two roof-top solar energy panels of 2.17 MW and 0.6 MW in 2017-18 and 2018-19 respectively with a payback of around five years.

The proactive investment moderated the Company's carbon footprint and power costs, strengthening overall respect and profitability.

These activities towards energy conservation in 2018-19 reduced the Company's energy consumption by 3 lakh units of energy per annum.

GREEN FIBRE

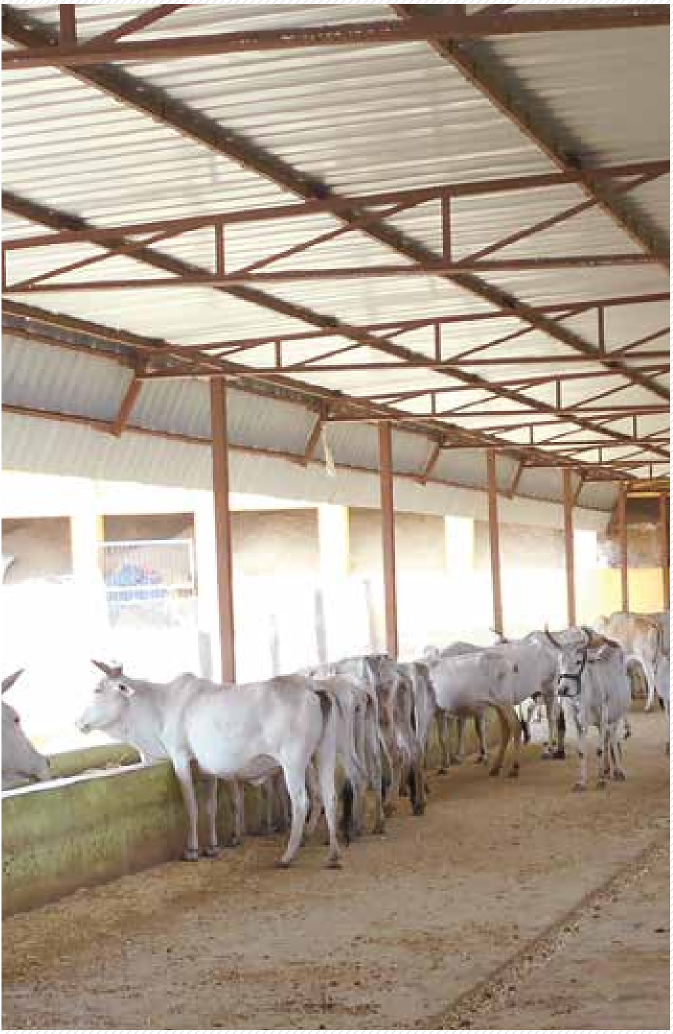
As a step towards reducing the carbon footprint, the Company is commissioning a plant at Baddi to manufacture polyester staple fibre by recycling PET bottles. The unit will have a capacity to produce 120

Corporate social responsibility

We, at Sutlej, believe that it is the responsibility of every socially responsible Company to give back to the society. Our engagement in corporate social responsibility projects is in alignment with the national and regional interests. We have a vision of establishing communities which are self-dependent and empowered and provide great emphasis in the areas of health, education, environmental sustainability, rural development, sports development and animal welfare. During the financial year under review, the Company spent a total of Rs. 238.43 lakh towards CSR initiatives.

Healthcare and sanitation

The Company organizes and conducts free medical camps in the villages surrounding its manufacturing facilities, providing free medical check-ups and partners with NGO's for providing medical help. It also supports this initiative by donating equipment like



Sonography machine, sanitary napkin vending machine, etc.

Environment sustainability

The Company has developed a park for the general public in addition to undertaking tree plantation drives in and around its manufacturing facilities.

Education

The Company undertook programs for creating awareness about good touch versus bad touch among the children and also supported a primary school in furthering the cause of education.

Sports

The Company supports various sports viz. kabaddi, cricket, etc.

Welfare

The Company supports initiatives for animal welfare, promotion of Indian culture, rural development and other social welfare initiatives as part of its CSR drive.

Corporate Information

Board of Directors
Mr. C. S. Nopany - Executive Chairman
Mr. U. K. Khaitan
Mr. Rajan Dalal
Mr. Amit Dalal
Mr. Rajiv K. Podar
Mrs. Sonu Bhasin
Mr. Rohit Dhoot
Mr. Ashok Mittal (w.e.f. 05.02.2019)
Mr. Bipeen Valame (Wholetime Director and CFO)

Executives
Corporate office
Mr. S. K. Khandelia - President & CEO
Mr. Updeep Singh Chatrath – Dy. Chief Executive Officer
Mr. Bipeen Valame - Wholetime Director and CFO
Mr. Manoj Contractor - Company Secretary & Compliance Officer

Unit Heads

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

Kathua Unit
Mr. Umesh Gupta - Executive President

Baddi Unit
Mr. Sukesh Kumar Agarwal – Executive President

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

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

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

Bankers
Punjab National Bank
The Jammu & Kashmir Bank Limited
HDFC Bank Limited
State Bank of India
Bank of Maharashtra
United Bank of India
IDBI Bank Limited
Bank of Nova Scotia
Abu Dhabi Commercial Bank
ICICI Bank Limited
Standard Chartered Bank

Registered Office
Pachpahar Road
Bhawanimandi 326 502, Rajasthan

Manufacturing Units

Rajasthan Textile Mills
Bhawanimandi-326 502
Rajasthan

Chenab Textile Mills
Kathua 184 102
Jammu & Kashmir

Birla Textile Mills
Baddi 173 205
Himachal Pradesh

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

Financial Highlights (Standalone)

(Rs. in crore)

Particulars	2018-19	2017-18	2016-17	2015-16	2014-15
Revenue from Operations	2561.64	2453.94	2249.62	2074.03	1878.58
Total Income	2589.37	2487.53	2284.60	2107.76	1918.26
Earnings Before Depreciation Impairment, Finance Cost and Taxes Expenses (EBDIT)	246.97	280.75	317.01	302.11	271.80
Depreciation, Impairment and Amortisation	100.58	106.58	85.02	79.84	69.91
Profit before Tax and Exceptional Items	89.85	115.05	186.12	176.70	148.90
Exceptional Items	-	41.83	2.34	-3.88	-0.68
Profit before Tax	89.85	156.88	188.46	172.82	148.22
Profit after Tax	65.70	113.13	157.94	143.46	115.46
Equity Dividend (%)	130%	130%	130%	130%	100%
Dividend Payout	25.68	25.63	25.63	25.63	19.72
Equity Share capital	16.38	16.38	16.38	16.38	16.38
Reserves and Surplus	930.45	890.20	799.59	666.95	541.85
Networth	946.83	906.58	815.97	683.33	558.23
Gross Fixed Assets	2085.65	2061.88	1990.31	1655.84	1393.30
Net Fixed Assets	1074.03	1118.88	1139.41	877.23	687.16
Total Assets	2130.56	2181.75	2045.17	1675.48	1340.82
Market Capitalisation	647.12	1164.82	1347.65	750.34	510.98
Capital Employed	1869.42	1953.73	1852.19	1490.93	1162.13

Key Indicators

(Rs. in crore)

Particulars	2018-19	2017-18	2016-17	2015-16	2014-15
Earning Per Share (Rs.) $	4.01	6.91	9.64	87.57	70.48
Book Value per Share (Rs.)	57.80	55.34	498.06	417.10	340.74
Debt Equity Ratio	0.97:1	1.15:1	1.27:1	1.18:1	1.07:1
EBDIT/ Gross Turnover %	9.64%	11.44%	14.19%	14.57%	14.47%
Net Profit Margin %	2.56%	4.61%	7.02%	6.92%	6.15%
Return on Networth %	6.94%	12.48%	19.36%	20.99%	20.68%
Return (PBDIT) to Capital Employed %	13.21%	14.37%	17.23%	20.26%	23.39%

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

Directors' Report

To the members,

SUTLEJ TEXTILES AND INDUSTRIES LIMITED

Your Directors are pleased to present the Fourteenth Annual Report, together with the audited financial statements of your Company for the year ended 31st March, 2019.

1. FINANCIAL RESULTS

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) read with The Companies (Accounts) Rules, 2014. The financial statements for the financial year ended 31st March, 2018 as well as comparative figures for the year ended 31st March, 2019 are Ind AS compliant.

The financial highlights of your Company for the financial year ended 31st March, 2019 are summarized as follows:

(Rs. in crore)

Particulars	Standalone		Consolidated	
	Year ended 31st March, 2019	Year ended 31st March, 2018	Year ended 31st March, 2019	Year ended 31st March, 2018
Total Income	2,589.37	2,487.53	2,641.64	2,510.44
EBITDA	246.97	280.75	239.85	281.11
Less: Depreciation	100.58	106.58	100.79	106.64
EBIT	146.39	174.17	139.06	174.47
Less: Finance Cost	56.54	59.12	56.54	59.12
Profit before exceptional items and tax	89.85	115.05	82.52	115.35
Add: Exceptional items	-	41.83	-	41.83
Profit Before Tax	89.85	156.88	82.52	157.18
Less: Tax	24.15	43.75	24.26	43.82
Profit after Tax	65.70	113.13	58.26	113.36

2. DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 0.65 per share for the year ended 31st March, 2019, subject to shareholders' approval at the forthcoming 14th Annual General Meeting (AGM) of the Company. The total outgo on account of dividend to the shareholders will be Rs. 12.84 crore (inclusive of dividend distribution tax).

3. FINANCE

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

3.2 Rating

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

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

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

3.3 Deposits

Your Company has discontinued its Fixed Deposit Scheme with effect from 31st March, 2014 and has not accepted any public deposits during the year under review. As on 31st March, 2019, there were no unclaimed/ outstanding deposits or accrued interest with respect to deposits.

3.4 Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees and Investments made by your Company and covered under the provisions of Section 186 of the Companies Act, 2013 are appended as notes to the financial statements.

4. ISSUANCE OF SECURITIES

Your Directors have approved raising of funds by way of one or a combination of issue of unsecured / secured, redeemable, non-convertible debentures / bonds, issuance of equity shares / GDR's, ADR's, Foreign Currency Convertible bonds or by any other permitted mode; for long term working capital requirements, growth plans, etc. for an aggregate amount not exceeding Rs. 500.00 crore as permitted under applicable laws and subject to such approvals as may be required. This proposal is subject to approval by the members at the ensuing 14th AGM and all statutory and regulatory compliances.

5. EXPANSION, MODERNISATION AND OTHER CAPITAL PROJECTS

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

5.1 Expansion Projects

The details of the expansion projects undertaken are given below:

5.1.1 Greenfield project – Setting up of a Green Fibre project to manufacture recycled polyester staple fibre by recycling of pet bottles

Your Company has commenced work on the project for setting up of a Green Fibre project to manufacture Raw White and Black Recycled Fibre with capacity of 120 MT/Day which is being set up at an estimated cost of Rs. 189 crore excluding cost of land. The commercial production is expected to start in FY21.

5.1.2 Modernisation, upgradation and de-bottlenecking projects

Your Company has invested an amount of Rs.38 crore on technology up-gradation and de-bottlenecking. This will result in further improvement in efficiency and sustaining plant utilization.

6. SUBSIDIARIES

The Company has a wholly owned subsidiary in the USA viz. Sutlej Holdings Inc., which in turn has a wholly owned subsidiary viz. American Silk Mills, LLC. The acquired business of American Silk Mills is housed in American Silk Mills, LLC. Further, pursuant to the provisions of Indian Accounting Standard 110 (Ind AS - 110) prescribed under the Companies (Accounting Standards) Rules, 2006, the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations, 2015) and as prescribed by the Securities and Exchange Board of India, consolidated financial statements presented by the Company include financial information of subsidiary companies, which forms a part of the Annual Report. The highlights of financial performance of the Company's subsidiaries for the financial year 2018-19 are disclosed in form AOC-1. Your Company has also formulated a policy for determining material subsidiaries, which is uploaded on the website of the Company at the web link:
http://sutlejtextiles.com/pdf/Policies%20&%20Codes/Material%20Subsidiary%20Policy.pdf

7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

8. DIRECTORS AND KEY MANAGERIAL PERSONNEL

8.1 Change in Directors and Key Managerial Personnel

Mr. Ashok Mittal was appointed by the Board as an Additional Director (Non - Executive) w.e.f. 05th February, 2019.

8.2 Re-appointment of Directors

a) Mr. Bipeen Valame, Wholetime Director and CFO retires by rotation and being eligible offers himself for re-appointment.

b) Mr. Ashok Mittal was appointed by the Board as an Additional Director (Non - Executive) w.e.f. 05th February, 2019. The Company has received a notice from a member with a deposit of Rs. 1 lakh proposing his candidature as a Non - Executive Director at the forthcoming AGM.

c) The term of office of Mr. U. K. Khaitan, Mr. Rajan Dalal, Mr. Amit Dalal and Mr. Rajiv Podar as Independent Directors will expire on 22nd August, 2019. The term of office of Ms. Sonu Bhasin as an Independent Director will expire on 6th May, 2020. The Board of Directors on the recommendation of the Nomination and Remuneration Committee has recommended their re-appointment as Independent Directors of the Company for a second term of 5 (five) consecutive years on the expiry of their current term of office subject to approval by the members.

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

8.3 Independent Directors

All the Independent Directors of the Company have been appointed for a fixed term of 5 (five) consecutive years from the date of their respective appointment/regularization in the AGM and they are not liable to retire by rotation. All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Listing Regulations, 2015.

8.4 Board Effectiveness

8.4.1 Familiarization Policy

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

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

8.4.2 Board Evaluation

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

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

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

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

8.6 Key Managerial Personnel

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

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

9. MEETINGS OF THE BOARD

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

10. RELATED PARTY TRANSACTIONS

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

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

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

11. INTERNAL FINANCIAL CONTROL SYSTEMS

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

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

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

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

12. AUDITORS

12.1 Statutory Auditor

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

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

12.2 Internal Auditors

The Board of Directors upon the recommendation of the Audit Committee of the Board has appointed M/s. Singhi & Co., Chartered Accountants (Firm Registration Number: 302049E) as Internal Auditors of the Company. M/s. Singhi & Co. have confirmed their eligibility and have granted their consent to act as Internal Auditors of the Company for the financial year 2019-20.

12.3 Cost Auditors

In conformity with the provisions of Section 148 of the Act read with The Companies (Cost Records and Audit) Amendment Rules, 2014, the Board on the recommendation of the Audit Committee, has appointed M/s. K. G. Goyal & Associates, Jaipur, Cost Accountants (Firm Registration Number: 000024) to audit the cost records relating to the Company's units for the financial year ending on 31st March, 2020, at a remuneration as specified in the Notice convening the 14th AGM.

As required under the Act, the remuneration payable to the Cost Auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, a resolution seeking member's ratification for the remuneration payable to M/s. K. G. Goyal & Associates, Cost Accountants is included in the Notice convening the 14th AGM.

12.4 Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s. R. Chouhan & Associates, Company Secretary in Practice, to undertake the Secretarial Audit of the Company for the year under review. The Report of the Secretarial Auditor annexed to this Report is self-explanatory and does not call for any further clarification. In addition to the above and pursuant to SEBI circular dated 8th February 2019, a report on Secretarial Compliance for the F.Y. 2018-19 has been submitted with stock exchanges. There are no observations, reservations or qualifications in the said report.

13. BUSINESS RISK MANAGEMENT

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

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

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

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

15. CORPORATE GOVERNANCE

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

16. CORPORATE SOCIAL RESPONSIBILITY

In conformity with Section 135 of the Act and Rules made thereunder, your Company has formed a Corporate

Social Responsibility (CSR) Committee to oversee the CSR activities initiated by the Company during the financial year under review. The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report. Your Company has adopted a CSR Policy for the Company which provides a broad framework with regard to implementation of CSR activities carried out by the Company in accordance with Schedule VII of the Act. The CSR Policy may be accessed on the Company's website at the weblink: http://sutlejtextiles.com/pdf/Policies%20&%20Codes/CSR%20Policy.pdf. During the financial year 2018-19, your Company has spent Rs. 2.44 crore towards CSR activities. Your Company's key objective is to make a difference to the lives of the underprivileged and local communities and is committed to CSR engagement. The activities undertaken by your Company have been duly acknowledged and appreciated by the concerned State Governments and communities. A report on CSR activities as prescribed under the Act and Rules made thereunder is annexed herewith as "Annexure IV".

17. VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

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

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

18. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

19. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS

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

20. EXTRACT OF ANNUAL RETURN

In terms of the provisions of Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return in Form MGT – 9 for the financial year ended 31st March, 2019 is provided herewith as "Annexure V" and forms part of this Report.

21. PARTICULARS OF EMPLOYEES

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

22. DIRECTORS' RESPONSIBILITY STATEMENT

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

a. that in the preparation of the annual financial statements for the year ended 31st March, 2019, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any;

b. that such accounting policies have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the profit of the Company for the year ended on that date;

c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

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

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

23. ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

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

Place: Mumbai
Dated: 09th May, 2019

Annexure-I to the Directors' Report

Management discussion and analysis

GLOBAL ECONOMIC OVERVIEW

Following a robust growth rate of 3.8% in 2017 that extended into the first half of 2018, the global economy slowed in the second half of 2018. Global economic growth is estimated at 3.6% in 2018 and projected to decline further to 3.3% in 2019. (Source: World Economic Outlook)

OVERVIEW OF KEY GLOBAL ECONOMIES

- **United States of America:** Economic confidence and sentiment indicators remained at near-historical highs, despite a wide range of tariff hikes and build-up of trade tensions that intensified during 2018. The impact of ongoing trade disputes on the domestic economy were offset by the fiscal stimulus measures undertaken in 2018, including a 200 bps drop in income tax rates, steep decline in the corporate tax rates and a rise in federal government consumption spending (especially on defense). This was supported by strong employment growth and buoyant economic development. In the first three quarters of 2018, the GDP was 2.8% higher than a year earlier.
- **Russia:** The Russian economy grew at a rate of 1.5% in 2018, mostly driven by private consumption while higher oil prices allowed the rebuilding of fiscal buffers. The FIFA 2018 World Cup, whose preparations contributed to significant fixed investments, strengthened the tourism industry. Consumer spending recovered at the beginning of the year owing to a stabilised currency, sharp disinflation and pick-up in household borrowings.
- **China:** Amid external headwinds and ongoing economic rebalancing, China's GDP growth is projected to moderate from 6.6% in 2018 to 6.3% in 2019 and 6.2% in 2020. Domestic demand growth is expected to remain solid, supported by a laxer monetary policy and pro-growth fiscal measures. In 2018, China's growth moderated from the previous year, due to a deceleration in fixed asset investments. Infrastructure investment growth was affected by tighter regulatory restrictions aimed at reining local government debt. Household spending remained robust but grew moderately amid weakening consumer confidence. Private consumption could remain a key growth driver in the outlook period. Alongside healthy income growth, consumer spending could be boosted by an increase in the minimum threshold for personal income tax exemption and additional tax deductions.

Global economic growth over six years

Year	2015	2016	2017	2018	2019 (E)	2020 (P)
Real GDP growth (%)	3.2	3.1	3.8	3.6	3.3	3.6

[Source: World Economic Outlook, April 2019] E: Estimated; P: Projected

Indian economic overview

India is the sixth-largest economy and retained its position as the fastest-growing trillion-dollar economy. After growing 7.2% in 2017-18, the Indian economy was expected to grow at 6.8% in 2018-19. The principal developments during the year under review comprised a sustained increase in per capita incomes, decline in national inflation, steadying interest rates, and weakened consumer sentiment starting from the second half of the financial year.

The weaker sentiment was on account of a large non-banking financial company announcing its inability to address liabilities. This affected credit expansion, financial markets and consumer sentiment, which resulted in a slower GDP growth of 5.8% in fourth and 6.6% in the third quarter of the year under review compared with 8.2% and 7.1% GDP growth in the first two quarters of FY2018-19.

In 2018, the country attracted more foreign inflows than China - ~US$ 38 billion, higher than China's US$ 32 billion. India witnessed a 23-notch increase to 77th position in the World Bank's report on the ease of doing business. The commencement of the US-China trade war opened a new opportunity for India. Inflation (including food and energy prices) was pegged at 2.6% on an annual basis, one of the lowest in years. The rupee rebounded after touching a low of Rs. 74.45 to a dollar to close the financial year at Rs. 69.44. During the fiscal under review, the Indian Government continued to invest deeper in digitalisation, renewable energy capacity generation and infrastructure building. (Source: CSO)

KEY INDIAN GOVERNMENT INITIATIVES

*Bank recapitalisation scheme: In addition to infusing Rs.2.1 lakhs crore in public sector units, the Indian Government announced a capital infusion of Rs. 41,000 crore through recapitalisation bonds in FY2018-19.

*Expanding infrastructure: The Government of India invested Rs. 1.52 trillion to construct 6,460 kilometres of roads in 2018. Its expenditure of Rs. 5.97 trillion (US$89.7 billion) towards infrastructural development for 2018-19 is expected to strengthen the national economy.

*Increasing MSPs: The Indian Government fixed MSPs of 22 mandated kharif and rabi crops and FRP for sugarcane. The Indian Government has committed to provide a 50% return over the cost of production for all mandated crops, strengthening the rural economy.

*The Insolvency and Bankruptcy Code (Amendment), Ordinance 2018: Passed in June 2018, the ordinance provides significant relief to home-buyers by recognising their status as financial creditors. The major beneficiary comprised MSMEs, empowering the Indian Government to provide them a special dispensation under the code.

*Pradhan Mantri Kisan Samman Nidhi: The Indian Government announced in February 2019 the Pradhan Mantri Kisan Samman Nidhi, a scheme promising an annual assured income of Rs. 6,000/- (US$84.5) for any farmer owning ≤2 hectares of farmland. The budget for fiscal year 2020 allocated Rs. 75,000 crore for the scheme, benefiting ~120 million land-owning farmer households.

*Direct Benefit Transfer: The Direct Benefit Transfer initiative re-engineered the cash disbursement process in welfare schemes through simpler and faster flow of information/funds to ensure accurate targeting of beneficiaries, de-duplication and reduction of fraud. In 2018-19 alone, this scheme is estimated to have transferred > Rs. 3,14,465 crore and the gains to have accrued since scheme implementation is estimated at more than Rs. 120,000 crore.

OUTLOOK

India is expected to grow at 7.4% in FY2019-20 with projected economic rebound following the 2019 general elections, capitalizing on the next round of structural reforms. (Source: CSO, Fitch, Economic Times, Business Standard, IBEF, Business Today, India Today)

GLOBAL TEXTILES AND APPAREL INDUSTRY

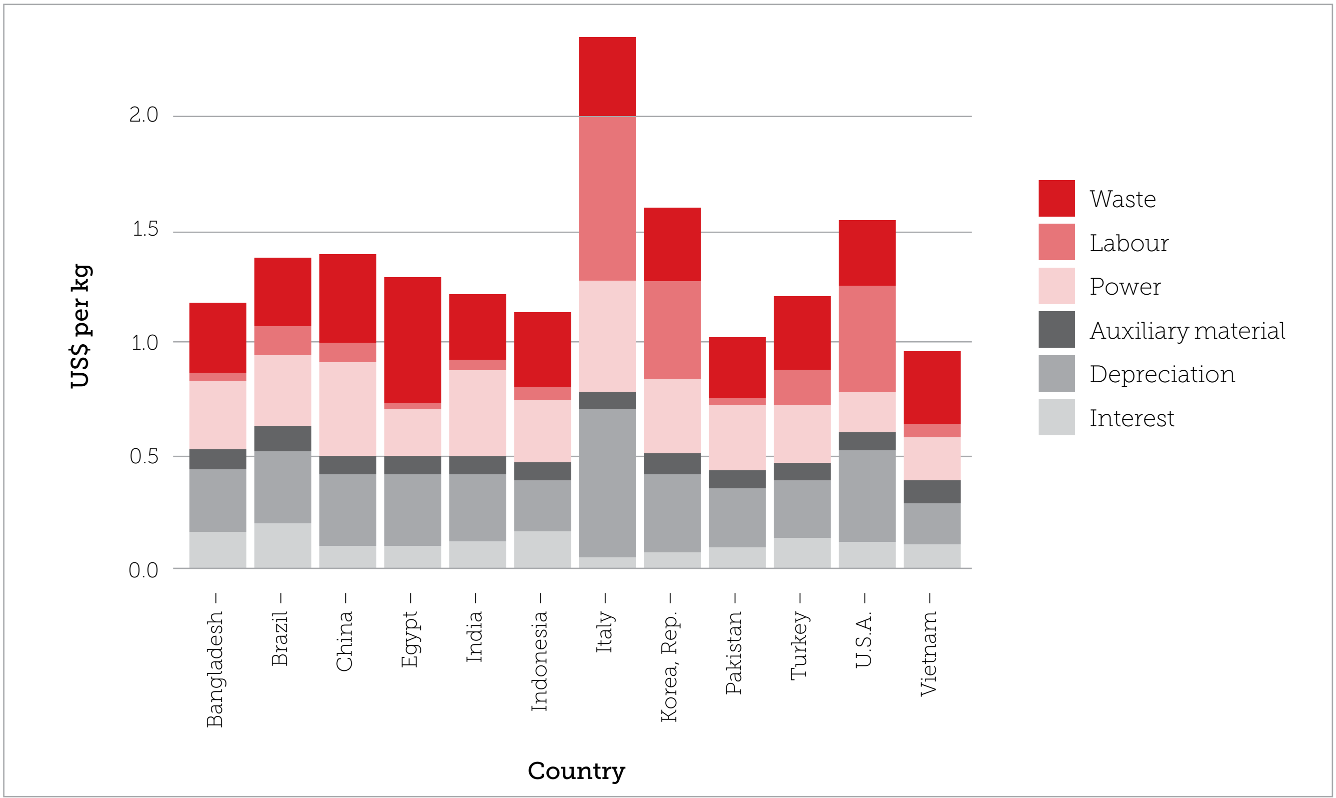
The global textiles and apparel industry was valued at ~US$ 925.3 billion in 2018 compared to ~US$ 872 billion in 2017. The Asia Pacific region emerged as the largest market and is projected to expand further due to the increasing apparel consumption and the sale of clothing goods through e-commerce portals in China, India, Bangladesh and Thailand. Global apparel demand is projected to reach US$ 2.6 trillion by 2025, riding the back of rising economic growth, incomes and aspirations. (Source: Wazir, The Business Research Company, Grand View Research)

Largest exporters of textile and apparel (2017)

Country	Textile exports	Apparel exports	Total exports	Share 2017 (%)
China	119.5	159.0	278.5	36
India	19.9	17.3	37.2	5
Bangladesh	1.9	33.3	35.2	5
Germany	14.3	20.0	34.3	4
Italy	12.5	21.2	33.6	4
Vietnam	6.5	26.5	33.0	4
Turkey	11.4	14.8	26.2	3
USA	20.2	5.0	25.2	3
ROW	81.1	103.4	184.8	25

(Source: UN Comtrade, Wazir)

Manufacturing cost in different countries (2018)



(Source: ITMF)

EMERGING GLOBAL TEXTILE SECTOR TRENDS

Increasing globalisation: A new globalisation phase emerged, marked by exponential growth in cross-border bandwidth, connectivity and digital data flows.

End of ownership: There is a greater incidence of consumers seeking fashion products that are interesting, readily available and affordable, creating a larger resale and rental market.

Asian growth: China and India have become focal points for the global fashion sector, reflected in a rapidly growing middle-class, strengthening manufacturing sector, strong economic fundamentals and increasing penetration of digital media.

Changing preferences: Demand for products with diverse physical and chemical properties have led to a growing preference for fancy and mélange yarns. Innovation has become an integral part of the textile industry.

Online platforms: Consumers turn to online platforms to seek products, attracted by convenience, relevance and choice.

Personalisation: Brands are mining data to customize recommendations, engage influencers and personalise experiences.

Digitalisation: Consumer transactions have extended to mobile phones with the advent of mobile payment solutions. Global spending on online platforms increased to US$ 2.86 trillion in 2018, catalysed by the increasing penetration of internet and smartphones.

Sustainability: More fashion brands plan for recyclability from the fibre stage of the supply chain.

OUTLOOK

The global apparel demand is projected to grow at a CAGR of 5% to reach US$ 2.6 trillion by the year 2025. Among the major markets for apparel, India and China are projected to grow at a steady CAGR of 12% and 10% respectively. China is set to become the largest consumer by 2025 with a market size of US$ 450 billion, while India is set to overtake Japan and reach a market size of US$ 160 billion, catalysed by higher economic growth and rise in per capita income.

The global trade in textiles and apparel is projected to reach US$ 1,000 billion in 2025 from the current market value of US$ 764 billion, growing at a CAGR of 3.4%. China is the largest exporter in the world, accounting for 36% of total global exports, closely followed by India, Bangladesh and Germany with trade worth US$ 37 billion, US$ 35 billion and US$ 34 billion respectively. (Source: Wazir)

SECTORAL STRENGTHS

- Stabilised supply of man-made fibres.
- Stabilised long-term demand in emerging markets.
- Increased penetration of organised retail.
- Implementation of new technology.
- Innovation of new products.

SECTORAL WEAKNESSES

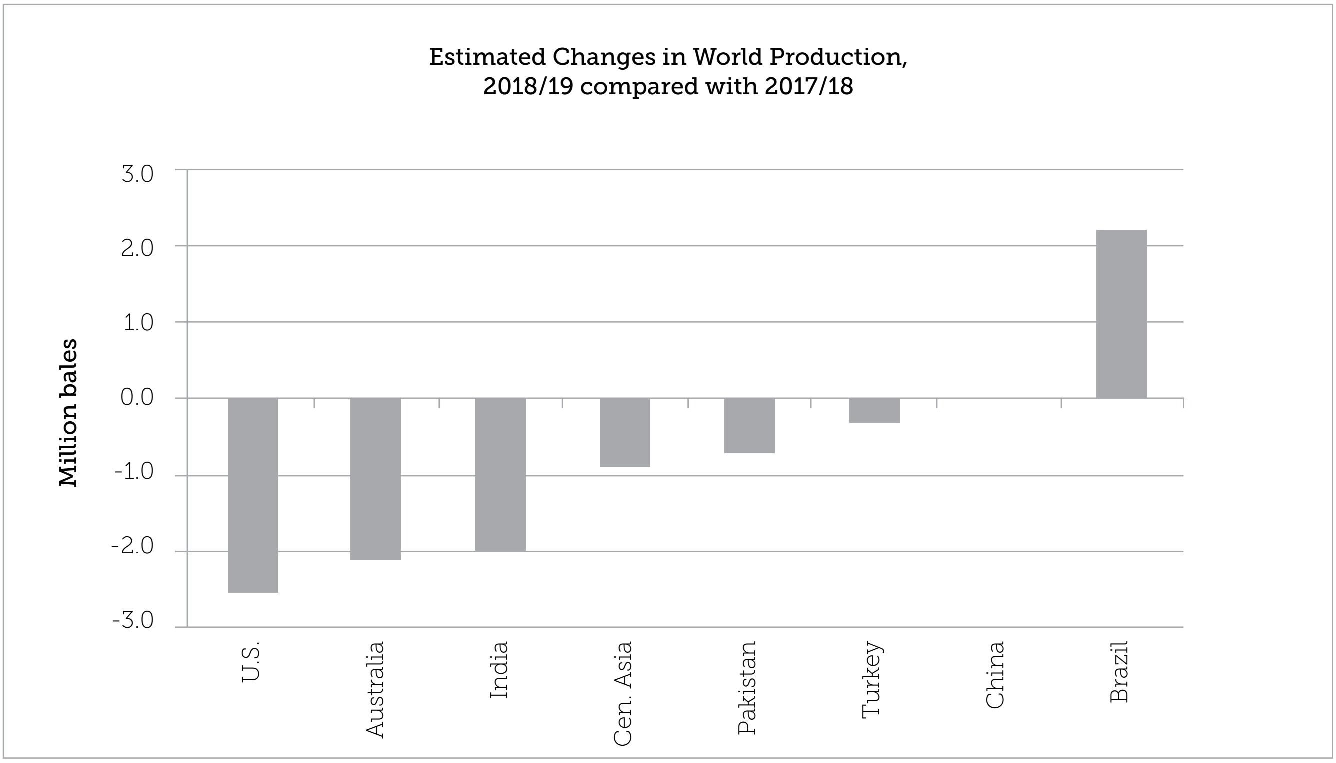
- Volatile raw material prices and increasing wages.
- Rapidly changing consumer behavior.
- Increasing downstream competition due to e-commerce.

SECTORAL OPPORTUNITIES

- The decline in Chinese predominance has turned to be the major sectoral opportunity for countries like India, Vietnam and Bangladesh
- With favourable government initiatives, India can reach its true potential and support the textile value chain.
- India needs to work towards eliminating trade barriers and needs the implementation of favourable policies to expand market access.

GLOBAL COTTON INDUSTRY

Global cotton production was estimated at 118.5 million bales in 2018, showing a decline of 4.2% from 123.8 million bales in 2017, following the decline in production in major producing countries (except Brazil). India is the largest producer of cotton in the world, followed by China, and they both account for 46% of the global production. China, India, Bangladesh and Pakistan were the largest consumers of cotton, accounting for ~65% of the global consumption. (Source: USDA, Mordor Intelligence)



(Source: USDA)

COTTON CULTIVATION IN INDIA

Cotton production is projected to touch a decade-low of 321 lakhs bales in the 2018-19 season, 44 lakhs bales lower than the previous year production of 365 lakhs bales. Water scarcity in major cotton-producing states has been the major reason for the decline in production. Crop damage in major cotton producing states like Maharashtra and Gujarat has also led to the decline in production. The CAI estimated domestic consumption around 316 lakhs bales compared to 319 lakhs bales in the previous year, whereas exports were estimated at 47 lakhs bales compared to 69 lakhs bales in the previous year. (Source: Economic Times, CAI)

Cotton balance sheet

Particulars	(Bales in lakhs) Cotton Season	
	2017-18	2018-19
Supply		
• Opening stock	36	28
• Crop	365	321
• Import	15	27
Total Supply	**416**	**376**
Demand		
• Domestic consumption	319	316
• Exports	69	47
Total Demand	**388**	**363**
Closing Balance	**28**	**13**

(Source: CAI)

YARNS

Global scenario: The global yarn market was valued at US$ 39.6 billion in 2018 and is projected to grow at a steady CAGR of 1.05% between 2016 (US$39.6 million) and 2022. Asia-Pacific is the leading consumer in the global textile yarn market, followed by North America, largely on account of a growth in population and disposable incomes leading to demand growth for clothing and home-furnishing products. Market growth in North America is expected to be driven by increasing investments by multinational manufacturers; Middle East and Latin American markets are flourishing due to the developing apparel industry and rapid product development. Increasing urbanization and preference for comfortable and affordable clothing is raising the demand for high-value fabrics such as viscose, silk, and hemp. (Source: Zion Market Research, Wazir)

Besides, the home furnishings segment is being driven by the steady growth of the real estate sector, increasing globalization and rising disposable incomes. A preference for eco-friendly products has strengthened the demand for blended yarns. Demand for fancy yarns and mélange yarns has been driven by a preference for products with diverse physical and chemical properties.

Indian yarn segment

Yarn is a major component of the Indian textiles industry and is one of the top categories exported (to China, Turkey, Egypt and Brazil). The production of yarn stood at 6,862 million kg in 2017-18, increasing at a CAGR of 2% for the last five years. The production of spun yarn grew at a CAGR of 3%. Though a decline has been noticed in the filament yarn segment, production of nylon filament yarn grew at a CAGR of 11%. The export of spun yarns declined while the export of filament yarn increased in the last few years. (Source: Wazir)

Fancy-yarn segment

The global fancy yarn market was valued at US$ 3970 million in 2017 and is projected to reach US$ 6220 million by 2025, growing at a steady CAGR of 5.8% during 2018-25. Fancy yarns are special products of spinning, twisting, wrapping and texturing to create structural or optical effects, adding aesthetic appeal. Fancy yarns find applications in high-fashion clothing. Among the various fancy yarns, knop yarn accounted for the largest share in 2016, as 166,490 million tonnes of knop yarn was consumed globally, with gimp yarn accounting for 16.14% market share in the year. (Source: Digital Journal)

The preference for melange yarn

India pioneered mélange yarn, manufactured through a combination of two or more than two fibres. Melange yarn has a highly unique dyeing process, and is highly technological in terms of fibre dyes and colour matching. Dyeing the fibre before spinning increases energy-efficiency and reduces emissions. Melange yarn can present multiple colours in a single yarn. Melange yarn is widely used in warp and weft knitting machines, V-bed knitting machines and winding machines. It is used in the production of casual wear, sportswear, shirts, business suits, socks, athletic wear, underwear textile, bed lines, towels, decorative fabrics and other home fabric products.

INDIAN TEXTILE SCENARIO:

For the entire textile industry, particularly for standalone spinning mills, the year gone by, i.e., FY18-19 was one of the most challenging years due to very heavy fluctuations in raw material rates, particularly synthetic fibres. This was caused by heavy fluctuations in crude oil prices and foreign exchange rates throughout the year. The Rupee-US$ exchange rate which was about Rs.65/- in the beginning of the year reached to about Rs.75/- per US$ in October 2018 and again appreciated to about Rs.68 per US$ in March, 2019. Since all Man Made Fibre suppliers in India fix their rates based on the landed cost of imported fibre, the exchange rate also plays an important role in determining the price in addition to fluctuation in the rates of crude oil.

GST was introduced from 1st July, 2017 which caused the disruptions, particularly due to inverted duty structure in case of synthetic value chain and drastic reduction in duty draw back rates and other export incentives, particularly for synthetic yarns and all types of garments impacted the exports, particularly of garments which has been showing continuous negative growth till recently. The Government improved the rates of refund of central and state levies and some increase in duty drawback rates during the year.

Besides, since most of the downstream value chain partners after spinning were in unorganized sector and were part of the informal economy, the flow of funds got disturbed, which resulted in subdued demand by the retailers impacting margins and increased inventories with fabric and yarn manufacturers. Though there is improvement in this situation but it is very gradual and had taken time to achieve normalcy of pre-GST regime.

Earlier the share of exports in India in total production of textiles and apparels used to be 45-50% which has since came down to less than 35% because total exports of textiles and apparels are languishing since last 3-4 years at about US$ 36 billion per year. The exports of textiles and apparel during FY19 was about US$ 35 billion which was at the same level in FY18.

As per the Index of Industrial Production (IIP), there has been growth of 4.5% in manufacture of textiles and apparels in April, 2018 to February, 2019 period as compared to April, 2017 to February, 2018 period. However, as stated above, there has not been any growth in exports in FY19 as compared to FY18 and domestic demand also remained subdued due to various above mentioned challenges. Thus the increased production further aggravated the demand supply mismatch which was also prevalent in FY18. However, the integrated textile mills with large capacities and having sizeable exports have performed better and continued to do so during the year.

Further, spinning and other textile mills who have captive renewable energy sources are doing comparatively better due to better cost compared to others. With subdued demand and higher input cost, margins remained under pressure for standalone spinning mills.

Garments are supposed to be the growth engine of entire textile value chain. Unfortunately, in case of India, while Indian garment exports are languishing at around US$ 16 billion since last 3-4 years, other countries like Bangladesh, Sri Lanka, Vietnam, Cambodia, etc. are showing sizeable growth in their exports. These countries have the benefit of Free Trade Agreements with many developed countries like USA and EU where majority of exports take place, whereas India does not have any such agreements. Since exports of garments from India are not increasing, it is impacting the entire textile value chain.

In India, demand of readymade garments is continuously increasing. People prefer to buy readymade garments. The Indian garmenters and upward textile value chain is not getting advantage of this shift because of cheap imports of garments. Under treaty, import of garments to India from Bangladesh is duty free and as a result of that, garment import to India from Bangladesh is increasing in leaps and bounds year after year. Hence the price pressure is felt on entire textile value chain in India.

INDIAN TEXTILE SECTOR'S GROWTH DRIVERS

Rising incomes: Rising disposable income is catalysing discretionary spending and a movement towards sophisticated and aspirational products.

Working women: The increasing incidence of working women has increased the demand for apparel products, typically in the fusion and western wear market.

Single-brand retail: The Central Government's reform of 100% FDI in single-brand retail has strengthened retail sector investments marked by the entry of large global players.

Online brands: The e-retail market in India is currently valued at US$ 16.3 billion and is expected to grow at a CAGR of 45% from 2017 to 2020, facilitating the creation of online textile brands.

Fashion market: The Indian fashion market is estimated at US$ 70 billion, of which only 25% is organised and projected to grow at 15% CAGR to emerge as a US$102 billion market by 2022.

Abundant availability: The fundamental strength of the textile industry in India is its strong production base of a wide range of fibre / yarns from natural fibres like cotton, jute, silk and wool as well as from synthetic/man-made fibres like polyester, viscose, nylon and acrylic.

Growing middle-class: India's middle-class is forecast to expand 1.4% per year, outpacing China, Mexico and Brazil. India is set to evolve from an increasingly important sourcing hub into one of the most attractive consumer markets outside the western world.

Increasing exports: India is the world's second-largest textile exporter. Capacity built over years has led to low cost of production per unit in India's textile industry. This has lent a strong competitive advantage to the country's textile exporters relative to key global peers.

Westernwear demand: Western wear is growing at a CAGR of 17%. The market is valued at ~ US$ 700 million with both global and national players. With more than 40% of the population working and rising urbanisation, the demand for western wear is likely to increase.

Growing fashion-consciousness: With increased incidence of digital and other media, consumers are becoming more fashion-conscious and demanding a wider design variety.

Urbanisation: More Indians are shifting from rural to urban areas to seek jobs and by 2025, middle-class consumers could form 48.5% of the total targetable customer base and contribute ~55-60% share of total apparel market size.

Kid's clothing: The urban consumer's willingness to pay for kids' apparel has increased with their higher purchasing power. The kids-wear market in urban India is expected to reach Rs. 1, 57,000 crore by 2025.

Fashion and functionality: Consumers today purchase apparel which serves a specific purpose or occasion with different types of clothing for different day parts. Specific events can also trigger the consumption of apparels and consumers buy clothes due to their functional/ performance benefits such as shape retention, anti-stain, anti-odour, anti-perspiration and quick-dry, among others.

(Source: Ministry of Textiles, IMF, McKinsey Global Institute, Aranca Research, IBEF, PwC)

Organised retail: The Indian retail market is projected to grow to US$ 1.1 trillion by 2020, catalysed by a growth in disposable incomes, urbanisation and improving lifestyles. (Source: TSS India, Wazir Advisors)

INDIAN GOVERNMENT INITIATIVES

GST: The Goods and Services Tax Council doubled the threshold limit for textile players from Rs. 2 million to Rs. 4 million from April 2019. It also raised the composition scheme turnover threshold from Rs. 1 crore to Rs. 1.5 crore for FY2020.

Technology Upgradation Fund Scheme: Concessional credit was provided to promote modernisation and upgradation of the textile industry. Under the Union Budget 2018-19, Rs. 2,300 crore (US$ 355.27 million) was allocated for this scheme.

The Amended Technology Upgradation Fund Scheme is expected to create employment for 3.5 million people and enable investments worth Rs. 950 billion (US$ 14.17 billion) by 2022.

National Textile Policy 2000: A new draft for this policy expects to employ 35 million by attracting foreign investments. It also focuses on establishing a modern apparel garment manufacturing centre in every North Eastern state for which the Central Government invested US$ 3.27 million.

FDI: 100% FDI was allowed in the textile sector through the automatic route.

SAATHI: The Union Ministry of Textiles and Energy Efficiency Services Limited, launched a technology upgradation scheme called SAATHI (Sustainable and Accelerated Adoption of Efficient Textile Technologies to Help Small Industries) for reviving the power loom sector of India.

Merchandise exports from India Scheme: The Directorate General of Foreign Trade revised rates for incentives under the Merchandise Exports from India Scheme for two sub-sectors - readymade garments and made ups - from 2% to 4%.

Capacity building: The Cabinet Committee on Economic Affairs approved Scheme for Capacity Building in Textile Sector with an outlay of Rs. 1,300 crore from 2017-18 to 2019-20 comprising placement-oriented skilling programmes. Under SAMARTH, Rs. 1,300 crore was approved for providing employment-oriented training to 10 lakhs individuals by March 2020.

Textile incentives: The Textile Ministry earmarked Rs. 690 crore for setting up 21 readymade garment manufacturing units in seven states for the development and modernisation of the Indian textile sector.

Exports: The Government of India announced a special package to boost exports by US$ 31 billion, create one crore job opportunities and attract investments worth Rs. 800 billion (US$ 11.93 billion) between 2018 and 2020.

(Source: IBEF, Business Standard)

BUDGETARY ALLOCATIONS FOR THE SECTOR

- Under Union Budget 2018-19, Government of India allocated ~Rs. 7,148 crore (US$ 1 billion) for the textile industry.
- Rs. 2,300 crore (US$ 355.27 million) was allocated for the Technology Up-gradation Fund Scheme.
- The allocation for ROSL (Rebate of State Levies) stood at Rs. 2,163.85 crore (US$ 334.24 million), which is expected to benefit exporters of made-ups and apparels.
- The government proposed to contribute 12% of new employees' wages towards EPF over three years, expected to boost hiring in the apparel segment and extend fixed-term employment.

(Source: Union Budget 2018-19)

INDIAN TEXTILE AND APPAREL INDUSTRY OVERVIEW

The Indian textile and apparel industry was estimated at US$ 100 billion in 2018. Rising per capita incomes, favourable demographics and a shift in preference to branded products strengthened demand. India's textile and apparel export stood at US$ 35.97 billion in FY19. Since 2015, India enjoyed the position of the fifth-largest market for textile and apparel products in the world.

The apparel market in India is growing at a CAGR of 8%, the highest among the top-ten countries by apparel market size. The market is expected to reach US$ 97 billion by 2025. As the apparel market grows in size, women's apparel could emerge as the dominant segment - a characteristic of mature markets like the US and the UK, where the ratio of women's wear to men's wear is ~2:1.Women's apparel currently constitutes a low 37% share of the overall apparel market, valued at US$ 19 billion. However, it is expected to outpace men's wear and occupy a majority 41% market share by 2025.

Increased penetration of organised retail, favourable demographics and rising income levels are set to drive textile demand. Apart from the abundant availability of raw materials, India enjoys a comparative advantage in terms of skilled manpower and in cost of production relative to major textile producers.

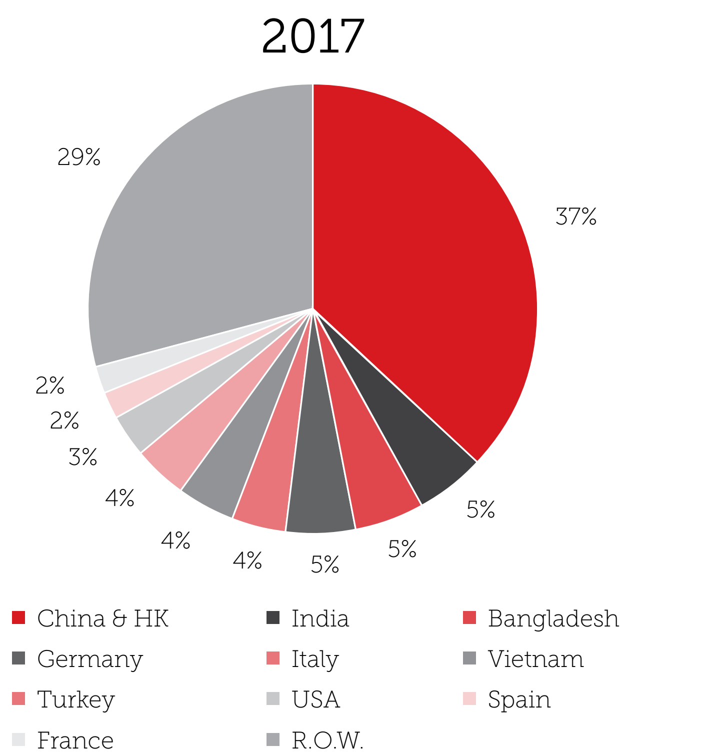
(Source: IBEF, PwC, Ministry of Textiles, Make in India, Technopak, Aranca Research, National Bureau of Statistics, Financial Express)

INDIAN TEXTILE AND APPAREL EXPORTS

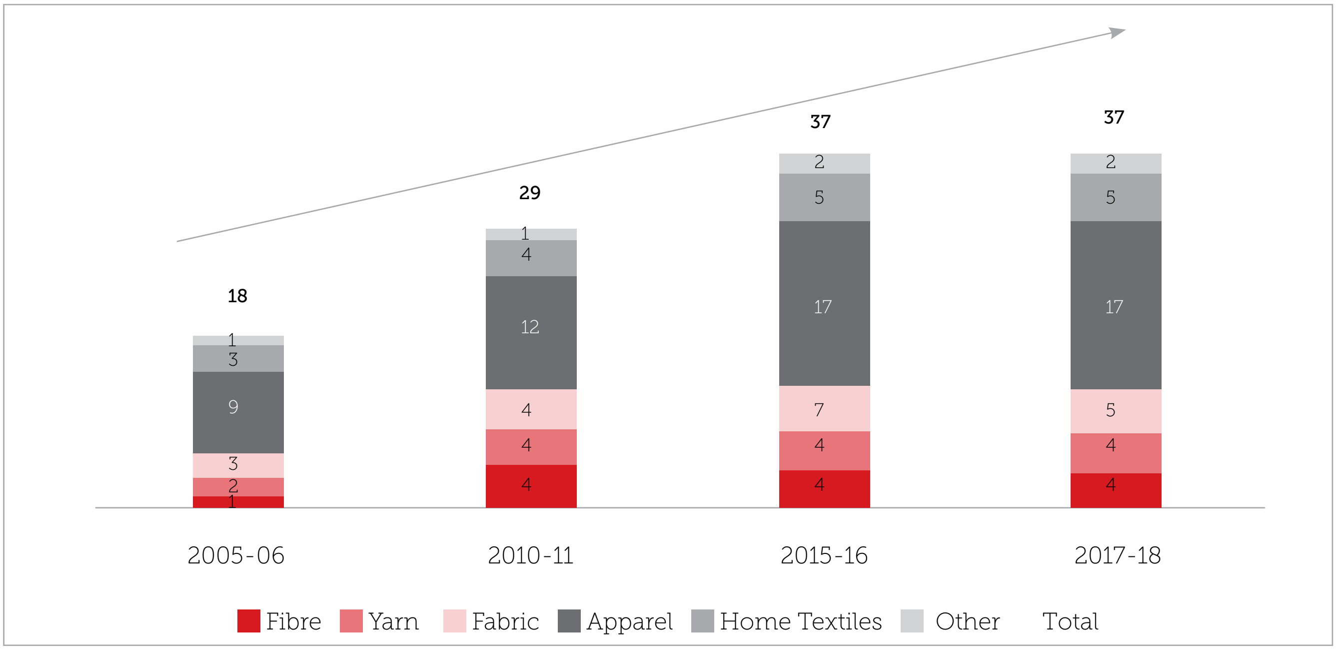
India enjoys the position of the second largest textile exporter and fifth-largest in apparel exports globally, with a 6% and 4% share respectively. India's textile and apparel exports were pegged at US$ 38 billion in FY19, growing at a CAGR of 6% since 2005. Apparel is the largest exported category, accounting for 46% of the total textiles and apparel exports. Apart from apparels, growth is also expected in categories including home textile products and made-ups, which account for 14% of the overall export. Fibre and filament category registered the highest growth in Indian exports growing at a CAGR of 11% over the last decade. EU and USA are the largest markets for Indian textile and apparel exports accounting for a 19% and 18% share respectively, followed by UAE, China and Bangladesh accounting for 9%, 8% and 5% respectively.

Easy availability of raw materials, skilled manpower and favourable Central and State Government schemes could catalyse the growth of the Indian textile and apparel exports. Indian textile and apparel exports are expected to expand to US$ 80 billion by 2025, growing at a CAGR of 10%. (Source: Wazir, IBEF)

Key Export Notion 2017 (% share in value terms)



India's Textile and Apparel Exports (US$ Billion)



Data Source: DGCIS, Ministry of Commerce

OUTLOOK

India is expected to grow annually at around 7% between 2018 and 2022. The Indian middle class is forecast to expand at 19.4% a year over the same period. As a result, India is expected to emerge as one of the most attractive textile consumer markets.

India's apparel market could be worth US$59.3 billion in 2022, making it the sixth-largest in the world. The aggregate income of the addressable population (individuals with > US$ 9,500 in annual income) is expected to treble between now and 2025.

Ten years ago, technology was for the few, with just five million smartphones in a country of 1.2 billion people and only 45 million using the internet. These figures have since increased to 355 million and 460 million, respectively (2018), and are expected to double by 2021, when > 900 million Indian consumers will be online, strengthening the textile market. (Source: McKinsey, Economist Intelligence Unit Images Group, Strategy Analytics)

INDIAN HOME TEXTILES SEGMENT

Asia accounts for 61% share of the global home textiles market. India consolidated its position as the second largest exporter of home textiles while also being a prominent domestic consumer.

Traditionally, EU and USA have been the major importers of home textiles from India, accounting for ~81% of India's home textiles exports. India enjoys a dominating presence in USA with a market share close to 25%. An increase in trade in USA and EU enabled India to stabilize exports in comparison to a global decline of ~8%.

The Indian home textile industry was estimated at Rs. 16,000 crore in 2017 and is projected to grow at a CAGR of ~8% during 2017-2021. Share of Bed linens and bath textiles is ~ 69% of Indian home textile market home textile market. Curtains comprises of ~10% of India's home textile market as against ~16% globally. Living room textiles contribute ~13% of India's home textile market as against ~10% globally. Indicating total relevant Indian market size ~ 23% at Rs. ~3680 crore. India exports ~23K crore of home textiles globally, out of that 84% exports is to North America and Europe. Curtains and Blinds comprise of Rs. 855 crore. The global home textiles market of ~Rs. 780K crore is estimated to grow at ~3% in the period 2017-2022.

(Source: Wazir, Indian Retailer, Indian Textile Magazine, IBEF, Technopak, Euromonitor)

The home décor market will be driven by a growing real estate market and rising pride in home décor. Significant increase in the affordable housing and services sector, coupled with the rise in disposable incomes and improving lifestyles, are expected to strengthen the demand for home textiles.

To take advantage of the opportunities in this segment, the Company is leveraging its presence in the US through its subsidiary, American Silk Mills (ASM). The US market has huge potential and has responded pretty well to the collection presented by the Company and will add substantial value to exports turnover. Marketing efforts in EU and UK markets have been strengthened by forging alliances with sales representatives and channel partners. Opening up a liasoning office in Middle East and hiring well experienced sales representatives for Middle East as well as Far East markets will help to boost the volumes in these markets going forward.

Combining of aesthetics with the product performance and it's functional properties and strengthening the capabilities in finishing will help to achieve breakthrough into Contract / Institutional Channel. The Company has also started supplying to the Large Format Stores and Furniture manufacturers. These Domestic Sales Channels have wide spread presence and offer excellent opportunities to drive sustainable volumes.

Product portfolio in printed fabric as well as in wider width fabrics is being developed. This will lead to widening of product portfolio and offerings and enable the Company to cater the changing trends of the market. Functional Finishes (like easy clean, FR, Back coating) which will help to cater to wider customer portfolio (Contract / Hospitality) is being introduced.

THE COMPANY'S FINANCIAL PERFORMANCE

The highlights of the Company's financial performance for the year ended 31st March, 2019 is given in the Directors Report.

Details of significant changes in key financial ratios

Ratio	2018-19	2017-18	% Change
Debtors Turnover	8.52	7.44	14.56
Inventory Turnover RM	4.63	5.87	-21.24
Interest Coverage Ratio	4.37	5.46	-19.95
Current Ratio	1.42	1.35	5.30
Debt Equity Ratio	0.97	1.15	-15.27
Operating Profit Margin (%)	9.64	11.44	-15.73
Net Profit Margin (%)	2.56	4.61	-44.37
Return on Net worth (%)	6.94	12.48	-44.39

Notes:

- Above ratios are based on Standalone Financials of the Company.
- Positive changes in the ratios are due to better working capital management and reduction in debts during the year.
- Lower Net Profit Margin and Return on Net Worth is due to lower profitability during the year.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal audit system has been continuously monitored and updated to ensure that assets are safeguarded, established regulations are complied with and pending issues are addressed promptly. The Audit Committee reviews reports presented by the internal auditors on a regular basis. The Committee makes note of the audit observations and takes corrective actions, if necessary. It maintains constant dialogue with statutory and internal auditors to ensure that internal control systems are operating effectively.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company believes that the quality of the employees is the key to its success and is committed to equip them with skills, enabling them to seamlessly evolve with ongoing technological advancements. During the year, the Company organised training programmes in different areas such as technical skills, behavioural skills, business excellence, general management, advanced management, leadership skills, customer orientation, safety, values and code of conduct. The Company's employee strength stood at 14,736 as on 31st March, 2019.

CAUTIONARY STATEMENT

This statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward-looking statements' within the meaning of applicable securities laws and regulations.

Annexure-II to the Directors' Report

Conservation of Energy

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

1) ENERGY CONSERVATION MEASURES TAKEN:

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

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

Besides continuing the measures taken in earlier years, following additional steps were taken during the year 2018-19 with a view to reduce cost of energy and consequently, the cost of production:

A. Spinning

a) Installed : Cyclic Timer on Speed Frame Suction Fan and on Ring Frame OHTC Waste Collection Fan; inverters on 39 ring frames; 112 VFD for blow room, carding and ring frame machines at a cost of about Rs. 63 lakhs resulting in savings of 3,077 kWh/day and about Rs. 48 lakhs per annum.

b) Optimised / converted : re-installed 2 waste suction fans directly to waste collection line; reduced RPM of MA fan pully; reduced frequency of pump of humidification plants, cotton blow room and knitting section, reduced blade angle of S.A. fan in cotton and mélange humidification plant; arrested compressed air leakage of various machines; reduced suction pressure by using pulley conversion in blow room and carding WCS; under took speed automization setting in inverters of humidification plant; plugged pressed air leakage in autoconer machine and undertook energy audit from Voltas at a cost of about Rs. 144 lakhs resulting in savings of 21,179 kWh/day and about Rs. 356 lakhs per annum.

c) Replaced : Electrical heater with solar heater; 404 MH lights with LED street lights; 294 nos. 36W and 969 nos. 18W tube lights with LED lights; 15Kw pump with 9.3 Kw pump in humidification plant; 1 old 310 CFM compressor with new energy Elgi compressor; 12 old motors with energy efficient motors; and flat belt with timing belt at a cost of about Rs. 85 lakhs resulting in savings of 2,487 kWh/day and about Rs.57 lakhs per annum.

FORM – A

(A) Power and Fuel Consumption:

Particulars	2018-2019	2017-2018
1. Electricity:		
(a) Purchased:		
Units (in lakhs)	3644.42	4253.15
Total Cost (Rs. in lakhs)	16888.87	20501.32
Rate/Unit (Rs.)	4.63	4.82
(b) Own Generation:		
(i) Through Diesel Generators		
Units (in lakhs)	14.82	19.54
Units per liter of Diesel Oil (kWh/Ltr.)	3.53	3.54
Cost/Unit (Rs.)	18.41	15.50
(ii) Through Furnace Oil Generators		
Units (in lakhs)	3.13	100.24
Units per litre of Furnace Oil	3.94	3.94
Cost/Unit (Rs.)	6.89	6.37
(iii) Through Thermal Power Plant		
Units (in lakhs)	747.97	173.26
Units per MT of Coal (including lignite)	1100.02	1037.98
Cost/Unit (Rs.)	6.73	6.18
(iv) Through Solar Power Plant		
Units (in lakhs)	34.35	-
Total Cost (Rs. in lakhs)	-	-
Cost/Unit (Rs.)	-	-
2 Coal - (a) Steam Coal		
Quantity (Tonnes)	23596.15	18836.60
Total Cost (Rs. in lakhs)	1670.27	1242.50
Average Rate (Rs.)/Ton	7078.55	6596.19
(b) Bio Mass Husk		
Quantity (Tonnes)	83.97	-
Total Cost (Rs. in lakhs)	3.48	-
Average Rate (Rs.)/Ton	4141.05	-
(c) Pet Coke		
Quantity (Tonnes)	12559.50	15547.90
Total Cost (Rs. in lakhs)	1477.98	1697.56
Average Rate (Rs.)/Ton	11767.79	10918.26
3. Furnace Oil		
Quantity (Kilo Litres)	79.47	2543.49
Total Cost (Rs. in lakhs)	21.57	638.47
Average Rate (Rs./Kilo Litre)	27141.39	25102.12
4. HSD Oil		
Quantity (Kilo Litres)	419.68	-
Total Cost (Rs. in lakhs)	272.91	-
Average Rate (Rs./Kilo Litre)	65028.12	-

(B) Consumption per unit of production:

Particulars	2018-2019	2017-2018
Production :		
Electricity Per Ton of Yarn Production (Units) @	4218	4372
Electricity Per Ton of Knitting Fabric Production (Units) €	438	-
Coal per Ton of Yarn Production (Tonnes) #	0.333	0.233
Pet Coke per Ton of Yarn Production (Tonnes) #	0.181	0.184
Electricity per thousand meters of Processed fabrics (units) €	302	318
Electricity per thousand meters of Home Furnishings (units) $	1346	1508
Coal per thousand meters of processed fabrics (Tonnes)	0.66	0.68

@ depends on count, ply, dyed or grey, etc.

depends on quantum of dying.

€ depends on weight/meter of fabrics.

$ depends on picks/meter.

2) ENERGY CONSERVATION PLAN FOR 2019-20

A. Spinning

Following measures are contemplated to save energy consumption during the year 2019-2020:

Install : 11 AC drives on waste collection with automation and dampers in mélange carding; RF dryer condensate pipe line to supply condensate waste from RF dryer to boiler; 30 controllers for humidification plant to reduce the frequency in night; various conservation equipment; 20 inverters; condensate pump to increase the temperature of feed water by 50; 57 inverters on ring frame; 45 VFD in closed loop on carding and humidification plant; 1 set harmonic filters on transformers and distribution systems at a capital cost of about Rs. 168 lakhs which is expected to result in savings of around 4,064 kWh/day and 250 kgs of coal/day and about Rs. 78 lakhs per annum.

Replace : compressor with energy efficient compressor; 48 low efficient pumps with higher efficiency pumps in humidification plant; 20 rewinded motors with energy efficient motors; old 7.50 kw motors of carding machines with energy efficient motors; 14 years old thermal insulation of steam pipe lines at a capital cost of about Rs.177 lakhs which is expected to result in savings of around 3,380 kWh/day and 20 tonnes fuel / month and about Rs. 129 lakhs per annum.

Automate / Optimise : modify waste collection; automate heat recovery system in dye house; undertake energy audit from Voltas; undertake steam energy audit; arrest compressed air leakage at a capital cost of about Rs. 56 lakhs which is expected to result in savings of around 3,860 kWh/day and 600 kgs. Coal/day and about Rs. 76 lakhs per annum.

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

The estimated savings has been given in item (A) & (B) above.

FORM – B

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

1. TECHNOLOGY ABSORPTION

1) Research and Development (R&D)

A. Spinning

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

The Company has well-equipped, most modern and state of the art quality testing & development equipment, managed by committed team of highly qualified and experienced professionals. We have latest technological equipment like Uster - 5 Evenness Tester, HVI Spectrum, Tenso Jet-4, Advance Fibre Information System, i.e. AFISPRO - LMNT, Classimat - 5 Yarn Fault Classifying System, Online monitoring system, Lab expert system all from Uster, Auto dispenser, Beaker Dyeing machines, Minolta Spectrophotometer, Vertical Package Sample Dying Plant, Devices to stop air leakage, Automatic Sortlink Bobbin Machine, Non Pressurised Solar Water Heating System, etc. All required tests on fibre, yarn and process material are being carried out. New varieties of yarn are being developed on regular basis having different blends, shades, twists, etc. The division is also ISO 9001-2015 certified and also possesses Usterised, Oeko-Tex and GOTS/EKO & Organic Exchange Certificate.

b) Benefits derived as a result of above R&D
These measures have helped in production of value added new products, reduction of cost, etc. Besides various studies and experiments are undertaken to save energy, improve productivity and quality, control costs, etc.

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

c) Future plan for action
The Company intends to install Three Pulser Autoconer, Two Uster Quantom Clearer, Polar Volufil Automatic Winder and one Uster Tester-5 evenness Tester. The Company also intends to install two Knitting machines of different gauge, one desk loom and one fabric processing machine.

New shade folders have already been made for coming season and the Company will also develop a new range of sustainable product for coming future.

We have introduced goods designers in Bhilwara and Mumbai market. Now focus will be to get nomination business from known buying houses.

B. Home Textiles

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

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

b) Benefits derived as a result of above R&D
These measures have helped in production of value added new products, new design and development, consistent shade matching, reduction of reprocess and cost, etc. Besides various studies and experiments are undertaken to save energy, improve productivity and quality, control costs, etc.

c) Future plan for action
The Company will continue to upgrade existing facilities by addition of new hardware and software wherever required.

2) EXPENDITURE INCURRED TOWARDS R&D

Rs. in lakhs

Sr. No.	Particulars	2018-19	2017-18
a)	Capital	183.01	148.08
b)	Recurring	447.27	415.58
c)	Total	630.28	563.66
d)	Total R&D expenditure as a percentage of total turnover	0.247%	0.230%

2. Technology Absorption, Adaptation and Innovation

Spinning

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

a) Incurred Rs. 794 lakhs on replacement of old technology, plant machinery and equipment.

b) Incurred Rs. 1,679 lakhs on addition and modifications of existing plant and machinery.

c) Incurred Rs. 75 lakhs on purchase of machines and equipment for debottlenecking.

3. Foreign Exchange Earnings & Outgo

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

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

2. Total foreign exchange earned and used:

Rs. in crore

Sr. No.	Particulars	2018-19	2017-18
i)	Foreign Exchange Earned	845.28	703.62
ii)	Foreign Exchange Used	35.07	36.98

Annexure-III to the Directors' Report

Report on Corporate Governance

A. CORPORATE GOVERNANCE PHILOSOPHY

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

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

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

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

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

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

Your Company confirms compliance to the Corporate Governance requirements as enshrined in the SEBI

(Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as Listing Regulations, 2015), the details of which for the financial year ended 31st March, 2019 is as set out hereunder:

B. BOARD OF DIRECTORS

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

Composition of the Board

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

None of the Directors on the Company's Board are members of more than 10 (ten) committees and chairman of more than 5 (five) committees (being, Audit Committee and Stakeholders' Relationship Committee) across all the companies, in which he/she is a Director. All the Directors have made necessary disclosures regarding committee positions held by them in other companies and do not hold the office of Director in more than 10 (ten) public companies as on 31st March, 2019. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations, 2015.

DETAILS OF DIRECTORSHIPS / COMMITTEE POSITIONS / SHARES HELD

The composition of the Board of Directors, number of other Directorships / Board level committee positions held by them in other Indian public companies as on 31st March, 2019, number of shares held in the Company and their skills and expertise is as follows:

Name of Director	Category	Number of shares held in Sutlej	Names of other public companies (including listed entities) in which directorships are held [other than Sutlej]	* Number of other companies' Board Committee(s)	
				Chair-person	Member
Mr. C. S. Nopany (DIN: 00014587)	ED / PG	1,10,000	1. Avadh Sugar & Energy Limited 2. SIL Investments Limited 3. New India Retailing & Investment Limited 4. Magadh Sugar & Energy Limited 5. Chambal Fertilisers & Chemicals Limited 6. Ganges Securities Limited 7. Yashovardhan Investment & Trading Company Limited 8. Ronson Traders Limited	2	0

Name of Director	Category	Number of shares held in Sutlej	Names of other public companies (including listed entities) in which directorships are held [other than Sutlej]	* Number of other companies' Board Committee(s)	
				Chair-person	Member
Mr. U. K. Khaitan (DIN: 01180359)	I	Nil	1. Ferro Alloys Corporation Limited 2. Combine Overseas Limited 3. Cremica Food Industries Limited 4. Ghaziabad Investments Limited 5. The Ayer Manis Rubber Estate Limited	0	0
Mr. Amit Dalal (DIN: 00297603)	I	Nil	1. Manugraph India Limited 2. Phoenix Mills Limited 3. Tata Investment Corporation Limited 4. Milestone Capital Advisors Limited 5. Simto Investment Company Limited	0	1
Mr. Rajan A. Dalal (DIN: 00546264)	I	Nil	1. Century Textiles and Industries Limited 2. Asiatic Oxygen Limited	1	3
Mr. Rajiv K. Podar (DIN: 00086172)	I	Nil	1. Podar Infotech & Entertainment Limited 2. Sports Education Development India Limited	0	0
Mrs. Sonu Bhasin (DIN: 02872234)	I	Nil	1. Whirlpool of India Limited 2. Mahindra First Choice Services Limited 3. Max Specialty Films Limited 4. PNB MetLife India Insurance Company Limited 5. Berger Paints India Limited	1	3
Mr. Rohit Dhoot (DIN: 00016856)	NED	Nil	1. Dhoot Industrial Finance Limited 2. Aakarshak Synthetics Limited 3. Young Buzz India Limited 4. Hindustan Oil Exploration Company Limited	0	1
** Mr. Ashok Mittal (DIN: 00016275)	NED	Nil	0	0	0
Mr. Bipeen Valame (DIN: 07702511)	ED	Nil	0	0	0

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

Notes:

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

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

iii. As on 31st March, 2019, none of the Directors of the Company were related to each other.

iv. **Mr. Ashok Mittal was appointed as an Additional Director w.e.f. 05th February, 2019.

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

BOARD MEMBERSHIP CRITERIA

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

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

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

Board Independence

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

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

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

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

FAMILIARISATION OF BOARD MEMBERS

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

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

The induction process is designed to:

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

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

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

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

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

BOARD MEETINGS AND PROCEDURE

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

During the year under review, four Board meetings were held on 11th May, 2018; 01st August, 2018; 13th November, 2018 and 05th February, 2019. The necessary quorum was present in all the Board meetings. Leave of absence was granted to the concerned Director who had requested for leave of absence due to their inability to attend the respective Board meeting. The details of attendance of Directors at the Board meetings and at the last Annual General Meeting (AGM) are as under:

Name of Director	Number of Board meetings		Attendance at last AGM
	Held	Attended	
Mr. C. S. Nopany	4	4	No
Mr. U. K. Khaitan	4	4	No
Mr. Amit Dalal	4	4	Yes
Mr. Rajan A. Dalal	4	3	Yes
Mr. Rajiv K. Podar	4	4	No
Mrs. Sonu Bhasin	4	4	Yes
Mr. Rohit Dhoot	4	4	Yes
Mr. Ashok Mittal*	1	0	N.A.
Mr. Bipeen Valame	4	4	Yes

*Appointed w.e.f. 05th February, 2019

BOARD SUPPORT

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

INFORMATION TO THE BOARD

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

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

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

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

- Annual operating plans and revenue budgets
- Capital expenditure budgets
- Quarterly, half yearly and annual results of the Company
- Minutes of the Audit and other Committees of the Board
- Information relating to recruitment and remuneration of senior level officers just below the Board

- Materially important legal or taxation issues
- Status of financial obligations to and by the Company
- Any significant development in human resources or industrial relations
- Details of risk exposure and steps taken by management to limit or restrain the risk
- Compliance status with any regulatory, statutory or Listing Regulations related requirements or in relation to any shareholder services
- Action taken report in respect of the decisions arising out of the previous meeting

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

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

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

Separate Independent Directors' Meeting
The Independent Directors met on 05th February, 2019 without the presence of Executive Directors or management representatives and inter alia discussed:

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

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

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

Code of Conduct and Ethics
The Company has laid down a Code of Conduct (the Code) for the entire Board of Directors and senior management to avoid a conflict of interest. The Code is derived from three inter linked fundamental principles, namely: good corporate governance, good corporate citizenship and exemplary personal conduct. The Directors and senior management have affirmed compliance with the Code for the year 2018-2019. A declaration to this effect signed by the President and CEO is attached and forms part of this report. The Code is available on the Company's website www.sutlejtextiles.com

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

C. SUBSIDIARY COMPANIES

The Company has one wholly owned subsidiary viz. Sutlej Holdings, Inc. and a wholly owned step-down subsidiary viz. American Silk Mills, LLC. During the financial year 2018-19, the Audit Committee reviewed the financial statements of the subsidiary company. Minutes of the Board meetings of the subsidiary company were regularly placed before the Board. The Board periodically reviews the statement of all significant transactions and arrangement, if any, entered into by the subsidiary.

D. COMMITTEES OF THE BOARD

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

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

The details of these Committees are as follows:

I. AUDIT COMMITTEE

COMPOSITION OF AUDIT COMMITTEE

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

TERMS OF REFERENCE

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

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

MEETINGS AND ATTENDANCE

During the year under review, the Audit Committee met four times on 11th May, 2018; 31st July, 2018; 12th November, 2018 and 05th February, 2019.

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

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

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

II.STAKEHOLDER'S RELATIONSHIP COMMITTEE

COMPOSITION

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

TERMS OF REFERENCE

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

MEETINGS AND ATTENDANCE

During the year under review the Committee met four times on 05th May, 2018; 16th July, 2018; 01st November, 2018 and 22nd January, 2019. The attendance of the members of the Committee was as follows:

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

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

INVESTORS' COMPLAINTS RECEIVED AND RESOLVED DURING THE YEAR

During the year under review, the Company received 20 complaints / letters from the shareholders which were duly attended. The average period of redressal of grievances is 7 (seven) days from the date of receipt of letters / complaints. There were no unresolved complaints as on 31st March, 2019.

III. NOMINATION AND REMUNERATION COMMITTEE

COMPOSITION

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

TERMS OF REFERENCE

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

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

MEETINGS AND ATTENDANCE

During the year under review, the Committee met four times on 11th May, 2018; 01st August, 2018; 01st November, 2018 and 04th February, 2019. The attendance of the members at the Committee meeting was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. U. K. Khaitan	Chairman	Independent	4
Mr. Rajan A. Dalal	Member	Independent	4
Mr. Rajiv Podar	Member	Independent	4

IV. FINANCE & CORPORATE AFFAIRS COMMITTEE

COMPOSITION

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

TERMS OF REFERENCE

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

MEETINGS AND ATTENDANCE

The Committee met once on 07th March, 2019 during the year under review. The attendance of the members of the Committee was as follows:

Name of the member	Status	Category	Number of meetings attended
Mr. C. S. Nopany	Chairman	Executive	0
Mr. U. K. Khaitan	Member	Independent	1
Mr. Rajiv K. Podar	Member	Independent	0
Mrs. Sonu Bhasin	Member	Independent	1
Mr. Bipeen Valame	Member	Executive	0

Minutes of the meeting of the Finance & Corporate Affairs Committee are approved by the Chairman of the Committee and placed before the next meeting of the Board for noting and approval.

V. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

COMPOSITION

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

TERMS OF REFERENCE

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

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

MEETINGS AND ATTENDANCE

During the year under review, the CSR Committee met thrice on 10th May, 2018; 13th November, 2018 and 05th February, 2019.

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

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

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

VI. RISK MANAGEMENT COMMITTEE

COMPOSITION

The Risk Management Committee presently comprises of Mr. Rajiv Podar, Independent Director as Chairman, Mr. S. K. Khandelia, President & CEO and Mr. Bipeen Valame, Wholetime Director & CFO. The Committee has been formed voluntarily as part of better Corporate Governance practice.

TERMS OF REFERENCE

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

MEETINGS AND ATTENDANCE

During the year under review, the Risk Management Committee met once on 05th May, 2018.

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

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

E. DETAILS OF REMUNERATION PAID TO DIRECTORS

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

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

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

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

The total commission payable to all the Non-Executive Directors for the financial year 2018-19 will be Rs. 24,60,274/- for which provision has been made in the books of accounts. The commission shall be paid after the adoption of annual accounts of the Company for the financial year ended 31st March, 2019 by the shareholders at the forthcoming AGM. The commission to all the Non-Executive Directors of the Company is determined after taking into account their valuable guidance in the various business initiatives and decisions at the Board level and also profitability of the Company. The details of commission payable and sitting fees (including for Committee meetings) paid to the Non-Executive Directors during the year 2018-2019 is as follows:

Sr. No.	Name of Director	Commission (Rs.)	Sitting Fees (Rs.)
1.	Mr. U. K. Khaitan	4,00,000	4,00,000
2.	Mr. Amit Dalal	4,00,000	4,75,000
3	Mr. Rajan A. Dalal	4,00,000	3,50,000
4.	Mr. Rajiv K. Podar	4,00,000	5,00,000
5.	Mrs. Sonu Bhasin	4,00,000	3,00,000
6.	Mr. Rohit Dhoot	4,00,000	3,00,000
7.	Mr. Ashok Mittal*	60,274	Nil
	Total	**24,60,274**	**23,25,000**

*Appointed w.e.f. 05th February, 2019

ii. Remuneration paid / payable to the Executive Directors of the Company for the year ended 31st March, 2019 is as under:

(Rs. in lakhs)

Executive Chairman and Wholetime Director	Salary etc.	Perquisites	Retirement Benefits	Sitting Fees	Total
Mr. C. S. Nopany	472.00	-	-	2.00	474.00
Mr. Bipeen Valame	114.39	-	-	-	114.39

F. COMPANY POLICIES

i. WHISTLE BLOWER POLICY

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

ii. REMUNERATION POLICY

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

iii. POLICY ON RELATED PARTY TRANSACTIONS

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

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

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

iv. CORPORATE SOCIAL RESPONSIBILITY POLICY

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

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

v. MATERIAL SUBSIDIARY POLICY

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

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

vi. BOARD DIVERSITY POLICY

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

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

G. MANAGEMENT DISCUSSION AND ANALYSIS

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

H. DISCLOSURES

(a) Related Party Transactions

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

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

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

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

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

(c) Accounting treatment in preparation of financial statements

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

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

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

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

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

(f) Insider Trading

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

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

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

(h) Certificate on Corporate Governance

The Company has obtained a certificate from its Practicing Company Secretary regarding compliance of the conditions of Corporate Governance, as stipulated in Regulation 34(3) read with Part E of Schedule V of the Listing Regulations, 2015 which together with this

Report on Corporate Governance is annexed to the Director's Report and shall be sent to all the shareholders of the Company and the Stock Exchanges along with the Annual Report of the Company.

(i) Compliance with Discretionary Requirements

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

a) Position of the Chairman and the Chief Executive Officer are held by separate individuals;

b) The statutory financial statements of your Company are unqualified;

c) The quarterly results along with the press release, as approved by the Board are first submitted to the Stock Exchanges. The same are then uploaded on the website of the Company www.sutlejtextiles.com. After the announcement of the quarterly results, an earnings call is organised, where the management responds to the queries of the investors/analysts; and

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

(j) Risk Management

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

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

During the year, the Board has reviewed the risk assessment and risk minimization procedures commensurate to the risks have been adopted and are in place.

(k) Corporate Ethics

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

a) Code for Prevention of Insider Trading;

b) Code of Conduct;

c) Whistle Blower policy;

d) Code for Corporate Disclosure; and

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

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

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

As per the requirement of Regulation 17(8) of Listing Regulations, 2015, a certificate duly signed by the CEO and CFO of the Company, regarding the financial statements for the year ended 31st March, 2019, was placed before the Board at its meeting held on 09th May, 2019.

(m) Remuneration to the Statutory Auditor

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

I. UNPAID / UNCLAIMED DIVIDENDS

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

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

The Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31st August, 2018 (date of last AGM) and the list of shareholders whose shares have been transferred to the IEFP Authority on the Company's website: www.sutlejtextiles.com

J. SHAREHOLDER INFORMATION

(i) Means of communication

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

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

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

A Management Discussion and Analysis Report forms part of this Annual Report.

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

(ii) General Body Meetings of the Company

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

AGM	Financial Year	Date	Time	Venue	Special business/s If any, passed
13th	2017-18	31st August, 2018	3.00 p.m.	Registered Office: Pachpahar Road Bhawanimandi (Raj)	1. Ratification of Remuneration paid to M/s. K. G. Goyal & Associates, Cost Auditor. 2. Appointment of Mr. Rohit Dhoot as a Director. 3. Re-appointment of Mr. C. S. Nopany as Executive Chairman. 4. Alteration of Articles 153 and 181 of the Articles of Association of the Company. 5. Raise financial resource through issue of securities for long term requirement of the Company.
12th	2016-17	31st August, 2017	3.00 p.m.	Registered Office: Pachpahar Road Bhawanimandi (Raj)	1. Ratification of Remuneration paid to M/s. K. G. Goyal & Associates, Cost Auditor. 2. Appointment of Mr. Sukhvir Singh as Director. 3. Appointment of Mr. Bipeen Valame as Director. 4. Appointment of Mr. Bipeen Valame as Wholetime Director. 5. Approve sub-division of equity shares of the Company. 6. Alteration of Clause V of the Memorandum of Association of the Company. 7. Raise funds through private placements (NCDs) under Section 42 & 71 of the Act. 8. Maintenance of Register of Members and Related Books at a place other than the Registered Office of the Company.
11th	2015-16	27th August, 2016	3.00 p.m.	Registered Office: Pachpahar Road Bhawanimandi (Raj)	1. Ratification of Remuneration paid to M/s. K. G. Goyal & Associates, Cost Auditor. 2. Approval for Commission payable to Directors. 3. Borrow and raise for and on behalf of the Company, a sum not exceeding Rs. 2,500 crore in aggregate. 4. Raise financial resource through issue of securities for long term requirement of the Company.

The 14th Annual General Meeting of the Company is proposed to be held on 22nd August, 2019 at 3.00 p.m. at the Registered Office of the Company.

Postal Ballot:
During the financial year 2018-2019, no Postal Ballot activity was conducted by the Company.

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

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

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

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

(iv) General Shareholders' information
a) 14th Annual General Meeting

Date	22nd August, 2019
Day	Thursday
Time	3.00 p.m.
Venue	At Registered Office Pachpahar Road, Bhawanimandi 326 502 (Raj.)

b) Last date for receipt of Proxies
Tuesday, 20th August, 2019 (before 3.00 p.m. at the Registered Office of the Company).

c) Record Date
The record date for the purpose of entitlement of dividend will be Wednesday, 21st August, 2019.

d) Tentative financial calendar:

Next financial year	1st April, 2019 to 31st March, 2020
First Quarter Results & Limited Review	mid August, 2019
Second Quarter Results & Limited Review	mid November, 2019
Third Quarter Results & Limited Review	mid February, 2020
Audited Annual Results (2019-20)	mid May, 2020

(v) Dividend

Payment date (tentative): on or after 27th August, 2019.

The Board of Directors at their meeting held on 09th May, 2019, have recommended a Dividend of Rs.0.65 per share for the year ended 31st March, 2019, subject to shareholders' approval at the forthcoming 14th AGM. If approved, the dividend will be paid to the shareholders on or after 27th August, 2019 but within 30 working days from the date of AGM. The Company will continue to use NECS / ECS or any other electronic mode for payment of dividend to the shareholders located in places where such facilities / system is in existence.

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

Sr. No.	Name of the Stock Exchange	Stock Code
1.	BSE Ltd. P. J. Towers, Dalal Street, Mumbai-400 001	532782
2.	National Stock Exchange of India Ltd. Exchange Plaza, Block G, C1, Bandra Kurla Complex, Bandra East, Mumbai-400 051	SUTLEJTEX

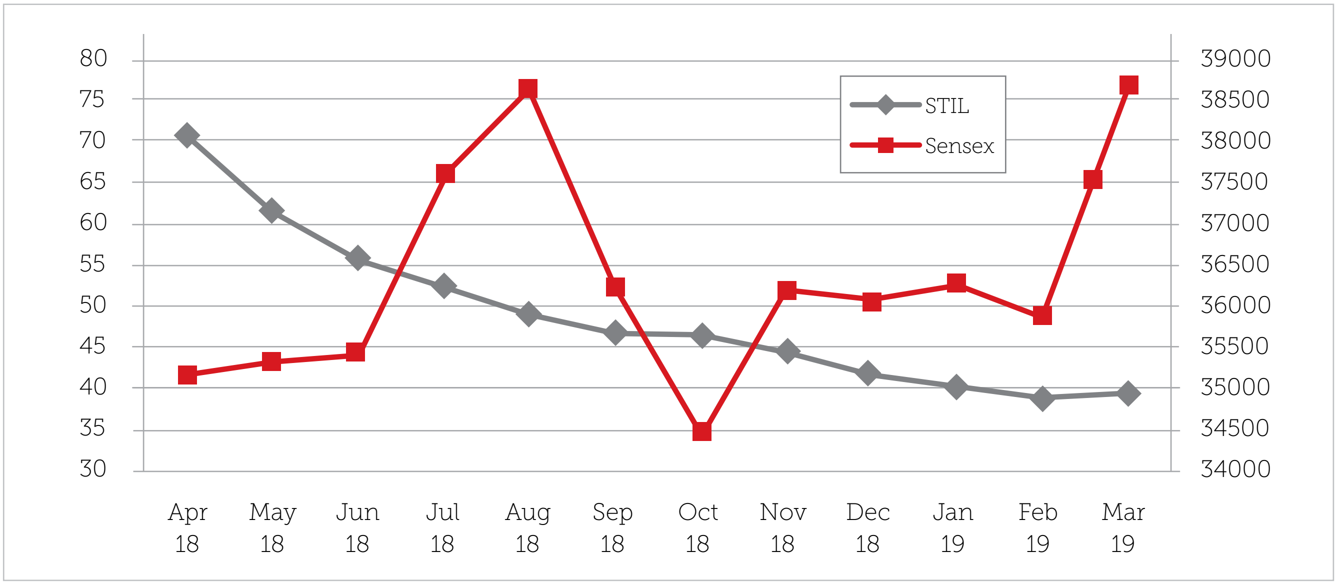
Listing fees for the year 2019-20 have been paid to the Stock Exchanges within the stipulated time.

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

(viii) Market price data

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

Month	BSE Limited		National Stock Exchange of India Limited	
	High	Low	High	Low
April, 2018	84.00	70.05	81.25	70.00
May, 2018	72.00	53.30	74.80	54.00
June, 2018	63.30	51.20	63.50	51.05
July, 2018	60.35	46.60	60.65	48.25
August, 2018	54.80	48.20	55.75	48.00
September, 2018	52.40	46.00	54.80	46.00
October, 2018	51.70	41.50	50.70	40.75
November, 2018	51.00	43.05	51.55	43.25
December, 2018	46.20	40.65	46.00	40.50
January, 2019	44.90	38.10	45.35	38.65
February, 2019	42.60	33.60	41.85	34.10
March, 2019	44.80	37.20	44.70	39.00



(ix) Distribution of shareholding:

The distribution of shareholding as on 31st March, 2019 was as follows:

Sr. No.	Number of equity shares	Number of shares held	% of total shares
1.	Up to 1000	23,53,460	1.44
2.	1001 to 5000	40,16,445	2.45
3.	5001 to 10000	27,20,360	1.66
4.	10001 to 50000	58,29,019	3.56
5.	50001 to 100000	28,15,348	1.72
6.	100001 to 1000000	93,20,248	5.69
7.	1000001 to 5000000	2,01,09,210	12.27
8.	5000001 and above	1,16,664,530	71.21
	TOTAL	16,38,28,620	100.00

(x) Details of shareholding as on 31st March, 2019 was as under:

Sr. No.	Particulars	As on 31st March, 2019	
		No. of shares	%
1.	Promoters	10,46,78,660	63.90
2.	Financial Institutions / Banks / Mutual Funds / UTI / Insurance Cos. / NBFCs	13,11,538	0.80
3.	Central Government / State Government(s) / IEPF	10,04,570	0.61
4.	Indian Public :		
a.	Bodies Corporate	3,04,63,553	18.59
b.	Individuals / HUF	2,53,63,257	15.48
c.	Stock Exchange Clearing Members	87,332	0.05
d.	FIIs, FPIs	2,22,423	0.14
e.	NRI / Foreign Nationals	6,97,287	0.43
	TOTAL	**16,38,28,620**	**100.00**

(xi) Dematerialisation of shares and liquidity

The equity shares of the Company are listed on the BSE Limited and National Stock Exchange of India Limited. The Company has an agreement with NSDL and CDSL for providing depository services for holding the shares in dematerialised mode. As a result, as on 31st March, 2019, 99.13% of the total equity share capital of the Company was held in dematerialised form. The Company has paid the requisite fees to all these authorities for the year 2018-19.

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

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

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

(xiii)Share transfer system

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

(xiv) Address for Shareholders' Correspondence

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

(xv) Registrar and Transfer Agent

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

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

(xvi) Compliance Officer's Details:

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

(xvii) Investor Relations:

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

K. COMPLIANCE

(i) Statutory Compliance, Penalties and Strictures

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

SR. NO.	NATURE OF LITIGATION (EXAMPLE CIVIL, CRIMINAL, TAX, ETC.)	NAME OF PARTIES	FORUM	FACTS	AMOUNT INVOLVED	REMARKS
1	Notice received from the Rajasthan Pollution Control Board	Against the Company by Rajasthan Pollution Control Board	Rajasthan Pollution Control Board	Rajasthan Pollution Control Board, Rajasthan, issued notice regarding Environmental pollution issue at the dyeing plant of Rajasthan Textiles Mills, Bhawanimandi, Rajasthan	-	As per the directions of the Board, the Company has carried out necessary improvements and also conducted the environmental audit of the said Unit. The dyeing plant has commenced its operation after full compliance

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

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

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

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

(iv) Certificate from Practicing Company Secretary

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

L. INVESTOR SAFEGUARDS AND OTHER INFORMATION

(i) Dematerialization of Shares

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

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

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

(iii) Timely Encashment of Dividends

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

(iv) Transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)
Under the Act, dividends which remain unclaimed for a period of seven years are required to be transferred to Investor Education and Protection Fund (IEPF) administered by the Central Government. Dates of declaration of dividends since 2011-2012 and the corresponding dates when unclaimed dividends are due to be transferred to the Central Government, are given in the table below:

Financial Year ended	Date of Declaration of Dividend	Amount remaining unclaimed/unpaid as on 31.03.2018 (Rs.)	Last date for claiming unpaid Dividend amount (on or before)	Date when amount becomes due for transfer to IEP Fund
31.03.2012	11.08.2012	9,33,935.00	17.09.2019	17.10.2019
31.03.2013	10.08.2013	8,43,720.00	16.09.2020	16.10.2020
31.03.2014	23.08.2014	24,96,432.00	29.09.2021	29.10.2021
31.03.2015	31.08.2015	19,35,830.00	07.10.2022	07.11.2022
31.03.2016	27.08.2016	23,18,095.00	03.10.2023	03.11.2023
31.03.2017	31.08.2017	23,07,331.00	07.10.2024	07.11.2024
31.03.2018	31.08.2018	14,58,338.70	07.10.2025	07.11.2025

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

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

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

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

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

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

(vii) Addresses for correspondence:

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

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

(viii) Location of the Plants:

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

CEO & CFO CERTIFICATE

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

Date: 02nd May, 2019

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

We hereby certify to the Board that:

(a) We have reviewed the financial statements and the cash flow statement for the financial year ended 31st March, 2019 and that to the best of our knowledge and belief:

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

   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify these deficiencies.

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

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

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

   (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Sutlej Textiles and Industries Limited

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

For Sutlej Textiles and Industries Limited

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

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

To
The members of
Sutlej Textiles and Industries Limited

I hereby confirm that all the members of the Board and Senior Management personnel of the Company have affirmed due observance of the Code of Conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March, 2019.

Sd/-
S. K. Khandelia
President & CEO

Place: Mumbai
Date: 26th April, 2019

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Sutlej Textiles and Industries Limited

We have examined the compliance of conditions of Corporate Governance by Sutlej Textiles and Industries Limited ('the Company'), for the year ended 31st March, 2019, as per regulations 17-27, clauses (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

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

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

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

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

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

Place : JAIPUR
Date : 07.05.2019

Annexure-IV to the Directors' Report

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

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

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

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

   The Company has framed a CSR policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the website of the Company and the web link for the same is http://sutlejtextiles.com/pdf/Policies%20&%20Codes/CSR%20Policy.Pdf

2. The composition of the CSR Committee:

   (i) Mr. U. K. Khaitan — Chairman

   (ii) Mrs. Sonu Bhasin — Member

   (iii) Mr. Amit Dalal — Member

3. Average net profit of the Company for the last three financial years: **Rs. 16,474 lakhs**.

4. Prescribed CSR Expenditure (2 percent of the amount as in item 3 above): **Rs. 329 lakhs**.

5. Details of CSR spend during the financial year.

   (a) Total amount to be spent for the financial year: **Rs. 329 lakhs**.

   (b) Total amount spent during the financial year: **Rs. 238.43 lakhs**.

   (c) Amount unspent, if any: **Rs. 90.57 lakhs**.

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

(Rs. in lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local Area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project programs wise**	**Amount spent on the projects or programs Sub-subheads (1) Direct expenditure on projects or programs. (2) Overheads:**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
1.	Setting up of a public utility park at Kathua.	Environment Sustainability	Kathua (J&K)	200.00	200.00	200.00	Through Dr. K. K. Birla Charitable Trust

(Rs. in lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local Area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project programs wise**	**Amount spent on the projects or programs Sub-subheads (1) Direct expenditure on projects or programs. (2) Overheads:**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
2	Provided a Green Waste Reprocessor at Army Station, Garhi, as a measure towards managing waste generated from the cook houses.		Garhi Udhampur (J&K)	-	2.00	202.00	Direct
3	Afforestation initiative by planting 500 plants.		Baddi (H.P.)	5.00	0.10	202.10	Direct
4.	Cutting of Nallah Banks including levelling and disposal of material for water conservation.		Ramthi Village, Bhawanimandi (Raj.)	-	3.03	205.13	Direct
5.	Cutting / levelling, dressing of Anicut at Bhadka for water conservation.		Gram Bhadka (Raj.)	-	3.03	208.16	Direct
6.	Contributed towards civil work for increase in storage capacity of pond at Maroli, Bhilad.		Bhilad, Gujarat	-	0.87	209.03	Direct
7.	Contribution made for installing Sonography Machine (E-Cube5) in CHC at Govt. Hospital.		Bhawanimandi (Raj.)	21.00	10.98	220.01	Direct
8.	Contribution to Red Cross Society.		Baddi (H.P.)	5.00	0.25	220.26	Direct
9.	Organized health check-up camps in Bhilad and nearby villages.	Health care and Sanitation	Bhilad, Gujarat	5.00	0.20	220.46	Direct
10.	Contribution for setting up automated sanitary napkin vending machine and incinerators.		Jhalawar (Raj.)	6.00	1.97	222.43	Direct

(Rs. in lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local Area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project programs wise	Amount spent on the projects or programs Sub-subheads (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
11.	Contribution made to Mukhya Shikshak Primary School, Damanganga Canal Distry Division No.3.	Promotion of Education	Damanganga, Bhilad, Gujarat	-	0.25	222.68	Direct
12.	Contribution to Inaya Foundation, Jaipur for creating awareness on Good Touch vs Bad Touch.		Jhalawar (Raj.)	-	2.25	224.93	Direct
13.	Contribution to Police Martyrs North Zone T-20 Cricket Tournament.	Promotion of Sports activities	Kathua (J&K)	5.00	3.50	228.43	Direct
14.	Contribution to organize Samba Army Marathon 2018.		Samba (J & K)		0.50	228.93	Direct
15.	Contribution to State Sports Council Fund.				2.00	230.93	Direct
16.	Contribution to District Kabaddi Association.				0.20	231.13	Direct
17.	Contribution to Shri Gopal Goverdhan Goshala.	Animal Welfare	Pathmeda (Raj.)	-	2.51	233.64	Direct
18.	Contribution to Sri Bhagwat Pariwar towards spreading cultural and spiritual values of Indian culture & towards educating and creating awareness amongst the young generation.	Promotion of Art and Culture	Mumbai (Maharashtra)	-	2.50	236.14	Direct
19.	Contributed towards cultural programme "Mela Basant Cultural Programme" organized by Nagar Palika.		Bhawanimandi (Raj.)	-	0.80	236.94	Direct

(Rs. in lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local Area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project programs wise	Amount spent on the projects or programs Sub-subheads (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
20.	Provided street lights and LED bulbs for locality of ward no. 21 of Kathua (Opp. CTM).	Rural Development	Kathua (J&K)	-	0.49	237.43	Direct
21.	Maintenance of fountain at Birla Park.	Rural Development	Baddi (H.P.)	-	0.14	237.57	Direct
22.	Distribution of blankets to families of Martyrs.	Social Welfare	Kathua (J&K)	-	0.56	238.13	Direct
23.	Installation of a 32" Samsung LED TV in Jail, Jhalawar.	Social Welfare	Jhalawar (Raj.)	-	0.30	238.43	Direct
	TOTAL				**238.43**	**238.43**	

7. In case the Company has failed to spend the two percent, of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

Reasons for Amount unspent:
The Company undertakes CSR activities in consultation with local administration and other non-profit organisations. The CSR activities are undertaken mostly in and around the places where the manufacturing units of the Company are situated. During the year, the Company has undertaken various CSR activities as mentioned above and has spent an amount of Rs. 238.43 lakhs. In addition, the Company had identified and approved, making contribution to Manav Vikas Trust (the Trust) a public charitable trust which imparts education through Vikas Vidyalaya School in Ranchi, Jharkhand. A contribution of Rs. 95,00,000/- (Rupees Ninety Five lakhs only) was also approved.
However, the project could not be implemented during the current financial year i.e. 2018 – 19 and at the request of the Trust, the Company has agreed to contribute the said amount of Rs. 95,00,000/- to the Trust during the financial year 2019 – 20. This amount will be in addition to the CSR obligations of the Company for the financial year 2019 - 20.
It may be noted that the Company has been meeting its CSR obligations and does not restrict its CSR spend to statutory limits for identified CSR activities as can be seen from the table below, wherein the Company has spent far in excess of its CSR obligations.

(Rs. in lakhs)

Sr. No.	Financial Year	2 percent of avg. net profits of last three years	Actual expenditure incurred
1	2016-17	336.54	632.53
2	2017-18	339.00	621.69

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

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

Sd/-
S. K. Khandelia
President & CEO

Annexure-V to the Directors' Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2019
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN :	L17124RJ2005PLC020927
ii)	Registration Date:	22/06/2005
iii)	Name of the Company:	SUTLEJ TEXTILES AND INDUSTRIES LIMITED
iv)	Category / Sub-Category of the Company:	Company limited by shares / Indian Non - Government Company
v)	Address of the Registered office and contact details:	Pachpahar Road, Bhawanimandi, Rajasthan - 326 502, India Tel: 07433-222082, 222052, 222090, 222115 Fax: 07433-222354 Email : hoffice@sutlejtextiles.com Website: www.sutlejtextiles.com
vi)	Whether listed company Yes / No:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any –	Link Intime India Pvt. Ltd. C-101, 1st Floor, 247 Park Lal Bahadur Shastri Marg Vikhroli West Mumbai - 400 083 Tel: 022 - 4918 6000 / 270; Fax: 022 - 4918 6060 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product / Services	% to total turnover of the Company
	Preparation and spinning of textile fibres		
	– Preparation and spinning of cotton fibre including blended cotton	13111	35.79
	– Preparation and spinning of man-made fibre including blended man-made fibre	13114	59.17

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

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

i) Category-wise Shareholding

Sr. No.	Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A	Promoters									
1)	Indian*									
a	Individuals/ HUF	1,10,000	0	1,10,000	0.07	1,10,000	0	1,10,000	0.07	0.00
b	Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c	State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
d	Bodies Corporate	10,45,68,510	0	10,45,68,510	63.83	10,45,68,510	0	10,45,68,510	63.83	0.00
e	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f	Any other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	i. Trusts	0	0	0	0.00	150	0	150	0.00	0.00
Sub-Total (A) (1)		10,46,78,510	0	10,46,78,510	63.90	10,46,78,660	0	10,46,78,660	63.90	0.00
2)	Foreign									
a	NRI Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b	Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d	Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e	Any other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A) (2)		0	0	0	0.00	0	0	0	0.00	0.00
	Total holding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	10,46,78,510	0	10,46,78,510	63.90	10,46,78,660	0	10,46,78,660	63.90	0.00
B	**Public Shareholding**									
1)	**Institutions**									
a	Mutual Funds / UTI	15,90,450	0	15,90,450	0.97	10,98,000	0	10,98,000	0.67	-0.30
b	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
c	Alternate Investment Funds	0	0	0	0.00	0	0	0	0.00	0.00
d	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
e	Foreign Portfolio Investor	2,39,319	0	2,39,319	0.15	2,22,423	0	2,22,423	0.14	-0.01
f	Financial Institutions/ Banks	2,69,715	0	2,69,715	0.16	40,551	0	40,551	0.02	-0.14
g	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
h	Provident Funds / Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
i	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (B) (1)		20,99,484	0	20,99,484	1.28	13,60,974	0	13,60,974	0.83	-0.45
2)	**Central Government/ State Government(s)**	6,00,480	0	6,00,480	0.37	67,800	0	67,800	0.04	-0.33
Sub-Total (B) (2)		6,00,480	0	6,00,480	0.37	67,800	0	67,800	0.04	-0.33
3)	**Non-Institutions**									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh.	1,28,36,391	19,07,100	1,47,43,491	9.00	1,31,17,037	14,22,810	1,45,39,847	8.88	-0.12
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	85,40,502	0	85,40,502	5.21	82,40,117	0	82,40,117	5.03	-0.18
(b)	NBFCs registered with RBI	0	0	0	0.00	1,72,987	0	1,72,987	0.11	0.11
(c)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other (Specify)									
	IEPF	0	0	0	0.00	9,36,770	0	9,36,770	0.57	0.57

Sr. No.	Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
	Trusts	1,500	0	1,500	0.00	0	0	0	0.00	0.00
	Foreign Nationals	85,970	0	85,970	0.05	0	0	0	0.00	-0.05
	Hindu Undivided Family	23,84,849	0	23,84,849	1.46	25,83,293	0	25,83,293	1.58	0.12
	Non Resident Indians (Non Repat)	3,43,821	0	3,43,821	0.21	3,45,539	0	3,45,539	0.21	0.00
	Non Resident Indians (Repat)	3,06,606	0	3,06,606	0.19	3,51,748	0	3,51,748	0.21	0.03
	Clearing Member	1,40,581	0	1,40,581	0.09	87,332	0	87,332	0.05	-0.03
	Bodies Corporate	2,81,88,196	17,14,630	2,99,02,826	18.25	3,04,63,553	0	3,04,63,553	18.59	0.34
Sub Total (B)(3)		5,28,28,416	36,21,730	5,64,50,146	34.46	5,62,98,376	14,22,810	5,77,21,186	35.23	0.78
Total Public Shareholding(B) = (B)(1)+(B)(2)+(B)(3)		5,55,28,380	36,21,730	5,91,50,110	36.10	5,77,27,150	14,22,810	5,91,49,960	36.10	0.00
C	Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)		16,02,06,890	36,21,730	16,38,28,620	100.00	16,24,05,810	14,22,810	16,38,28,620	100.00	

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	No. of Shares held at the beginning of the year			No. of shares held at the end of the year			% Change in share holding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Uttar Pradesh Trading Co. Ltd.	3,04,16,970	18.57	1.83	3,04,16,970	18.57	9.86	0.00
2	Hargaon Investment & Trading Co. Ltd.	1,71,13,960	10.45	0.00	1,71,13,960	10.45	0.00	0.00
3	New India Retailing and Investment Ltd.	1,70,63,040	10.42	0.00	1,70,63,040	10.42	0.00	0.00
4	Yashovardhan Investment & Trading Co. Ltd.	1,48,68,360	9.08	0.00	1,48,68,360	9.08	0.00	0.00
5	Ronson Traders Limited	97,23,730	5.93	0.00	97,23,730	5.93	0.00	0.00
6	OSM Investment & Trading Co. Ltd.	63,88,200	3.90	0.00	63,88,200	3.90	0.00	0.00
7	Champaran Marketing Co. Ltd.	30,98,100	1.89	0.00	30,98,100	1.89	0.00	0.00
8	SCM Investment & Trading Co. Ltd.	18,29,280	1.11	0.00	18,29,280	1.11	0.00	0.00
9	RTM Investment & Trading Co. Ltd.	18,29,280	1.11	0.00	18,29,280	1.11	0.00	0.00
10	Sidh Enterprises Ltd.	11,94,240	0.73	0.00	11,94,240	0.73	0.00	0.00
11	SIL Investments Limited	7,50,000	0.46	0.00	7,50,000	0.46	0.00	0.00
12	Sonali Commercial Ltd.	2,84,350	0.17	0.00	2,84,350	0.17	0.00	0.00
13	C. S. Nopany	1,10,000	0.07	0.00	1,10,000	0.07	0.00	0.00
14	Uttam Commercial Ltd.	9,000	0.01	0.00	9,000	0.01	0.00	0.00
15	Chandra Shekhar Nopany (Promoter Trust)	0	0.00	0.00	100	0.00	0.00	0.00
16	Chandra Shekhar Nopany (Promoter Trust)	0	0.00	0.00	50	0.00	0.00	0.00
	Total	10,46,78,510	63.90	1.83	10,46,78,660	63.90	9.86	0.00

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

Sr. No.	For each of the Top 10 Shareholders	No. of Shares held at the beginning of the year		Change in Shareholding (No. of Shares)		No. of Shares held at the end of the year	
		No. of Shares	% of total shares of the Company	Bought during the year	Sold during the year	No. of Shares	% of total shares of the Company
1.	Birla Institute of Technology and Science	1,12,86,580	6.89	-	-	1,12,86,580	6.89
2.	Earthstone Holding (Two) Private Limited	98,03,690	5.98	-	-	98,03,690	5.98
3.	Navjeewan Medical Institute	28,56,910	1.74	-	-	28,56,910	1.74
4.	Vinodchandra Mansukhlal Parekh	18,01,540	1.10	-	-	18,01,540	1.10
5	Play-Fair Capital and Investment (Pvt.) Ltd.	17,43,490	1.06	-	1,000	17,42,490	1.06
6.	PIC Realcon Limited	11,43,090	0.70	17,14,630	11,43,090	17,14,630	1.05
7.	Mohan Gupta	12,50,000	0.76	2,50,000	-	15,00,000	0.92
8.	Sanjeev Vinodchandra Parekh	8,77,440	0.54	5,66,800	-	14,44,240	0.88
9.	Mohan Gupta	10,50,000	0.64	50,000	-	11,00,000	0.67
10.	BNP Paribas Mid Cap Fund	15,90,450	0.97	64,000	5,56,450	10,98,000	0.67

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

(v) Shareholding of Directors and Key Managerial Personnel:

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

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	10,44,31,27,779	-	-	10,44,31,27,779
ii. Interest due but not paid	2,85,06,653	-	-	2,85,06,653
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**10,47,16,34,432**	**-**	**-**	**10,47,16,34,432**
Change in Indebtedness during the financial year				
Addition	33,21,00,000	-	-	33,21,00,000
Reduction	1,57,77,62,589	-	-	1,57,77,62,589
Net Change	**(1,24,56,62,589)**	**-**	**-**	**(1,24,56,62,589)**
Indebtedness at the end of the financial year				
i. Principal Amount	9,19,84,36,302	-	-	9,19,84,36,302
ii. Interest due but not paid	2,75,35,541	-	-	2,75,35,541
iii. Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**9,22,59,71,843**	**-**	**-**	**9,22,59,71,843**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount (Rs.)
		Mr. Bipeen Valame Wholetime Director & CFO	**Mr. C. S. Nopany Executive Chairman**	
1.	**Gross salary**			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	1,01,90,254	3,00,00,000	4,01,90,254
	(b) Value of perquisites under Section17(2) Income Tax Act, 1961	-	-	-
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit	-	1,72,00,000	1,72,00,000
5	**Others, please specify**			
	a. Fee for attending Board / Committee meetings	-	2,00,000	2,00,000
	b. PF	7,51,680	-	7,51,680
	c. Car Expenses	4,88,551	-	4,88,551
	d. Premium for P.A. cover	8,088	-	8,088
	Total (A)	**1,14,38,573**	**4,74,00,000**	**5,88,38,573**

B. REMUNERATION TO OTHER DIRECTORS:

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount (Rs.)
		Mr. U. K. Khaitan	Mr. Rajan Dalal	Mr.Amit Dalal	Mr. Rajiv Podar	Mrs. Sonu Bhasin	
1.	**Independent Directors**						
	Fee for attending board / committee meetings	4,00,000	3,00,000	5,00,000	5,00,000	3,00,000	20,00,000
	Commission	4,00,000	4,00,000	4,00,000	4,00,000	4,00,000	20,00,000
	Others, please specify	-	-	-	-	-	-
	Total (1)	**8,00,000**	**7,00,000**	**9,00,000**	**9,00,000**	**7,00,000**	**40,00,000**
2.	**Other Non-Executive Directors**	**Mr. Rohit Dhoot**	**Mr. Ashok Mittal***				
	Fee for attending board / committee meetings	3,00,000	-				3,00,000
	Commission	4,00,000	60,274				4,60,274
	Others, please specify						
	Total (2)	**7,00,000**	**60,274**				**7,60,274**
	Total (B)=(1+2)						**47,60,274**
	Ceiling as per the Act	11% of the net profits of the Company					

*Shri Ashok Mittal was appointed as an Additional Director (Non-Executive) w.e.f. 05/02/2019

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

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel Other Than MD/Manager/WTD		Total Amount (Rs.)
		Mr. Suresh Kumar Khandelia, CEO / President	Mr. Manoj Contractor, Company Secretary & Compliance Officer	
1.	**Gross salary**			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	4,93,76,933	57,54,870	5,51,31,803
	(b) Value of perquisites under Section17(2) Income Tax Act, 1961	22,57,476	1,06,570	23,64,046
	c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit	-	-	-
5	**Others, please specify** a) PF	42,91,200	4,56,480	47,47,680
	b) Superannuation	53,64,000	-	53,64,000
	c) Car Expenses	-	6,00,759	6,00,759
	d) Premium for P.A.Cover	81,480	5,517	86,997
	Total (A)	**6,13,71,089**	**69,24,196**	**6,82,95,285**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year 2018-19, there were no penalties / punishment / compounding of offences under the Companies Act, 2013.

Annexure-VI to the Directors' Report

Particulars of Employees

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 are as under:

Sr. No.	Name of Director / KMP	Remuneration of Director/KMP for FY 2018-19 (Rs. in lakhs)	Designation	Percentage increase in Remuneration	Ratio of Remuneration of each Director to median remuneration of employees
1.	Mr. C. S. Nopany	472.00	Executive Chairman	N.A.	366.64
2.	Mr. U. K. Khaitan	4.00	Independent Director	0	3.11
3.	Mr. Amit Dalal	4.00	Independent Director	0	3.11
4.	Mr. Rajan Dalal	4.00	Independent Director	0	3.11
5.	Mr. Rajiv K. Podar	4.00	Independent Director	0	3.11
7.	Mrs. Sonu Bhasin	4.00	Independent Director	0	3.11
8.	Mr. Rohit Dhoot	4.00	Non-Executive Director	0	3.11
9.	Mr. Ashok Mittal*	0.60	Non-Executive Director	N.A.	0.47
10.	Mr. Bipeen Valame	114.39	Whole-time Director & Chief Financial Officer	15.89	88.85
11.	Mr. S. K. Khandelia	613.71	President & Chief Executive Officer	6.90	476.71
12.	Mr. Manoj Contractor	69.24	Company Secretary & Compliance Officer	N.A.	53.78

* Mr. Ashok Mittal was appointed as an Additional Director (Non-Executive) w.e.f. 05/02/2019

2. In the financial year, there was an increase of 1.12% in the median remuneration of employees;

3. There were 14736 permanent employees on the rolls of Company as on 31st March, 2019;

4. Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2018-19 was 7.97% whereas the decrease in the managerial remuneration for the same financial year was 12.62%.

5. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

Notes:

i. The remuneration of Non-Executive Directors is exclusive of sitting fees.

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

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

Sr. No.	Employee Name	Designation	Remuneration in FY 2019 (Rs.)
1.	Mr. C.S. Nopany	Executive Chairman	4,72,00,000
2.	Mr. S. K. Khandelia	President & CEO	6,13,71,089
3.	Mr. Updeep Singh Chatrath	Dy. Chief Executive Officer	1,94,28,725
4.	Mr. Bipeen Valame	Whole-time Director & CFO	1,14,38,573
5.	Mr. K. C. Sharma	Executive President	1,10,32,536
6.	Mr. Manoj John	Vice President (Strategic Initiatives)	1,09,04,192
7.	Mr. Hari Mohan Vashisth	Executive President	87,55,957
8.	Mr. R. R. Kankani	Sr. Vice President (Marketing)-RTM	73,26,264
9.	Mr. P. K. Mittal	Executive Vice President (Comm & Admn)	72,27,520
10.	Mr. Manoj Contractor	Company Secretary and Compliance Officer	69,24,196

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

Name & Designation of the Employee	Remuneration received (Rs.)	Qualifications & Experience	Nature of Employment	Nature of duties	Date of commencement of employment	Age (Yrs.)	Last Employment held before joining the Company
Mr. C. S. Nopany Executive Chairman	4,72,00,000	C.A., Master's Degree in Science of Industrial Administration from Carnegie Mellon University, Pittsburgh, USA 29 years	Regular	Executive Management	1st July, 2015	53	Chairman and Managing Director of Oudh Sugar Mills Ltd.
Mr. S. K. Khandelia President & Chief Executive Officer	6,13,71,089	B.Com., FCA, 43 years.	Regular	Overall Management	1st July, 2005	68	Sutlej Industries Ltd.
Mr. Updeep Singh Chatrath Dy.Chief Executive Officer	1,94,28,725	BSC, MBA (MKtg & HR) 31.5 years	Regular	Overall Management	24th January, 2018	54	ITEMA Weaving India Pvt. Ltd.
Mr. Bipeen Valame Whole-time Director & CFO	1,14,38,573	CA, MBA 25 years	Regular	Financial Management	25th October, 2016	50	Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.
Mr. Manoj John V.P. (Strategic Initiatives)	1,09,04,192	B.Tech. (Civil), MBA 21 years	Regular	New Project Initiatives	11th November, 2013	46	R.N.A. Corp. Pvt. Ltd.

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

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

Notes:

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

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

Annexure-VII to the Directors' Report

Form No. MR-3

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2019

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

To,

The Members,

Sutlej Textiles and Industries Limited

CIN: L17124RJ2005PLC020927

Pachpahar Road, Bhawanimandi,

Jhalawar, Rajasthan.

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019, and made available to me, according to the provisions of:

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

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

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

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

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

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

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

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

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

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

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

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

VI. The following other laws as applicable to the Company:

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

b. Employees State Insurance Act, 1948.

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

d. Equal Remuneration Act, 1976.

e. Factories Act, 1948.

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

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

h. Industrial Dispute Act, 1947.

i. Maternity Benefits Act, 1961.

j. Minimum Wages Act, 1948.

k. Payment of Bonus Act, 1965.

l. Payment of Gratuity Act, 1972.

m. Payment of Wages Act, 1936.

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

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

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

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

I further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- The Company has maintained statutory registers as required under the Companies Act, 2013.

- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent with proper time gap in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- Majority decision is carried through while the dissenting members' views (if any) are captured and recorded as part of the minutes.

- The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel.

- The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding.

- I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Bye laws framed thereunder by the Depositories with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.

- The Company has complied with the requirements under the Equity Listing Agreements and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 entered into with BSE Limited and National Stock Exchange of India Limited.

- The Company has obtained all necessary approvals under the various provisions of the Act, where required and applicable; and

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

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

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

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

II. Redemption / buy-back of securities.

III. Merger / amalgamation / reconstruction, etc.

IV. Foreign technical collaborations.

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

RAJENDRA CHOUHAN - PROPRIETOR
COMPANY SECRETARY IN PRACTICE

Place: JAIPUR FCS No.: 5118
Date: 07.05.2019 C P No.: 3726

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

"ANNEXURE A"

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

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these Secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

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

Place: JAIPUR
Date: 07.05.2019

Annexure-VIII to the Directors' Report

Form AOC-I

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

Part "A": Subsidiaries

(in Rs.)

Sr. No.	Name of the Subsidiary	Sutlej Holdings, Inc. (Subsidiary w.e.f. 06th November, 2017)	American Silk Mills, LLC. (Subsidiary w.e.f. 06th November, 2017)
1.	Reporting Period	FY 2018-2019	FY 2018-2019
2.	Reporting currency	INR	INR
3.	Exchange Rate	-	-
4.	Share Capital	29,12,70,150	19,41,80,100
5.	Reserves and Surplus	65,96,928	(5,63,30,507)
6.	Total Assets	29,93,20,074	25,69,67,708
7.	Total Liabilities	14,52,996	11,91,18,115
8.	Investments	19,41,80,100	-
9.	Turnover	-	52,51,78,284
10.	Profit & Loss before Taxation	12,05,763	(7,45,17,874)
11.	Provision for Taxation	11,01,467	-
12.	Profit & Loss after Taxation	1,04,296	(7,45,17,874)
13.	Proposed Dividend	-	-
14.	% of Shareholding	100%	100%

Note:-

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

Part "B": Associates and Joint Ventures

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

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

Annexure-IX to the Directors' Report

FORM NO. AOC -2

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

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

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

   There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2019, which were not at arm's length basis.

2. **Details of material contracts or arrangements or transactions at arm's length basis.**

   There were no material contracts or arrangements or transactions entered into during the year ended 31st March, 2019.

For and on behalf of the Board

Place: Mumbai
Date: 09th May, 2019

C. S. Nopany
Executive Chairman

Independent Auditors' Report

To the Members of

Sutlej Textiles and Industries Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Sutlej Textiles and Industries Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2019, the standalone statement of profit and loss (including other comprehensive income), standalone statement of change in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Description of the Key Audit Matters

The Key Audit Matter	How the matter was addressed in our audit
Impairment of Property, plant & equipment Considering internal and external indicators we considered impairment evaluation of one of the Cash Generating Units (CGUs), engaged in Home Textiles business, to be a key audit matter, having carrying value of the property, plant and equipment as on 31 March 2019 is INR 110 crore. (Refer Note 51) There is a risk that the carrying value of CGU is higher than the recoverable value, thereby triggering impairment. When a review of impairment is conducted, the recoverable amount is determined based on value in use calculations which rely on the assumptions and estimates of future performance. We focused on this area because of the inherent judgement involved in determining key assumptions such as future sales growth, margins and discount rates, and the magnitude of the assets under consideration.	Besides obtaining an understanding of the information included in the impairment model through our knowledge of the business gained through reviewing the plans, strategic initiative and meeting with key stakeholders our procedures included the following: - a. We understood the methodology applied by management in performing its impairment test for the CGU, underlying assumptions for sales growth, margins and discounting rate and walked through the procedure followed by the management. b. We obtained cash flow forecasts and fair valuation of property plant and equipment considered during impairment assessment and assessed cash flow forecasts to ensure consistency with current operations of the Company and obtained reasons for deviations, if any. c. We discussed the assumptions made by management for the input data used during impairment model. We also performed sensitivity analysis on the key assumptions and found that these assumptions were reasonable. However, recoverable amount arrived solely depends upon the achievement of the CGU's projections.

Information other than the Standalone Financial Statements and Auditor's Report thereon

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

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

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

Management's Responsibility for the Standalone Financial Statements

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

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

Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures 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 standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements,

including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (B) With respect to the other matters to be included in the 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 as at 31 March 2019 on its financial position in its standalone financial statements - Refer Note 40 to the standalone financial statements;

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

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

   iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2019.

   (C) With respect to the matter to be included in the Auditor's Report under section 197(16):

In our opinion and according to the information and explanation given to us, during the current year, the remuneration paid by the company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Rajiv Goyal
Partner
Membership No. 094549

Place: Gurugram
Date: 9th May, 2019

Annexure A referred to in our Independent Auditor's Report to the Member of Sutlej Textiles and Industries Limited on the Standalone Financial Statement for the year ended 31 March, 2019

(i) (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (property, plant & equipment and intangible assets).

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

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

(Rs. in crore)

Particulars	Gross block as at 31 March 2019	Net block as at 31 March 2019
Leasehold land at Jammu (Jammu & Kashmir)	2.92	2.55
Freehold land at Baddi (Himachal Pradesh)	0.08	0.08

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

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

(iv) The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Accordingly, paragraph 3(iv) of the said Order is not applicable to the Company.

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

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

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

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Goods and Services Tax, Services Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues, to the extent applicable, were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, and on the basis of the records of the Company examined by us, there are no dues outstanding of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax and Goods and Service Tax which has not been deposited as on 31 March 2019 on account of disputes, except as mentioned below:-

Name of the Statute	Nature of dues#	Amount (net of paid) Rs. in crore	Forum where dispute is pending	Period to which amount relates
Himachal Pradesh Tax on entry of goods in Local Area Act, 2010	Entry Tax	5.43	High Court, Himachal Pradesh	2011-2017
Gujrat Tax on Entry of Specified Goods into Local Area Act, 2001		4.41	Supreme Court of India	2006-2017
The Central Excise Act, 1944	Excise Duty	0.53	Central Excise & Service Tax Appellate Tribunal, New Delhi	2010-2011
		0.03	Commissioner Appeal	2013-2016
		1.50	Central Excise & Service Tax Appellate Tribunal, Ahmedabad	2011-2016
		0.07	Central Excise & Service Tax Appellate Tribunal, Ahmedabad	2009-2011
		0.07	High Court, Jammu	2004-2005
		0.24	Supreme Court of India	1995-1996
		0.08	Commissioner Appeal	2012-2013
		0.04	Regional Authority, Jammu	2010
Income Tax Act, 1961	Income Tax	0.19	CIT (Appeal)	2016-2017

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any banks and financial institutions. The Company did not have any outstanding debentures or dues on account of loans or borrowings to any government during the year.

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

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

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

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

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

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

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

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

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

Rajiv Goyal
Partner
Membership No. 094549

Place: Gurugram
Date: 9th May, 2019

Annexure B to the Independent Auditor's Report on the Standalone Financial Statements of Sutlej Textiles and Industries Limited for the year ended 31 March, 2019

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Sutlej Textiles and Industries Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

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 and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with reference to Financial Statements

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

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

Rajiv Goyal
Partner
Membership No. 094549

Place: Gurugram
Date: 9th May, 2019

Standalone Balance Sheet as at 31st March, 2019

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

(Rs. in crore)

Particulars	Notes	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,053.03	1,108.28
Capital work-in-progress	3	20.05	9.51
Intangible assets	4	0.95	1.09
Financial assets			
(i) Investments	5	57.06	81.61
(ii) Loans	6	12.06	4.28
Non-current tax assets (net)	7	0.20	0.15
Other non-current assets	8	6.88	2.11
Total non-current assets		1,150.23	1,207.03
Current assets			
Inventories	9	555.21	506.59
Financial assets			
(i) Trade receivables	10	298.41	325.32
(ii) Cash and cash equivalents	11	1.12	0.93
(iii) Bank balances other than cash and cash equivalents	12	1.78	1.75
(iv) Loans	13	0.21	0.53
(v) Other current financial assets	14	58.27	5.68
Other current assets	15	65.09	133.68
Assets classified as held for sale	16	0.24	0.24
Total current assets		980.33	974.72
Total assets		2,130.56	2,181.75
EQUITY AND LIABILITIES			
Equity			
Equity share capital	17	16.38	16.38
Other equity	18	930.45	890.20
Total equity		946.83	906.58
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	19	436.92	509.15
(ii) Other financial liabilities	20	10.63	5.92
Provisions	21	10.26	8.95
Deferred tax liabilities (net)	22A	28.98	22.27
Other non-current liabilities	23	8.88	8.47
Total non-current liabilities		495.67	554.76
Current liabilities			
Financial liabilities			
(i) Borrowings	24	380.85	438.11
(ii) Trade payables			
(a) Total outstanding dues of micro and small enterprises	25	1.93	1.31
(b) Total outstanding dues of creditors other than micro and small enterprises		112.04	96.12
(iii) Other financial liabilities	26	157.40	152.02
Other current liabilities	27	17.27	14.48
Provisions	28	16.55	16.46
Current tax liabilities (net)	29	2.02	1.91
Total current liabilities		688.06	720.41
Total liabilities		1,183.73	1,275.17
Total equity and liabilities		2,130.56	2,181.75
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the financial statements
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Regn. No.101248W / W-100022

Rajiv Goyal
Partner
Membership No -094549

Place : Gurugram
Date: 9th May, 2019

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

Rajan Dalal
Director
DIN: 00546264

C. S. Nopany
Executive Chairman
DIN: 00014587

S. K. Khandelia
President & CEO
M.No. : 016336

Bipeen Valame
Whole time Director and CFO
DIN : 07702511

Manoj Contractor
Company Secretary
M.No. : A11661

Standalone Statement of Profit and Loss for the year ended 31st March, 2019

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

(Rs. in crore)

Particulars	Notes	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Revenue			
Revenue from operations	30	2,561.64	2,453.94
Other income	31	27.73	33.59
Total income		**2,589.37**	**2,487.53**
Expenses			
Cost of materials consumed	32	1,355.96	1,306.37
Purchase of stock in trade		127.97	112.75
Changes in inventories of finished goods, stock-in-trade and work-in-progress	33	18.70	(23.35)
Employee benefits expense	34	319.07	299.37
Finance costs	35	56.54	59.12
Depreciation and amortization expense	36	100.58	106.58
Other expenses	37	520.70	511.64
Total expenses		**2,499.52**	**2,372.48**
Profit before exceptional items and tax		**89.85**	**115.05**
Exceptional items	38	-	41.83
Profit before tax		**89.85**	**156.88**
Tax expense:	22B		
Current tax		17.44	28.06
Deferred tax charge		6.71	15.69
Total tax expenses		**24.15**	**43.75**
Profit for the year		**65.70**	**113.13**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	22C	0.35	4.75
Tax relating to remeasurement of defined benefit plans		(0.12)	(1.64)
Total other comprehensive income for the year		**0.23**	**3.11**
Total comprehensive income for the year		**65.93**	**116.24**
Earnings per equity share of face value of Rs. 1 each	39		
Basic and diluted (in Rs.)		4.01	6.91

Summary of significant accounting policies 2

The accompanying notes form an integral part of the financial statements
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Regn. No.101248W / W-100022

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

Rajiv Goyal
Partner
Membership No -094549

Rajan Dalal
Director
DIN: 00546264

C. S. Nopany
Executive Chairman
DIN: 00014587

S. K. Khandelia
President & CEO
M.No. : 016336

Place : Gurugram
Date: 9th May, 2019

Bipeen Valame
Whole time Director and CFO
DIN : 07702511

Manoj Contractor
Company Secretary
M.No. : A11661

Standalone Statement of Cash Flows for the year ended 31st March, 2019

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

(Rs. in crore)

	Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
A.	**Cash flow from operating activities**		
	Profit before tax	89.85	156.88
	Adjustments for :-		
	Depreciation and amortization expense	100.58	106.58
	Profit on sale/discard of property, plant and equipment (net)	(2.61)	(1.35)
	Finance cost	56.54	59.12
	Dividend from preference shares	(6.03)	(23.47)
	Interest income	(10.48)	(12.85)
	Deferred government grants	(1.05)	(0.99)
	Net fair value gain on financial assets measured at FVTPL	0.20	(22.65)
	Provision for doubtful debts	0.10	0.13
	Fair value (gains)/ loss on derivatives	(2.36)	3.47
	Provision for doubtful claims written back	-	(0.14)
	Sundry credit balances written back (net)	(0.59)	(1.95)
	Operating profit before working capital changes	**224.15**	**262.78**
	Net change in		
	Inventories	(48.62)	23.33
	Trade receivables	26.81	(83.22)
	Other financial assets	(58.40)	(1.68)
	Other assets	69.50	(47.98)
	Trade payables	17.13	27.82
	Other financial liabilities	1.10	1.88
	Provisions	1.75	5.18
	Other liabilities	1.25	(5.11)
	Cash generated from operations	**234.67**	**183.00**
	Income tax paid (net of refund)	(17.50)	(24.85)
	Net cash from operating activities	**217.17**	**158.15**
B.	**Cash flow from investing activities**		
	Increase in deposits with banks	(0.03)	(0.21)
	Interest received	10.48	12.85
	Dividend received from preference shares	6.03	23.47
	Purchase of property, plant and equipment	(56.05)	(94.38)
	Proceeds from redemption of preference shares	24.35	-
	Proceeds from sale of property, plant & equipment	4.76	3.16
	Grants/subsidy from government	-	0.35
	Net cash used in investing activities	**(10.46)**	**(54.76)**

Standalone Statement of Cash Flows for the year ended 31st March, 2019

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

(Rs. in crore)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
C. Cash flow from financing activities		
Net proceeds/ (repayment) of long term borrowings	(67.21)	2.29
Net proceeds/ (repayment) of short term borrowings	(57.26)	8.65
Finance costs (net of interest subsidies)	(56.37)	(59.15)
Investment in equity shares	-	(30.64)
Dividend paid (including dividend distribution tax)	(25.68)	(25.63)
Net cash used in financing activities	**(206.52)**	**(104.48)**
Net increase/ (decrease) in cash and cash equivalents	**0.19**	**(1.09)**
Cash and cash equivalents at the beginning of the year*	0.93	2.02
Cash and cash equivalents at the end of the year*	1.12	0.93
	0.19	(1.09)

* Refer note 11 for details.

Notes:

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

2. **Changes in liabilities arising from financing activities**

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Opening balance of borrowings		
Term loan (including current maturities)	606.20	603.65
Current borrowings	438.11	429.46
Cash Flows		
Repayment of term loan	100.41	100.41
Proceeds from term loan	33.20	102.97
Change in current borrowings (net)	(57.26)	8.65
Closing balance of borrowings		
Term loan (including current maturities)	538.99	606.21
Current borrowings	380.85	438.11

The accompanying notes form an integral part of the financial statements
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Regn. No.101248W / W-100022

Rajiv Goyal
Partner
Membership No -094549

Place : Gurugram
Date: 9th May, 2019

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

Rajan Dalal
Director
DIN: 00546264

C. S. Nopany
Executive Chairman
DIN: 00014587

S. K. Khandelia
President & CEO
M.No. : 016336

Bipeen Valame
Whole time Director and CFO
DIN : 07702511

Manoj Contractor
Company Secretary
M.No. : A11661

Standalone Statement of Changes in Equity for the year ended 31st March, 2019

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

(a) Equity share capital

(Rs. in crore)

Particulars	For the year ended 31st March, 2019		For the year ended 31st March, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the begining of the year	16,38,28,620	16.38	1,63,82,862	16.38
Increase due to sub-division of equity share [refer note 17(f)]	-	-	14,74,45,758	-
Balance at the end of the year	**16,38,28,620**	**16.38**	**16,38,28,620**	**16.38**

(b) Other equity

(Rs. in crore)

Particulars	Reserves and surplus			Total
	General reserve	Retained earnings	Other comprehensive income	
Balance as at 31st March, 2017	**166.06**	**634.34**	**(0.81)**	**799.59**
Profit/ (loss) for the year as per statement of profit and loss	-	113.13	-	113.13
Other comprehensive income for the year	-	-	3.11	3.11
Total comprehensive income for the year	**-**	**113.13**	**3.11**	**116.24**
Transfer to general reserve	12.00	(12.00)	-	-
Dividend paid	-	(21.29)	-	(21.29)
Dividend distribution tax	-	(4.34)	-	(4.34)
Balance as at 31st March, 2018	**178.06**	**709.84**	**2.30**	**890.20**
Profit/ (loss) for the year as per statement of profit and loss	-	65.70	-	65.70
Other comprehensive income for the year	-	-	0.23	0.23
Total comprehensive income for the year	**-**	**65.70**	**0.23**	**65.93**
Transfer to general reserve	7.00	(7.00)	-	-
Dividend paid	-	(21.30)	-	(21.30)
Dividend distribution tax	-	(4.38)	-	(4.38)
Balance as at 31st March, 2019	**185.06**	**742.86**	**2.53**	**930.45**

Significant accounting policies 2

The accompanying notes form an integral part of the financial statements
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Regn. No.101248W / W-100022

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

Rajiv Goyal
Partner
Membership No -094549

Rajan Dalal
Director
DIN: 00546264

C. S. Nopany
Executive Chairman
DIN: 00014587

S. K. Khandelia
President & CEO
M.No. : 016336

Place : Gurugram
Date: 9th May, 2019

Bipeen Valame
Whole time Director and CFO
DIN : 07702511

Manoj Contractor
Company Secretary
M.No. : A11661

Notes to the Standalone Financial Statements for the year ended 31st March, 2019

1. COMPANY INFORMATION

Sutlej Textiles and Industries Limited (herein after referred to as "the Company") is domiciled in India with its registered office situated at Pachpahar Road, Bhawanimandi - 326502, Rajasthan. The Company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) Limited. The Company, primarily, deals in cotton and man-made fibres yarn and home textiles.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

2.1 Basis of preparation

These standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

These financial statements were authorised for issue by the board of directors on their meeting held on 9th May, 2019.

2.2 Basis of measurement

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

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

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

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

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

2.3 Use of judgements and estimates

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

Judgements

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

- Classification of leases into finance and operating lease - whether an arrangement contains a lease (note 42);

  Assumptions and estimation uncertainties

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

- Measurement of defined benefit obligations: key actuarial assumptions; (note 44)
- Recognition of deferred tax assets: availability of future taxable profit against which Minimum Alternative Tax (MAT) credit can be used (note 2.19)
- Useful life and residual value of property, plant and equipment, and intangible assets

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

- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources (note 40)
- Impairment of financial assets: key assumptions used in estimating recoverable cash flows (note 46)

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

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

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

All other assets are classified as non-current.

An liability is treated as current when:

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

All other liabilities are classified as non-current.

Deferred tax liabilities are classified as non-current liabilities.

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

2.5 Property, plant and equipment

Recognition and measurement

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

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

Subsequent expenditure

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

Depreciation

Depreciation on property, plant and equipment is calculated on straight line method and is recognized in the statement of profit and loss. The rates are arrived at based on the estimated useful lives given in schedule II of the Companies Act, 2013 or re-assessed by the Company basis technical assessment, as given below: -

Assets	Useful life as per Technical Certificate	Useful life as per Companies Act
Non factory buildings	58 years	60 years
Factory buildings	30 years	30 years
Plant and equipment	18 years and 4 months /20 years / 15 years/ 3 years and 6 years	15 years/ 3years and 6 years
Office equipment	5 years	5 years
Furniture and fixtures	5-10 years	10 years
Vehicles	8 years and 10 years	8 years and 10 year

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

Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions to or on disposal of assets is calculated on pro-rata basis. Leasehold land is being amortised over the period of lease tenure. Additions on rented premises (offices and guest houses) are being amortised over the period of rent agreement.

Individual assets costing below Rs. 5000 are fully depreciated in the year of purchase as these assets have no significant useful life.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Capital work-in-progress

Capital work-in-progress includes assets in the course of construction for production/ and supply of goods or services or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalized.

2.6 Intangible assets

Intangible assets acquired separately are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method basis over the estimated useful life. Estimated useful life of the software is considered as 5 years.

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

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

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

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

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

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

2.8 Impairment of non-financial assets

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

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

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

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

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

2.9 Borrowing cost

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

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

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

2.10 Foreign currency transactions

The financial statements are presented in Indian Rupees ('INR'), which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded

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

by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

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

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

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

Conversion

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

2.11 Employee benefits

a. Short term employee benefits

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

b. Defined contribution plans

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

c. Defined benefit plans

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

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

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

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

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

d. Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The

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

obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Re-measurements gains or losses are recognised in statement of profit and loss in the period in which they arise.

2.12 Revenue recognition

The Company earns revenue primarily from sale of goods. Effective 1st April, 2018, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company had adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1st April, 2018). The adoption of the standard did not have any material impact on the financial statements of Company.

A. **Revenue from Sales of goods**

Revenue is measured at the fair value of the consideration received or receivable. Sales are recognised when the significant risks and rewards of ownership, which coincide with transfer of controls of goods, are transferred to the buyer as per terms of contract and are recognised. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

B. Export entitlements in the form of duty drawback, Merchandise Export Incentive Scheme and other schemes are recognized in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Claim on insurance companies and others, where quantum of accrual cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

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

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

2.13 Government grants and subsidies

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants that compensate the Company for expenses incurred are recognised in the statement of profit and loss, as income or deduction from the relevant expense, on a systematic basis in the periods in which the expense is recognised.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to statement of profit and loss on a systematic basis over the expected lives of the related assets to match them with the costs for which they are intended to compensate and presented within other income.

2.14 Inventories

i. **Inventories are valued as follows:**

Raw materials, Stock in trade, dyes and chemicals, stores and spares and consumables	Lower of cost and net realisable value. Cost is determined on a weighted average basis. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition. Materials and other items held for use in the production of inventories are not written down below costs, if finished goods in which they will be incorporated are expected to be sold at or above cost.
Work-in-progress and finished goods	Lower of cost and net realisable value. Cost includes direct materials, labour, a proportion of manufacturing overheads and an appropriate share of fixed production overheads based on normal operating capacity.
Waste material	At net realisable value.

Net realisable value is the selling price in the ordinary course of business, less estimate cost of completion and to make the sale

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

ii. Provision for obsolete/ old inventories is made, wherever required.

iii. In view of substantially large number of items in work-in-progress, it is not feasible to maintain the status of movement of each item at shop floor on perpetual basis. The Company, however, physically verifies such stocks at the end of every quarter and valuation is made on the basis of such physical verification. The comparison of cost and net realisable value is done on item by item basis.

2.15 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the receivable is expected to be collected within a period of 12 months or less from the reporting date (or in the normal operating cycle of the business, if longer), they are classified as current assets otherwise as non-current assets.

Trade receivables are measured at their transaction price unless it contains a significant financing component in accordance with Ind AS 115 for pricing adjustments embedded in the contract.

Loss allowance for expected life time credit loss is recognised on initial recognition.

2.16 Provisions and contingent liabilities

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote.

2.17 Measurement of fair value

a **Financial instruments**

The estimated fair value of the Company's financial instruments is based on market prices and valuation techniques. Fair values are determined with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

b **Marketable and non-marketable equity securities**

Fair value for listed shares is based on quoted market prices as of the reporting date. Fair value for unlisted shares is calculated based on market comparison techniques utilizing significant unobservable data, primarily cash flow based models.

The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee and the expected revenue and Earnings before tax, interest and depreciation (EBITDA) of the investee. The estimate is adjusted for the effect of the non-marketability of the relevant equity securities.

If fair value cannot be measured reliably unlisted shares are recognized at cost.

c **Derivatives**

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks and interest rate risk respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value provided by the respective banks. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are recorded directly to statement of profit and loss.

2.18 Financial instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts and interest rate swaps.

a. **Financial assets**

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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

Classifications
The Company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment
The Company makes an assessment of the objective of a business model in which an asset is held at an instrument level because this best reflects the way the business is managed and information is provided to management.

A financial asset is measured at amortised cost only if both of the following conditions are met:

a. it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

b. the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

b. Equity Instruments
All equity instruments in scope of Ind AS 109 are measured at fair value. On initial recognition an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other Comprehensive Income (OCI). This election is made on an investment-by-investment basis.

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

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

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

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

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

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

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

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

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

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

Subsequent measurement

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

Financial liabilities measured at amortised cost

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

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

Financial liabilities at fair value through profit or loss

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

Derecognition of financial liabilities

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

2.19 Income tax

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

i. **Current tax**

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

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

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

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

ii. **Deferred tax**

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

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

Minimum Alternative Tax (MAT) is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset the said asset is created by way of credit to the statement of profit and loss and included in

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

deferred tax assets. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

2.20 Leases

i Determining whether an arrangement contains a lease

At inception of an arrangement, it is deter mined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

ii Assets held under leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company's balance sheet.

iii Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.21 Segment reporting

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

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

2.22 Cash and cash equivalents

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

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

2.23 Earnings per share

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

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

2.24 Recent accounting pronouncements

Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which the Company has not applied as they are effective from 1st April, 2019:

Ind AS 116 – Leases:

The Company is required to adopt Ind AS 116, Leases from 1st April, 2019. Ind AS 116 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right to use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemption for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard –i.e. lessors continue to classify leases as finance or operating leases. It replaces existing lease guidance, Ind AS 17, leases.

The Company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the financial

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

statements in the period of initial application is not reasonably estimable as at present.

Company will recognise new assets and liabilities for its operating leases in respect of premises on leases. The nature of expenses related to those leases will now change because the company will recognise a depreciation charge for right to use assets and interest expenses on lease liabilities.

Previously, the company recognised lease expense over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual leases payment and expenses recognised.

Transition

The Company plans to apply Ind AS 116 initially on 1st April, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognized as an adjustment to the opening balance of retained earnings at 1st April, 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1st April, 2019 and identified as leases in accordance with Ind AS 17.

Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty,

(2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount, (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Company does not expect any impact from this amendment.

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

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

3. Property, Plant and equipment

	Freehold Land	Leasehold Land	Buildings	Plant and equipments	Vehicles	Furniture and Fixtures	Office Equip-ments	Total
Gross Block								
Balance as at 31st March, 2017	36.24	3.90	431.32	796.95	8.16	9.27	5.94	1291.78
Additions	2.29	-	17.60	63.72	2.79	1.84	0.85	89.09
Disposals/adjustments	-	-	-	1.91	0.45	0.03	0.03	2.42
Balance as at 31st March, 2018	**38.53**	**3.90**	**448.92**	**858.76**	**10.50**	**11.08**	**6.76**	**1,378.45**
Additions	-	-	14.18	29.86	1.29	0.95	1.01	47.29
Disposals/adjustments	-	-	0.06	2.18	0.69	0.14	0.09	3.16
Balance as at 31st March, 2019	**38.53**	**3.90**	**463.04**	**886.44**	**11.10**	**11.89**	**7.68**	**1,422.58**
Accumulated Depreciation								
Balance as at 31st March, 2017	-	0.10	17.16	140.08	2.39	2.45	2.12	164.30
Additions	-	0.05	12.93	89.56	1.29	1.29	1.36	106.48
Disposals/adjustments	-	-		0.36	0.23	0.01	0.01	0.61
Balance as at 31st March, 2018	**-**	**0.15**	**30.09**	**229.28**	**3.45**	**3.73**	**3.47**	**270.17**
Additions	-	0.05	13.50	82.82	1.39	1.36	1.26	100.38
Disposals/adjustments	-	-	-	0.46	0.38	0.11	0.05	1.00
Balance as at 31st March, 2019	**-**	**0.20**	**43.59**	**311.64**	**4.46**	**4.98**	**4.68**	**369.55**
Net Block								
Balance as at 31st March, 2018	**38.53**	**3.75**	**418.83**	**629.48**	**7.05**	**7.35**	**3.29**	**1,108.28**
Balance as at 31st March, 2019	**38.53**	**3.70**	**419.45**	**574.80**	**6.64**	**6.91**	**3.00**	**1,053.03**

Notes

1. In case of Kathua unit, leasehold land having carrying value as at 31st March, 2019 and 31st March, 2018 Rs.2.55 and Rs.2.58 respectively (Original cost Rs.2.92) and in case of Baddi unit freehold land having carrying value as at 31st March, 2019 and 31st March, 2018 Rs.0.08 (Original cost Rs.0.08) are pending for registration in the name of the Company.
2. Property, Plant and equipment, includes share of the company in a premises at Haridwar jointly owned with other corporates having carrying value as at 31st March, 2019 Rs.0.56 and 31st March, 2018 Rs.0.60 respectively (Original cost Rs.1.12)
3. Borrowing cost capitalized amounting to Rs.0.19 (31st March, 2018 Rs.0.50) under the head plant and equipment and building (refer note 43).
4. Property, plant and equipment given as security for borrowings refer note 19 (a)

4. Intangible Assets

	Gross Block				Depreciation				Net Block	
	As at 31st March, 2018	Additions	Disposals/ Adjustments	As at 31st March, 2019	As at 31st March, 2018	Additions	Disposals/ Adjustments	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018
Software	1.49	0.06	-	1.55	0.40	0.20	-	0.60	0.95	1.09
	1.49	**0.06**	**-**	**1.55**	**0.40**	**0.20**	**-**	**0.60**	**0.95**	**1.09**

	Gross Block				Depreciation				Net Block	
	As at 31st March, 2017	Additions	Disposals/ Adjustments	As at 31st March, 2018	As at 31st March, 2017	Additions	Disposals/ Adjustments	As at 31st March, 2018	As at 31st March, 2018	As at 31st March, 2017
Software	0.85	0.64	-	1.49	0.30	0.10	-	0.40	1.09	0.55
	0.85	**0.64**	**-**	**1.49**	**0.30**	**0.10**	**-**	**0.40**	**1.09**	**0.55**

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

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

4. Intangible Assets *(contd.)*

A. Additional disclosure as per previous GAAP

Property, plant and equipment

	As at 31st March, 2018			As at 31st March, 2019		
	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block
Freehold land	38.54	0.01	38.53	38.54	0.01	38.53
Leasehold land	4.46	0.71	3.75	4.46	0.76	3.70
Building	504.63	85.80	418.83	518.72	99.27	419.45
Plant and equipments	1,453.17	823.69	629.48	1,452.23	877.43	574.80
Vehicles	13.19	6.14	7.05	13.52	6.88	6.64
Furniture and fixtures	18.77	11.42	7.35	18.39	11.48	6.91
Office equipments	13.26	9.97	3.29	13.33	10.33	3.00
Total	**2,046.02**	**937.74**	**1,108.28**	**2,059.19**	**1,006.16**	**1,053.03**
Capital work-in-progress	9.51	-	9.51	20.05	-	20.05
Total	**2,055.53**	**937.74**	**1,117.79**	**2,079.24**	**1,006.16**	**1,073.08**

Intangible Assets

	As at 31st March, 2018			As at 31st March, 2019		
	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block
Intangible Assets						
Software	6.35	5.26	1.09	6.41	5.46	0.95
Total	**6.35**	**5.26**	**1.09**	**6.41**	**5.46**	**0.95**

B. Additions to property, plant and equipment / capital work-in-progress includes pre-operative expenses and trial run expenses incurred during construction period related to expansion projects are as under :

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Pre-operative expenses other than trial run		
Salaries, wages and bonus Contribution to provident and other funds	0.64	0.15
Consumption of stores & spares	-	0.01
Power, fuel and water charges	0.79	0.02
Insurance	0.15	-
Miscellaneous expenses	0.49	-
Interest expenses	-	0.38
Other borrowing cost	0.13	0.00
Trial run expenses		
Salaries, wages and bonus	-	0.02
Cost of materials consumed	-	0.43
Consumption of stores and spares	-	0.02
Power, fuel and water charges	-	0.01
Total (A)	**2.20**	**1.04**
Less :		
Sale of product	-	0.37
Inventories (On 1st December, 2017)		
Work-in-progress	-	0.13
Total (B)	**-**	**0.50**
Total (A-B)	**2.20**	**0.54**
Less : Allocated to property, plant and equipment	-	0.54
Balance carried forward pending for allocation	**2.20**	**-**

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

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

5. Non current investments

		As at 31st March, 2019	As at 31st March, 2018
A.	**Investment in equity instruments (fully paid-up) valued at FVTPL**		
	Unquoted		
	50 (31st March, 2018: 50) equity shares of The Jhalawar Nagrik Sahkari Bank Ltd (JNSB) of Rs. 100 each *	-	-
		-	-
	*The total amount of investments in absolute value is Rs.5,000 (31st March, 2018: Rs. 5,000), for reporting purpose rounded up to Rs. 0 crore.		
B	**Investment in wholly owned subsidiary (fully paid up) valued at cost**		
	Unquoted		
	4,500 (31st March, 2018: 4,500) equity shares of Sutlej Holdings Inc. of USD 1,000 each	30.64	30.64
	Total investments cost (A+B)	30.64	30.64
C	**Investment in preference shares (fully paid up) [refer note 46(I)] valued at FVTPL**		
	Unquoted		
	2,43,50,000 (31st March, 2018: 4,87,00,000) 8.5% Non-Convertible Cumulative Redeemable Preference shares of Avadh Sugar & Energy Limited of Rs. 10 each	25.74	50.38
	13,00,000 (31st March, 2018: 13,00,000) 8.5% Non-Convertible Cumulative Redeemable Preference shares in Palash Securities Limited of Rs. 10 each	0.68	0.59
	Total investments measured at FVTPL	26.42	50.97
	Aggregate value of unquoted investment (A+B+C)	57.06	81.61
	Aggregate value of impairment in the value of investments	-	-

6. Loans - Non Current

		As at 31st March, 2019	As at 31st March, 2018
a)	Unsecured, considered good unless otherwise stated		
	Security deposits	12.06	4.28
b)	Loans, which have significant increase in credit risk	-	-
c)	Loans - credit impaired	-	-
		12.06	4.28

7. Non current tax assets (net)

	As at 31st March, 2019	As at 31st March, 2018
Income Tax refund receivable	0.20	0.15
	0.20	0.15

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

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

8. Other non-current assets

	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good unless otherwise stated		
Capital advances	6.75	1.81
Prepaid expenses	0.13	0.30
	6.88	**2.11**

9. Inventories

	As at 31st March, 2019	As at 31st March, 2018
(Valued at lower of cost and net realisable value)		
Raw materials	258.37	194.63
Dyes and chemicals	6.42	6.30
Work-in-progress	76.94	78.62
Finished goods	179.46	198.86
Stock in trade	2.50	3.72
Stores, spare-parts and consumables	28.27	21.45
Wastage material	3.25	3.01
	555.21	**506.59**
Goods in transit included in above inventories are as under :		
Raw materials	16.64	13.58
Stores, spare-parts and consumables	0.94	0.84

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

10. Trade receivables

	As at 31st March, 2019	As at 31st March, 2018
a) Unsecured, considered good		
Trade receivables	298.31	325.32
Receivables from related parties	0.10	-
b) Unsecured, considered doubtful		
Considered doubtful	1.51	1.41
Less: Loss allowance for doubtful recievables	(1.51)	(1.41)
c) Trade receivables which have significant increase in credit risk	-	-
d) Trade receivables - credit impaired	-	-
	298.41	325.32

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

(b) No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Further, no trade or other receivables are due from firms or private companies in which any director is a partner, or director or member.

(c) The Company's exposure to credit and currency risk, and loss allowances related to trade receivables is disclosed in note 46.

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

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

11. Cash and cash equivalents

	As at 31st March, 2019	As at 31st March, 2018
Balances with banks:		
- In current accounts	0.94	0.76
Cash on hand	0.18	0.17
	1.12	0.93

12. Bank balances other than cash and cash equivalents

	As at 31st March, 2019	As at 31st March, 2018
Earmarked balances with banks:		
Unpaid dividend account	1.23	1.20
Deposits with remaining maturity for more than 3 months but less than 12 months	0.55	0.55
	1.78	1.75

13. Loans (Current)

	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good unless otherwise stated		
a) Security deposits	0.21	0.53
b) Loans, which have significant increase in credit risk	-	-
c) Loans - credit impaired	-	-
	0.21	0.53

14. Other current financial assets

	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good unless otherwise stated		
Export benefits/ claims receivable #	36.34	-
Less: Provision for doubtful	(0.16)	-
	36.18	-
Advances recoverable in cash	4.43	5.49
Government subsidies receivable #	15.81	
Forward contract receivables	1.66	-
Interest accrued on deposits	0.19	0.19
	58.27	5.68

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

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

15. Other current assets

	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good unless otherwise stated		
Balances with government authorities	54.41	52.22
Duty paid under protest	0.02	0.02
	54.43	**52.24**
Export benefits/ claims receivable #	-	54.60
Less: Provision for doubtful	-	(0.16)
	-	**54.44**
Government subsidies receivable #		15.44
Prepaid expenses	3.11	2.20
Advances to suppliers	7.55	9.36
	65.09	133.68

In accordance with bulletin -15 issued by the Ind AS Technical Facilitation Group (ITFG) "Incentive receivable from the government under a scheme of government on complying with the certain stipulated conditions shall fall under the definition of financial instruments and shall be accounted for as a financial asset as per Ind AS 109". Accordingly, Company has classified Rs. 51.99 of various incentives/ claims receivable under "Other Current Financial Assets" during the year.

16. Assets classified as held for sale

	As at 31st March, 2019	As at 31st March, 2018
Plant and equipments held for sale	0.24	0.24
	0.24	0.24

During earlier years, the Company decided to sell obsolete plant and equipments which were originally purchased for production and manufacturing. The Company is actively searching for buyers to sell these assets. No liability is attached to these assets.

Non – current fair value measurements :

Assets classified as held for sale are measured at lower of their carrying amount and fair value less cost to sell at the time of reclassification. Fair value of the assets was determined using expected market realizable value using past trend and management assessment. fair value measurement of assets held for sale is a level 3 measurement and key inputs under this approach are price per asset comparable for the machine in similar business and technology.

17. Equity Share capital

	As at 31st March, 2019	As at 31st March, 2018
Authorised:		
500,000,000 equity shares of Rs. 1/- each (31st March, 2018: 500,000,000 of Rs. 1/- each)	50.00	50.00
{Refer note 17(f)}		
Issued, subscribed and fully paid up:		
163,828,620 equity Shares of Rs. 1/- each (31st March, 2018: 163,828,620 of Rs. 1/- each)	16.38	16.38
{Refer note 17(f)}		
	16.38	**16.38**

a. **Terms and rights attached to equity shares**

Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. There is no restriction on distribution of dividend. However, distribution of dividend is subject to the approval of the shareholders in the Annual General Meeting.

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

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

17. Equity Share capital *(contd.)*

b. Reconciliation of number of shares outstanding at the beginning and end of the year :

	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	16,38,28,620	16.38	1,63,82,862	16.38
Add: Increase in number of shares on account of stock split {Refer note 17(f)}	-	-	14,74,45,758	-
Balance at the end of the year	**16,38,28,620**	**16.38**	**16,38,28,620**	**16.38**

c. Shares held by holding company or its ultimate holding company or subsidiaries or associates of the holding company or the ultimate holding company in aggregate.

There are no holding or ultimate holding company of the Company.

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

	As at 31st March, 2019		As at 31st March, 2018	
	No. of shares	Percentage	No. of shares	Percentage
Uttar Pradesh Trading Company Limited.	3,04,16,970	18.57%	3,04,16,970	18.57%
Hargaon Investment & Trading Company Limited	1,71,13,960	10.45%	1,71,13,960	10.45%
New India Retailing and Investment Limited	1,70,63,040	10.42%	1,70,63,040	10.42%
Yashovardhan Investment and Trading Company Limited	1,48,68,360	9.08%	1,48,68,360	9.08%
Birla Institute of Technology and Science	1,12,86,580	6.89%	1,12,86,580	6.89%
Earthstone Holding (Two) Private Limited	98,03,690	5.98%	98,03,690	5.98%
Ronson Traders Limited	97,23,730	5.94%	97,23,730	5.94%

e. **Aggregate number of bonus shares issued, for consideration other than cash, during the period of five years immediately preceding the reporting period** - Company allotted 54,609,540 equity shares of Rs. 5.46, fully paid up as bonus shares on 1st July, 2013.

f. Pursuant to the shareholders approval dated 31st August, 2017, the Company sub-divided its equity shares of face value of Rs. 10/- each into equity shares of face value of Rs. 1/- each for which 27th September, 2017 was fixed as recorded date. Accordingly, the basic and diluted earning per share and the number of share disclosed in note 39 have been computed for the current and previous year based on the revised number of shares and face value of Rs. 1/- per equity share.

18. Other equity

		As at 31st March, 2019	As at 31st March, 2018
a.	**General reserve**		
	Balance at the beginning of the year	178.06	166.06
	Add: Amount transferred from retained earnings	7.00	12.00
	Balance at the end of the year	**185.06**	**178.06**
b.	**Retained earnings**		
	Balance at the beginning of the year	709.84	634.34
	Profit for the year	65.70	113.13
	Less: Dividend on equity shares (including tax thereon)	(25.68)	(25.63)
	Less: Amount transferred to general reserve	(7.00)	(12.00)
		742.86	**709.84**
c.	**Other comprehensive income**		
	Balance at the beginning of the year	2.30	(0.81)
	Addition during the year	0.23	3.11
	Balance at the end of the year	**2.53**	**2.30**
		930.45	**890.20**

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

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

18. Other equity *(contd.)*

Nature and purpose of reserves/ other equity

General reserve

The Company appropriates a portion to general reserves out of the profits voluntarily to meet future contingencies. The said reserve is available for payment of dividend to the shareholders as per the provisions of the Companies Act, 2013.

Retained earnings:

Retained earnings are the profit that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to investors.

Other comprehensive income

Remeasurements of defined benefit plans represents the following as per Ind AS 19-Employee Benefits:

(a) actuarial gains and losses;

(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

Dividend

The following dividends were declared and paid by the Company:

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Final dividend for the year ended 31st March, 2018 Rs. 1.30 per equity share of Rs.1 each (31st March, 2017 Rs.13 per equity share of Rs.10 each)	21.30	21.29
Dividend distribution tax on final dividend	4.38	4.34
	25.68	25.63

After the reporting date the following dividend was proposed by the Board of Directors of the Company subject to the approval of shareholders of the Company at its Annual General Meeting. Accordingly, the dividend have not been recognized as liabilities. Dividends should attract corporate dividend tax when declared:

	As at 31st March, 2019	As at 31st March, 2018
Proposed final dividend for the year ended 31st March, 2019 Rs.0.65 per equity share of Rs. 1 each ** (Previous year Rs. 1.30 per equity share of Rs.1 each)	10.65	21.29
Dividend distribution tax on final dividend	2.19	4.38
	12.84	**25.67**

** On 9th May, 2019, the Board of Directors of the Company has recommended a final dividend of Rs. 0.65 per share (face value of Rs. 1 per share) for the financial year ended 31st March, 2019, subject to approval of the shareholders in the ensuing Annual General Meeting.

19. Non - Current Borrowings

	As at 31st March, 2019	As at 31st March, 2018
Term loans (Secured)		
- From banks	436.92	509.15
	436.92	**509.15**

a. **Securities**

Term loans are secured by first equitable mortgage ranking pari-passu over the Company's immovable properties situated at Bhawanimandi (Rajasthan), Kathua (Jammu & Kashmir), Baddi (Himachal Pradesh) and Daheli (Gujarat) and moveable assets (save and except book debts) both present and future, subject to prior charges created/to be created, in favour of bankers, on moveable assets including book debts to secure working capital borrowings.

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

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

19. Non - Current Borrowings *(contd.)*

b. Terms of repayment and interest are as follows :

Secured loan from	Repayment frequency	Year of maturity	Rate of interest p.a. %)	As at 31st March, 2019	As at 31st March, 2018
Punjab National Bank, Kota	Quarterly	FY 2022 to 2025	8.45	87.39	111.12
Bank of Maharashtra, Jaipur	Quarterly	FY 2026	8.75	168.63	194.88
Jammu & Kashmir Bank, Kathua	Quarterly	FY 2022 to 2026	8.30 to 8.45	131.84	126.07
ICICI Bank, Kolkata	Quarterly	FY 2020	9.15	0.41	1.22
State Bank of India, Mumbai	Quarterly	FY 2023	10.00	9.13	11.62
United Bank, Delhi	Quarterly	FY 2024	8.85	9.61	15.10
HDFC Bank, Jaipur	Quarterly	FY 2023 to 2024	8.15	131.98	146.19
				538.99	606.20
Less : Current maturities of long term debt (refer note 26)				102.07	97.05
				436.92	509.15

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

20. Other Non Current Financial Liabilities

	As at 31st March, 2019	As at 31st March, 2018
Trade deposits	6.03	5.78
Employee security deposits	0.11	0.14
Deferred payment liabilities	4.49	-
	10.63	5.92

21. Provisions

	As at 31st March, 2019	As at 31st March, 2018
Provision for compensated absenses	10.26	8.95
	10.26	8.95

22. Deferred Tax Liabilities (Net)

A. Movement in deferred tax balances

Particulars	As at 31st March, 2018	Recognized during the year	Utilised during the year	As at 31st March, 2019
Deferred tax assets				
MAT credit entitlement @	70.82	-	(5.52)	65.30
Disallowance u/s 43B of Income Tax Act, 1961	14.00	-	(0.13)	13.87
Others (provision for doubtful debts and others)	0.86	0.66	-	1.52
Total (A)	85.68	0.66	(5.65)	80.69
Deferred tax liabilities				
Property, plant and equipment: Impact of difference between income tax depreciation and book depreciation	107.95	1.72	-	109.67
Total (B)	107.95	1.72	-	109.67
Net deferred tax liability (B)-(A)	22.27	1.06	5.65	28.98

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

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

22. Deferred Tax Liabilities (Net) *(contd.)*

Particulars	As at 31st March, 2017	Recognized during the year	Utilised during the year	As at 31st March, 2018
Deferred tax assets				
MAT credit entitlement @	62.09	13.79	(5.06)	70.82
Disallowances u/s 43B of Income Tax Act, 1961	11.87	2.13	-	14.00
Others (provision for doubtful debts, provision for change in fair valuation of preference shares and others)	8.77	(7.91)	-	0.86
Total (A)	**82.73**	**8.01**	**(5.06)**	**85.68**
Deferred tax liabilities				
Property, plant and equipment: Impact of difference between income tax depreciation and book depreciation	84.25	23.70	-	107.95
Total (B)	**84.25**	**23.70**	**-**	**107.95**
Net deferred tax liability (B)-(A)	**1.52**	**15.69**	**(5.06)**	**22.27**

@ Represents that portion of MAT credit, which can be recovered and set off in subsequent years as per provisions of Section 115JAA of the Income Tax Act, 1961. The Management, based on the present trend of profitability and future profitability projections, opines that Company would have sufficient taxable income in future to utilize MAT credit entitlements.

B. Amounts recognised in statement of profit and loss

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Current tax expense		
Current tax	17.44	28.06
	17.44	**28.06**
Deferred tax expense		
Origination and reversal of temporary differences	6.71	15.69
	6.71	**15.69**
Total Tax Expense	**24.15**	**43.75**

C. Amounts recognised in other comprehensive income

Particulars	For the year ended 31st March, 2019			For the year ended 31st March, 2018		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Remeasurements of defined benefit liability	0.35	(0.12)	0.23	4.75	(1.64)	3.11
	0.35	**(0.12)**	**0.23**	**4.75**	**(1.64)**	**3.11**

D. Reconciliation of effective tax rate

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Profit before tax from operations	89.85	156.88
Tax using the Company's domestic tax rate @34.94% (31st March, 2018: 34.61%)	31.39	54.30
Tax effect of:		
Non-deductible expenses	1.94	2.37
Tax on exempt income	(2.04)	(8.46)
Tax incentives	(6.73)	(4.12)
MAT credit entitlement related to earlier years	-	(7.06)
Deferred tax created due to levy of 1% additional cess on income w.e.f. Assessment year 2019-20	-	0.91

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

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

22. Deferred Tax Liabilities (Net) *(contd.)*

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Previously unrecognised deferred tax now recognised	-	3.15
MAT credit utilised, disallowance u/s 14A of the Income tax act, 1961,etc	-	2.66
Others	(0.41)	-
Income tax expenses reported in the statement of profit and loss	**24.15**	**43.75**
Effective tax rate	**26.88%**	**27.89%**

23. Other Non-Current Liabilities

	As at 31st March, 2019	As at 31st March, 2018
Deferred government grants (refer note 40 B (b))		
Capital subsidies on specific plant and machineries#	7.42	8.47
Non-current portion of the gain on deferred payment liabilities	1.46	-
	8.88	**8.47**
#Movement of deferred government grants is as below:		
Balance at the beginning of the year	8.47	9.11
Grant accrued during the year	-	0.35
Grant amortized and transferred to statement of profit and loss	(1.05)	(0.99)
Balance at the end of the year	**7.42**	**8.47**

24. Current Borrowings

	As at 31st March, 2019	As at 31st March, 2018
Loan repayable on demand (Secured)*		
- From banks	366.02	396.76
Bills discounted**	14.83	41.35
	380.85	**438.11**

* Working capital facilities from banks are secured/to be secured by hypothecation of moveable's including book debts, both present and future, of the units, ranking pari-passu inter se.

** Bills discounted are secured against the books debts which have been discounted.

25. Total Outstanding dues of Micro and Small Enterprises

		As at 31st March, 2019	As at 31st March, 2018
a.	Principal and interest amount remaining unpaid	1.93	1.31
b.	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day.	-	-
c.	Interest due to payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	-	-
d.	Interest accrued and remaining unpaid.	-	-
e.	Interest remaining due to payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-
		1.93	**1.31**

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

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

26. Other Financial Liabilities

	As at 31st March, 2019	As at 31st March, 2018
Current maturities of long-term debt (refer note 19)	104.82	99.90
{Includes interest accrued and due on borrowings 31st March, 2019: Rs. 2.75 (31st March, 2018: Rs. 2.85)}		
Unpaid dividend	1.23	1.20
Employees related liabilities	41.12	39.47
Forward contract payables	-	0.70
Creditors for capital goods	4.39	5.36
Current portion of deferred payment liabilities	1.25	-
Security deposits	0.87	2.47
Director's commission	0.22	0.23
Others	3.50	2.69
	157.40	152.02

27. Other Current Liabilities

	As at 31st March, 2019	As at 31st March, 2018
Contract liabilities	11.64	6.58
Statutory dues	5.14	7.90
Current portion of gain on deferred payment liabilities	0.49	-
	17.27	14.48

28. Provisions

	As at 31st March, 2019	As at 31st March, 2018
Compensated absenses	3.98	3.67
Gratuity	-	0.19
Others - contingencies	12.57	12.60
	16.55	16.46

Others - Contingencies

Provision for disputed statutory matters have been made, where the Company anticipates probable outflow. The amount of provision is based on estimate made by the Company considering the facts and circumstances of each case. The timing and amount of cash flow will be determined by the relevant authorities on settlement of cases.

The movement of provisions is presented below:

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Balance at the beginning of the year	12.60	12.81
Provision made during the year	-	0.29
Payment made/ provision reversed during the year	0.03	0.50
Balance at the end of the year	**12.57**	**12.60**

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

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

29. Current Tax Liabilities

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Provision for Income tax [net of advance tax of Rs. 80.37 (31st March, 2018 Rs. 130.07)]	2.02	1.91
	2.02	**1.91**

30. Revenue from Operations @

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Sale of products (net of taxes)		
Manufactured goods	2,369.58	2,268.73
Traded goods	139.19	116.56
Total (i)	**2,508.77**	**2,385.29**
Sale of services		
Job processing	25.21	23.72
Others	8.91	10.79
Total (ii)	**34.12**	**34.51**
Total [(iii) = (i) + (ii)]	**2,542.89**	**2,419.80**
Other operating revenue		
Export incentives	18.75	34.14
Total (iv)	**18.75**	**34.14**
Revenue from operations [(iii) + (iv)]	**2,561.64**	**2,453.94**

@ Net of amount transferred to trial run expenses refer note 4 (B).

31. Other Income

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Interest income from financial assets measured at amortised cost		
- from bank deposits	0.05	0.03
- from inter-corporate deposits	-	3.68
- from others	10.43	9.14
Dividend from preference shares (refer note 45)	6.03	4.14
Net fair value gain on financial assets measured at FVTPL	-	0.15
Profit on sale/discard of property, plant and equipment (net)	2.61	1.35
Foreign currency transactions and translation (net)	-	5.69
Sundry credit balances written back (net)	0.59	1.95
Provision for doubtful debts written back [Current year Rs. 13,244 (in absolute value)]	-	0.14
Insurance claims	0.34	1.20
Deferred government subsidies (refer note 23)	1.05	0.99
Miscellaneous income (including scrap sales)	6.63	5.13
	27.73	**33.59**

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

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

32. Cost of Materials Consumed @

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Raw material consumed	1,257.67	1,220.72
Consumption of dyes and chemicals	98.29	85.65
	1,355.96	**1,306.37**

@ Net of amount transferred to trial run expenses refer note 4 (B).

33. Changes in Inventories of finished Goods, Work-In-Progress and Stock In Trade

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Closing inventory		
Work-in-progress	76.94	78.62
Finished goods	179.46	198.86
Stock- in- trade	2.50	3.72
Wastage material	3.25	3.01
Total (A)	**262.15**	**284.21**
Opening inventory		
Work-in-progress	78.62	72.41
Finished goods	198.86	191.83
Stock- in- trade	3.72	1.89
Wastage material	3.01	2.16
Total (B)	**284.21**	**268.29**
Add:		
Inventories transferred from trial run production on 1st December, 2017 :		
Work-in-progress	-	0.13
Total (C)	**-**	**0.13**
Less : Insurance claim against goods lost by fire (31st March, 2018: GST credit taken on closing stocks as on 30th June, 2017 as per provision of the Central Goods and Services Tax Act, 2017).		
Work-in-progress	(1.84)	(3.09)
Finished goods	(1.52)	(4.47)
Total (D)	**(3.36)**	**(7.56)**
Total (B-A+C+D)	**18.70**	**(23.35)**

34. Employee Benefits Expense

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Salaries and wages	283.96	264.60
Contribution to provident and other funds	32.02	31.97
Staff welfare expenses	3.09	2.80
	319.07	**299.37**

Net of amount capitalized refer note 4 (B).

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

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

35. Finance Costs @

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Interest expenses #	52.14	54.74
Exchange difference on the principal amount of foreign currency borrowing. *	2.97	3.62
Other borrowing costs	1.43	0.76
	56.54	**59.12**

@ Net of amount capitalized refer note 43

Net of interest subsidies under various schemes amounting to Rs. 17.21 (31st March, 2018 : Rs. 14.82).

*Exchange differences on the principal amount of the foreign currency borrowings to the extent that they are regarded as an adjustment to borrowing costs have been disclosed as "Finance costs".

36. Depreciation and Amortisation Expense

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Depreciation on property, plant and equipment (refer note 3)	100.38	106.48
Amortisation on intangible assets (refer note 4)	0.20	0.10
	100.58	**106.58**

37. Other Expenses @

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Processing and job charges	8.47	11.36
Consumption of stores, spares and consumables	73.86	75.93
Power, fuel and water charges	256.28	256.18
Rent (refer note 42)	1.29	1.32
Insurance	5.75	6.54
Rates and taxes	0.41	0.72
Repairs and maintenance:		
Buildings	6.27	4.44
Plant and machineries	33.29	28.01
Others	2.01	2.40
Freight and forwarding expenses	65.78	62.58
Selling commission and brokerage	23.02	20.52
Auditor's remuneration #	0.72	0.65
Charity and donation ##	2.38	0.57
Foreign currency transactions and translation (net)	2.18	-
Loss allowance for doubtful debts	0.10	0.13
Director's commission and fees	0.50	0.63
Excise duty	-	0.45
Travelling expenses	7.14	6.66
Vehicle expenses	4.73	4.10
Corporate social responsibility expenses###	2.44	6.26
Net fair value loss on financial assets measured at FVTPL	0.20	-
Miscellaneous expenses	23.88	22.19
	520.70	**511.64**

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

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

37. Other Expenses @ *(contd.)*

Auditor's remuneration (net of taxes)

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
As auditor:		
Statutory audit fee	0.39	0.39
Tax audit fee	0.04	0.05
For limited review	0.12	0.04
Certification fee and other matters	0.05	0.07
Re-imbursement of expenses	0.12	0.06
Branch auditors		
Certification fee and other matters	-	0.03
Re-imbursement of expenses	-	0.01
	0.72	**0.65**

@ Net of amount capitalized refer note 4 (B).

Includes Rs. 2.00 (31st March, 2018: 0.37) given to Samaj Electoral Trust Association.

* Previous year includes Rs. 0.20 paid to erstwhile auditors.

Details of corporate social responsibility expenses

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
i) Gross amount required to be spend during the year	3.29	3.39
ii) Amount spent during the year		
(a) Construction/ acquisition of any asset	2.21	0.78
(b) On purpose other than (a) above	0.23	5.48
	2.44	**6.26**

38. Exceptional Items

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Net fair value gain on financial assets measured at FVTPL	-	22.50
Dividend on preference shares	-	19.33
	-	**41.83**

Exceptional items for the previous year ended 31st March, 2018 include dividend income amounting to Rs. 19.33 pertaining to the years 2011 to 2016 on investment in Non-Convertible Cumulative Redeemable Preference Shares held in other Company. Exceptional items also include an amount of Rs. 22.50 pertaining to increase in value of said investment. Consequent to the increase in fair value of the said investments, the resultant deferred tax charge of Rs. 7.50 has been disclosed under tax expense. These investments are measured at fair value and resultant impact of decrease in fair value by Rs. 17.99 (net of taxes) was recognised in retained earnings as at the date of transition (i.e 1st April, 2015) and subsequent increases were recognized in statement of profit and loss.

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

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

39. Earning per share

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Profit for the year	65.70	113.13
Weighted average number of equity shares of Rs. 1/- each { Refer note 17 (f) }	16,38,28,620	16,38,28,620
Basic and diluted earning per share (in Rs.)	**4.01**	**6.91**

40. Contingent Liabilities and Commitments

A. Contingent liabilities (to the extent not provided for) in respect of:

	As at 31st March, 2019	As at 31st March, 2018
1. Claim against the Company not acknowledged as debts:		
Labour matters (including matter in respect of which stay granted by respective Hon'ble High Court), except for which the liability is unascertainable	4.47	4.41
2. Other matters for which the Company is contingently liable:		
a) Demand raised by excise department for various matters	1.88	7.13
b) Demand raised by the income tax authorities	0.19	-
c) Demand for Entry tax (penalty and interest) [Net of Rs. 5.74 (31st March, 2018 Rs. 5.74) provided in accounts/ paid] (refer note 28)	10.20	8.87
d) Liability for non receipt of C form from customers excluding interest and penalty liability	0.25	3.65

3. Liability of customs duty towards export obligation undertaken by the Company under "Export Promotion Capital Goods Scheme (EPCG)" amounting to Rs. 8.49 (31st March, 2018: Rs. 16.50).

The Company had imported Capital goods under EPCG and saved the custom duty. As per the EPCG terms and conditions, Company needs to export Rs. 50.94 (31st March, 2018: Rs. 99.00) i.e. 6 times of duty saved on import of Capital goods on FOB basis within a period of 6 years. If the Company does not export goods in prescribed time, then the Company may have to pay interest and penalty thereon

Note: (i) Pending resolution of the respective proceedings, it is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above matters, timing of the cash outflows can be determined only on receipt of judgments/ decisions pending with various forums/ authorities.

Note: (ii) The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required, and disclosures are made for contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceeding to have a materially adverse effect on its financial position . The Company does not expects any reimbursements in respect of the above contingent liabilities.

B. Commitments

	As at 31st March, 2019	As at 31st March, 2018
a) Estimated amount of contracts remaining to be executed on capital account [net of advances] not provided for	118.78	5.42

b) The Company has availed certain government subsidies/ grants. As per the terms and conditions attached to these government subsidies/grants, the Company has to continue with production of goods for specified number of years and others conditions failing which amount of subsidies/grants availed alongwith interest, penalty etc. will have to be refunded.

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

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

41. Segment Information

A. Description of segments and principal activities

Segment information is presented in respect of the Company's key operating segments. The operating segments are based on the Company's internal reporting structure.The Board of Directors has been identified as the chief operating decision maker ('CODM'), since Board of directors is responsible for all major decision with respect to the preparation and execution of business plan, preparation of budget, planning, expansion, alliance, joint venture, merger and acquisition, and expansion of any facility, etc. The Company's board examines the Company's performance both from a product and geographic perspective and has identified two reportable segments of its business:

a) Yarn: It comprises of cotton and man made fibres yarn;

b) Home textiles : It comprises of home furnishing and fabric processing.

The Company's board reviews the results of each segment on a quarterly basis. The Company's board of directors uses segment result to assess the performance of the operating segments.

B. Information about reportable segments

Information related to each reportable segment is set out below. Segment's earning before interest, depreciation and tax (EBITDA) is used to measure segment's performance because management believes that this information is the most relevant to evaluate the results of the respective segments for comparing it with other entities that operate in the same industries.

	Yarn		Home Textiles		Total	
	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
External revenues	2,439.59	2,334.15	122.51	119.79	2,562.10	2,453.94
Inter-segment revenue	-	-	0.46	-	0.46	-
Segment revenue	**2,439.59**	**2,334.15**	**122.05**	**119.79**	**2,561.64**	**2,453.94**
Segment result	170.71	170.21	(30.67)	(5.80)	140.04	164.41
Finance costs					56.54	59.12
Unallocated corporate income (net of expenses)*					6.35	51.59
Profit before tax					**89.85**	**156.88**
Tax expense					24.15	43.75
Profit after tax					**65.70**	**113.13**

*Previous year ended 31st March, 2018 includes exceptional items of Rs. 41.83 (refer note 38)

Other information

	Total assets			Total liabilities		
	Segment assets	Unallocated corporate assets	Total sssets	Segment liabilities	Unallocated corporate liabilities	Total liabilities
As at 31st March, 2019						
Yarn	1,878.54	-	1,878.54	929.16	-	929.16
Home textiles	191.40	-	191.40	94.52	-	94.52
Unallocated	-	60.62	60.62	-	160.05	160.05
Total	**2,069.94**	**60.62**	**2,130.56**	**1,023.68**	**160.05**	**1,183.73**
As at 31st March, 2018						
Yarn	1,888.84	-	1,888.84	893.81	-	893.81
Home textiles	191.61	-	191.61	109.75	-	109.75
Unallocated	-	101.30	101.30	-	271.61	271.61
Total	**2,080.45**	**101.30**	**2,181.75**	**1,003.56**	**271.61**	**1,275.17**

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

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

41. Segment Information *(contd.)*

	Capital expenditure	
	Segement capital expenditure	Total capital expenditure
As at 31st March, 2019		
Yarn	54.26	54.26
Home textiles	3.63	3.63
Total	**57.89**	**57.89**
As at 31st March, 2018		
Yarn	75.28	75.28
Home textiles	19.10	19.10
Total	**94.38**	**94.38**

C. **Geographic information**

The Yarn and Home Textile segments are managed on a worldwide basis, but operate manufacturing facilities and sales offices, primarily, in India. The geographic information analyses the Company's revenue by the Company's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

a) **Revenues from different geographies**

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Domestic	1,684.22	1,694.92
Export *	858.67	724.88
	2,542.89	**2,419.80**
Other operating income	18.75	34.14
Segment revenue	**2,561.64**	**2,453.94**
***Export**		
Turkey	231.43	228.46
Bangladesh	127.47	81.13
Rest of the World	499.77	415.29
	858.67	**724.88**

b) **Non-current assets****

	As at 31st March, 2019	As at 31st March, 2018
India	1,092.97	1,125.27
Rest of the world	-	-
	1,092.97	**1,125.27**

** Non-current assets exclude financial instruments and tax assets

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

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

42. Leases

Operating lease

The Company's significant leasing arrangements are in respect of operating leases of premises for offices and guesthouses. These leasing arrangements, which are cancellable, are typically for a period of 11 months and are usually renewable on mutually agreeable terms. The Company has recognised expense amounting to Rs. 1.29 (31st March, 2018 Rs. 1.32)

The Company has certain lease agreement for office premises with third party. The lease arrangement is for 6 years, including a non-cancellable term of 36 months.

The Future minimum lease payments for non cancellable operating lease are under:

	As at 31st March, 2019	As at 31st March, 2018
Not Later than one year	0.44	0.44
Later than one year but not later than five years	1.09	1.95
Later than five years	-	0.08
Total	**1.53**	**2.47**

43. Borrowing cost

During the year, Company has capitalized borrowing cost amounting to Rs. 0.19 (31st March, 2018: Rs. 0.50) under head plant and equipment and building. The capitalized rate used to determine the amount of borrowing cost for capitalisation purpose is weighted average interest rate to the company i.e. 8.30% (31st March, 2018 ~6.55%).

44. Employee benefits

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined contribution plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of specified employment benefit expenses to the benefit plans.

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Contribution to provident fund	16.73	17.85
Contribution to employee's state insurance	6.12	5.96
Contribution to superannuation scheme	0.57	0.52

(ii) Defined benefit plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972 (as amended). Employees in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of completed years of service. Gratuity liabilty (other than for Baddi unit) is being contributed to the gratuity fund formed by the Company and in case of Baddi unit, company makes contributions to Group Gratuity cum Life Assurance Schemes administered by the LIC of India.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out at 31st March, 2019. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

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

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

44. Employee benefits *(contd.)*

Reconciliation of present value of defined benefit obligation:

Particulars	As at and for the year ended 31st March, 2019			As at and for the year ended 31st March, 2018		
	Present value of the obligation	Fair value of the planned Assets	Total	Present value of the obligation	Fair value of the planned Assets	Total
Balance at the beginning of the year	42.59	42.59	-	41.52	41.52	-
Amount Recognised in profit and loss						
Current service cost	5.75	-	5.75	5.06	-	5.06
Past service cost including curtailment gain/loss	-	-	-	1.41	-	1.41
Interest cost	3.36	-	3.36	3.01	-	3.01
	9.11	**-**	**9.11**	**9.48**	**-**	**9.48**
Remeasurement						
Actuarial loss (gain) arising from:					-	-
- Changes in financial assumptions	(0.61)	-	(0.61)	(3.93)	-	(3.93)
- Changes in experience adjustment	-	-	-	(0.82)	-	(0.82)
- Return on plan assets recognised in OCI	-	0.26	0.26	-	-	-
Total amount recognised in OCI	**(0.61)**	**0.26**	**(0.35)**	**(4.75)**	**-**	**(4.75)**
Contributions paid by the employer	-	5.39		-	1.72	
Benefits paid	(5.09)	(5.09)		(3.66)	(3.66)	
Interest income	-	3.09		-	3.01	
Balance at the end of the year	**46.00**	**46.00**	**-**	**42.59**	**42.59**	**-**

B. Plan assets

For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the total plan assets:

Particulars	Amounts		% Composition	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
State/ Govt. of India securities	16.94	16.35	40%	39%
Corporation Bonds/ Fixed deposits with Banks	2.18	4.04	5%	10%
Special Deposit Scheme with Bank	3.51	3.51	8%	8%
HDFC Group unit linked plan-Option B	12.85	11.95	30%	28%
Other Investments- UTI Master Shares	2.83	2.54	7%	6%
Life Insurance Corporation Fund	4.20	3.97	10%	9%
	42.51	**42.36**	**100%**	**100%**

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

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

44. Employee benefits *(contd.)*

C. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

Particulars	As at 31st March, 2019	As at 31st March, 2018
Discount rate	7.75%	7.88%
Expected rate of future salary increase	6.50%	6.50%
Mortality	100% of IALM (2006 - 08)	
Attrition rates at ages:-		
- Upto 30 years	3%	3%
- From 31 to 44 years	2%	2%
- Above 44 years	1%	1%

Assumptions regarding future mortality have been based on published statistics and mortality tables.

The Company expects to pay Rs. 7.11 (Previous year Rs. 6.32) in contribution to its defined benefit plans in the next year

D. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (50 basis points movement)	(2.71)	1.68	(1.92)	2.10
Expected rate of future salary increase (50 basis points movement)	1.65	(2.71)	2.08	(1.92)

Sensitivities due to mortality and withdrawals are insignificant, hence ignored. Sensitivities as regards rate of inflation, rate of increase in payment of pensions, rate of increase in payment of pensions before retirement and life expectancy are not applicable being a lump sum benefit payables on retirement. Although, the analysis does not take account the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions disclosed above.

E. Maturity profile of defined benefit obligation

Year	As at 31st March, 2019	As at 31st March, 2018
0 to 1 year	6.83	7.03
1 to 2 year	0.62	0.08
2 to 3 year	0.89	1.04
3 to 4 year	1.09	1.17
4 to 5 year	1.05	1.02
5 to 6 year	1.19	1.01
6 year onwards	33.71	30.55

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

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

44. Employee benefits *(contd.)*

F. Description of risk exposures:

Defined benefit plans expose the Company to below actuarial risks :

Changes in bond yields:	Decrease in bond yields will increase plan liabilities, although this will partially be offset by the increase in value of the plan assets.
Life expectancy:	Defined benefit obligaitons are to provide benefits for the life of the members of the plan, so increase in life expectancy will result in increase in plan's liabilities. This is particularly significant where inflationary increase results in higher sensitivity to the changes in life expectancy.
Asset Volatility	Asset volatility is the risk when assets underperform in comparison to the bond yield, then this create asset deficit.

45. Related Parties

A. Related parties and their relationships

i Key Managerial Personnel (KMP) and their relatives

Name	Relationship
Mr. C. S. Nopany	Executive Chairman
Mr. U. K. Khaitan	Non-executive Director
Mr. Amit Dalal	Non-executive Director
Mr. Rajan Dalal	Non-executive Director
Mr. Rajiv K.Podar	Non-executive Director
Mr. M. H. Rahman	Non-executive Director (upto 9th July, 2017)
Mrs. Sonu Bhasin	Non-executive Director
Mr. Sukhvir Singh	Non-executive Director (upto 25th October, 2017)
Mr. Ashok Mittal	Non-executive Director (w.e.f. 05th February, 2019)
Mr. Rohit Dhoot	Non-executive Director (w.e.f. 25th October, 2017)
Mr. Bipeen Valame	Whole Time Director and Chief Financial Officer
Mr. S.K. Khandelia	President and Chief Executive Officer

ii Subsidiaries of the Company

Sutlej Holdings, Inc (wholly owned subsidiary) [with effect from 28th September, 2017]

American Silk Mills, LLC (step-down subsidiary) [with effect from 18th October, 2017]

iii Entity in which KMP has significant influence (where transactions havetaken place)

Magadh Sugar and Energy Limited

Avadh Sugar & Energy Limited

iv Post employment benefit entity:

Sutlej Textiles and Industries Employee Gratuity Fund

B. Transactions with the above in the ordinary course of business

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
a) Remuneration to Key Managerial Personnel		
Mr. C S Nopany		
- Short-term employee benefits	3.00	3.00
- Commission	1.72	4.17
Mr. S.K.Khandelia		
- Short-term employee benefits	6.14	5.74
- Post-employment benefits *	0.17	0.20
Mr. Bipeen Valame		
- Short-term employee benefits	1.14	0.99
- post-employment benefits *	0.07	0.09

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

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

45. Related Parties *(contd.)*

* Does not include provisions/ contributions towards gratuity, compensated absences, as applicable as such provisions/ contributions are for the Company as a whole.

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
b) Director sitting fees		
Mr. C S Nopany	0.02	0.03
Mr. U.K. Khaitan	0.04	0.05
Mr. Amit Dalal	0.05	0.06
Mr. Rajan Dalal	0.03	0.04
Mr. Rajiv K. Podar	0.05	0.07
Mr. M.H. Rahman	-	0.01
Mrs. Sonu Bhasin	0.03	0.04
Mr. Sukhvir Singh	-	0.01
Mr. Rohit Dhoot	0.03	0.02
c) Director commission		
Mr. U.K. Khaitan	0.04	0.04
Mr. Amit Dalal	0.04	0.04
Mr. Rajan Dalal	0.04	0.04
Mr. Rajiv K. Podar	0.04	0.04
Mr. M.H. Rahman	-	0.01
Mrs. Sonu Bhasin	0.04	0.04
Mr. Sukhvir Singh	-	0.02
Mr. Rohit Dhoot	0.04	0.02
Mr Ashok Mittal	0.01	-
d) Rent expenses		
Mr. C S Nopany	0.05	0.05
e) Investments made during the year		
Sutlej Holdings Inc.	-	30.64
f) Redemption of investment in preference shares		
Avadh Sugar & Energy Limited	24.35	-
g) Transactions with American Silk Mills, LLC		
Sales of goods	0.34	-
Purchase of goods	0.02	-
h) Transactions with Magadh Sugar and Energy Ltd		
Loan given	-	40.00
Loan repaid	-	40.00
Interest income on the loan given	-	3.68
i) Dividend income		
Avadh Sugar & Energy Limited	6.03	23.47
j) Payment for fund contribution to Post employment benefit entity		
Sutlej Textiles and Industries Employee Gratuity Fund	5.39	1.72

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

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

45. Related Parties *(contd.)*

C. Balances outstanding

Year	As at 31st March, 2019	As at 31st March, 2018
Investments		
Sutlej Holding Inc.	30.64	30.64
Avadh Sugar & Energy Limited	25.74	50.38
Trade Recievables		
American Silk Mills, LLC	0.10	-
Payables		
Mr. C S Nopany		
Rent	0.01	0.01
Commission	1.72	4.17
Post employment Benefit payables		
Mr. S.K.Khandelia	1.47	1.30
Mr. Bipeen Valame	0.19	0.12
Director Commission Payables:		
Mr. U.K. Khaitan	0.04	0.04
Mr. Amit Dalal	0.04	0.04
Mr. Rajan Dalal	0.04	0.04
Mr. Rajiv K. Podar	0.04	0.04
Mr. M.H. Rahman	-	0.01
Mrs. Sonu Bhasin	0.04	0.04
Mr. Sukhvir Singh	-	0.02
Mr. Rohit Dhoot	0.04	0.02
Mr Ashok Mittal	0.01	-

46. Financial instruments – Fair values and Risk Management

I. Fair value measurements

A. Financial instruments by category

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets				
Investments				
Equity shares of JNSB*	0.00	-	0.00	-
Equity Shares of Sutlej Holdings Inc	-	30.64	-	30.64
Preference shares	26.42	-	50.97	-
Non-current loans	-	12.06	-	4.28
Trade receivables	-	298.41	-	325.32
Cash and cash equivalents	-	1.12	-	0.93
Bank balances other than above	-	1.78	-	1.75
Current Loans	-	0.21	-	0.53
Other current financial assets	1.66	56.61	-	5.68
	28.08	400.83	50.97	369.13

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

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

46. Financial instruments – Fair values and Risk Management *(contd.)*

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial liabilities				
Non -Current Borrowings	-	436.92	-	509.15
Other non-current financial liabilities	-	10.63	-	5.92
Short terms borrowings	-	380.85	-	438.11
Trade payables	-	113.97	-	97.43
Other current financial liabilities	-	157.40	0.70	151.32
	-	**1,099.77**	**0.70**	**1,201.93**

*The total amount of investments in absolute value is Rs. 5,000 (31st March, 2018: Rs. 5,000), for reporting purpose rounded up to Rs. 0.0 crore.

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents and other bank balances are considered to be the same as their fair values, due to their short-term nature.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

There are no transfers between level 1 and level 2 during the year

Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined as per values provided by banks
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities and preference shares, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

B. Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value, and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31st March, 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Financial Investments at FVTPL				
Investments				
Equity shares of JNSB*	-	-	0.00	0.00
Preference shares	-	-	26.42	26.42
Derivative assets	-	1.66	-	1.66
Total financial assets	**-**	**1.66**	**26.42**	**28.08**

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

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

46. Financial instruments – Fair values and Risk Management *(contd.)*

As at 31st March, 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Financial Investments at FVTPL				
Investments				
Equity shares of JNSB*	-	-	0.00	0.00
Preference shares	-	-	50.97	50.97
Total financial assets	**-**	**-**	**50.97**	**50.97**
Derivative liabilities	-	0.70	-	0.70
Total financial liabilities	**-**	**0.70**	**-**	**0.70**

*The total amount of investments in absolute value is Rs. 5,000, but for reporting purpose rounded up to Rs. 0.0 crore

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted securities.

There are no transfers between level 1 and level 2 during the year

Fair value measurements using significant unobservable inputs (level 3)

Particulars	Unlisted equity shares*		Unlisted preference shares	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
Balance at the beginning of the year	0.00	0.00	50.97	28.32
Redemption of Preference shares	-	-	(24.35)	-
Gain/(losses) recognised in statement of profit or loss	-	-	(0.20)	22.65
Balance at the end of the year	**0.00**	**0.00**	**26.42**	**50.97**

*The total amount of investments in absolute value is Rs. 5,000, but for reporting purpose rounded up to Rs. 0.0 crore

Valuation inputs and relationships to fair value

Type of Financial Instruments	Fair Value as at		Significant unobservable inputs	Probability-weighted range	Sensitivity
	As at 31st March, 2019	As at 31st March, 2018			
Unquoted preference shares in M/s Avadh Sugar & Energy Limited	25.74	50.38	Risk-adjusted discount rate	8.32% to 10.32%	Change of (+) 100/ (-) 100 basis points - Fair value would changes by Rs. (-) 0.91 and Rs. (+) 0.95 respectively
				(31st March, 2018: 8.91% to 9.84%)	(31st March, 2018: change of (+) 40 /(-) 47 basis point-fair value would change by Rs. (-) 0.76 and Rs. (+) 0.78 respectively)

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

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

46. Financial instruments – Fair values and Risk Management *(contd.)*

Type of Financial Instruments	Fair Value as at		Significant unobservable inputs	Probability-weighted range	Sensitivity
	As at 31st March, 2019	As at 31st March, 2018			
Unquoted preference shares in M/s Palash Securities Limited	0.68	0.59	Non dividend paying shares hence higher discount rate considered as per RBI Guideline	16% (31st March, 2018: 16%)	-
Unquoted equity shares (In equity shares of Co-operative Bank: The Jhalawar Nagrik Sahkari Bank Ltd., Bhawanimandi*)	-	-	-	0.00	-

*The total amount of investments in absolute value is Rs. 5,000 (31st March, 2018: Rs. 5000), for reporting purpose rounded up to Rs. 0.0 crore. Sensitivity analysis of unlisted equity shares has been ignored being not material.

Valuation process

The Company involves independent valuer to carry out the valuation of the investments, required for financial reporting purposes, including level 3 fair values. The main level 3 inputs for unlisted preference shares used by the Company are derived and evaluated as follows:

- Risk adjusted discount rates are estimated based on expected cash inflows arising from the instrument and the entity's knowledge of the business and how the current economic environment is likely to impact it.

Changes in level 2 and 3 fair values are analysed at the end of each reporting year.

C. Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Investment in equity shares of Sutlej Holdings Inc	30.64	30.64	30.64	30.64
Other non-current financial assets	12.06	12.06	4.28	4.28
Trade receivables	298.41	298.41	325.32	325.32
Cash and cash equivalents	1.12	1.12	0.93	0.93
Bank balances other than above	1.78	1.78	1.75	1.75
Current Loans	0.21	0.21	0.53	0.53
Other current financial assets	56.61	56.61	5.68	5.68
	400.83	**400.83**	**369.13**	**369.13**
Financial liabilities				
Borrowings	436.92	436.92	509.15	509.15
Other non-current financial liabilities	10.63	10.63	5.92	5.92
Short term borrowings	380.85	380.85	438.11	438.11
Trade payables	113.97	113.97	97.43	97.43
Other current financial liabilities	157.40	157.40	151.32	151.32
	1,099.77	**1,099.77**	**1,201.93**	**1,201.93**

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

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

46. Financial instruments – Fair values and Risk Management *(contd.)*

II. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk and
- Market risk

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the processes to ensure that executive management controls risks through the mechanism of properly defined risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure. The Company monitor credit risk very closely both in domestic and export market. The Management impact analysis shows credit risk and impact assessment as low.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company's management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes market check, industry feedback, past financials and external ratings, if such information is available, and in some cases bank references. Credit limits are established for each customer and reviewed quarterly. Any credit exceeding those limits require approval from the President of the Company.

About 50 % of the Company's customers have been transacting with the Company for over four years, and no significant impairment loss has been recognized in respect of these customers. To monitor customer credit risk, customers are reviewed in terms of their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry and existence of previous financial difficulties

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables

The carrying amount (net of loss allowances) of trade receivables is Rs. 298.41 (31st March, 2018 Rs. 325.32).

Financial assets and liabilities measured at fair value - recurring fair value measurements

Particulars	Less than 6 months	6-12 months	More than 12 months	Total
As at 31st March, 2019	288.50	7.28	2.63	298.41
As at 31st March, 2018	314.26	9.68	1.38	325.32

During the year, the Company has made no write-offs of trade receivables, it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off. The Company management also pursue all legal options for recovery of dues wherever necessary based on its internal assessment

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

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

46. Financial instruments – Fair values and Risk Management *(contd.)*

Reconciliation of loss allowance provision – Trade receivables

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
Balance at the beginning of the year	(1.41)	(1.68)
Less :Provision for doubtful debts written back	-	0.14
Add: Provision for doubtful debts made	(0.10)	(0.13)
Changes in loss allowance	-	0.26
Balance at the end of the year	**(1.51)**	**(1.41)**

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to manage liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when liabilities are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of fund through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected future cash flows. This is generally carried out at unit level and monitored through corporate office of the Company in accordance with practice and limits set by the Company. These limits vary at units level to take into account requirement, future cash flow and the liquidity in which the entity operates. In addition, the Company's liquidity management strategy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

The Company have access to the following undrawn borrowing facilities as at reporting date:

Particulars	As at 31st March, 2019	As at 31st March, 2018
Floating rate		
Expiring within one year (credit limit and other facilities)	180.33	145.96
Expiring within one year (Term loans)	-	7.50
	180.33	**153.46**

The credit limit facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in Rupees and have an average maturity of 4 years and 4 months as at 31st March, 2019 (31st March, 2018 - 4 years and 2 months).

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

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

46. Financial instruments – Fair values and Risk Management *(contd.)*

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and the impact of netting agreements.

Particulars	Carrying Amounts	Total	2 months or less	2–12 months	1–5 years	More than 5 years
As at 31st March, 2019						
Non-derivative financial liabilities						
Borrowings	436.92	436.92			379.53	57.39
Other non-current financial liabilities	10.63	10.63			5.24	5.39
Short term borrowings	380.85	380.85	319.47	61.38	-	-
Trade payables	113.97	113.97	85.70	28.27	-	-
Other current financial liabilities	157.40	157.40	27.43	129.97	-	-
Total non-derivative liabilities	**1099.77**	**1099.77**	**432.60**	**219.62**	**384.77**	**62.78**
As at 31st March, 2018						
Non-derivative financial liabilities						
Borrowings	509.15	509.15	-	-	398.77	110.38
Other non-current financial liabilities	5.92	5.92	-	-	0.78	5.14
Short term borrowings	438.11	438.11	323.53	114.58	-	-
Trade payables	97.43	97.43	79.52	17.91	-	-
Other current financial liabilities	151.32	151.32	47.52	103.80	-	-
Total non-derivative liabilities	**1201.93**	**1201.93**	**450.57**	**236.29**	**399.55**	**115.52**
Derivatives (net settled)						
Foreign exchange forward contracts	0.70	0.70	0.70	-	-	-
Total derivative liabilities	**0.70**	**0.70**	**0.70**	**-**	**-**	**-**

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company uses derivatives such as forward contracts to manage market risks on account of foreign exchange and various debt instruments on account of interest rates. All such transactions are carried out as per guidelines of the Management.

a. Currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD , EUR and GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (Rupees). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the Rupees cash flows of highly probable forecast transactions by hedging the foreign exchange inflows on regular basis. The Company also consults external experts for their views on the currency rates in volatile foreign exchange markets.

Currency risks related to payables and recievables denominated in foreign currencies have been partially hedged using forward contracts taken by the Company.

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

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

46. Financial instruments – Fair values and Risk Management *(contd.)*

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates whenever, necessary, to address short-term imbalances.

(i) Exposure to currency risk

The quantitative data about the Company's exposure to currency risk as reported by the management of the Company is as follows

Particulars	As at 31st March, 2019			As at 31st March, 2018		
	USD	EURO	GBP	USD	EURO	GBP
Financial assets/ liabilities						
Trade receivables	2.17	0.02	0.00	2.44	0.06	0.00
Advances to suppliers	0.01	0.02	-	0.00	0.00	-
Foreign currency working capital borrowings	(3.47)	-	-	(2.97)	-	-
Trade payables	(0.10)	(0.00)	-	(0.09)	(0.00)	(0.01)
Contract liabilities	(0.17)	(0.01)	-	(0.15)	(0.00)	0.00
Net statement of financial position exposure	**(1.56)**	**0.03**	**0.00**	**(0.77)**	**0.06**	**(0.01)**

(ii) Unhedged in foreign currency exposure

Particulars	As at 31st March, 2019			As at 31st March, 2018		
	USD	EURO	GBP	USD	EURO	GBP
Financial assets/ liabilities						
Trade receivables	-	0.02	-	1.49	0.04	-
Advances to suppliers	-	0.01	0.01	0.00	-	-
Foreign currency working capital borrowings	-	-	-	(2.97)	-	-
Trade payables	(0.10)	(0.00)	0.00	(0.09)	-	(0.01)
Contract liabilities	(0.17)	(0.01)	-	(0.15)	(0.00)	0.00
Net statement of financial position exposure	**(0.27)**	**0.01**	**0.00**	**(1.72)**	**0.04**	**(0.01)**

(iii) Derivative instruments

Particulars	As at 31st March, 2019			As at 31st March, 2018		
	USD	EURO	GBP	USD	EURO	GBP
Forward Contract for export trade receivables outstanding	0.97	0.01	0.00	0.95	0.02	0.00

The following significant exchange rates have been applied

Particulars	Average Rates		Year end spot rates	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
USD 1	69.89	64.33	69.89	64.33
EURO 1	80.92	75.92	80.92	75.92
CHF 1	70.69	68.49	70.69	68.49
GBP 1	91.74	86.32	91.74	86.32

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

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

46. Financial instruments – Fair values and Risk Management *(contd.)*

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Rupees (Rs.) against foreign currencies at year end would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31st March, 2019				
USD (10% movement)	(0.16)	0.16	(0.10)	0.10
EURO (10% movement)	0.00	(0.00)	-	-
GBP (10% movement)	0.00	(0.00)	-	-
31st March, 2018				
USD (10% movement)	(0.08)	0.08	(0.05)	0.05
EURO (10% movement)	0.00	(0.00)	-	-

* amount 0.00 represents rounded off amount in crore which are less than Rs. 1,00,000 in absolute value terms

b. Interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Company to cash flow interest rate risk. During financial year 2018-19 and financial year 2017-18, the Company's borrowings at variable rates were denominated in Rupees.

Currently, the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Company's interest bearing financial instruments as reported to the management of the Company is as follows.

Particulars	Nominal Amount	
	As at 31st March, 2019	As at 31st March, 2018
Fixed-rate instruments		
Financial assets	-	-
Fixed deposits with banks	0.55	0.55
Financial liabilities	-	-
	0.55	**0.55**
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	922.59	1,047.17
	922.59	**1,047.17**

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and statement of profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

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

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

46. Financial instruments – Fair values and Risk Management *(contd.)*

Particulars	Profit or loss		Equity, net of tax	
	50 basis points increase	50 basis points decrease	50 basis points increase	50 basis points decrease
31st March, 2019				
Variable-rate instruments	(4.61)	4.61	(3.00)	3.00
Cash flow sensitivity	**(4.61)**	**4.61**	**(3.00)**	**3.00**
31st March, 2018				
Variable-rate instruments	(5.23)	5.23	(3.42)	3.42
Cash flow sensitivity	**(5.23)**	**5.23**	**(3.42)**	**3.42**

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

c. **Commodity price risks**

The Company is exposed to the risk of price fluctuations of raw materials, dyes and chemicals, work-in-progress and finished goods. The Company manages its commodity price risk by maintaining adequate inventory of raw materials, dyes and chemicals, work-in-progress and finished goods considering anticipated movement in prices. To counter raw materials price fluctuation risk, the Company works with varieties of fibres (natural and manmade) with the objective to moderate raw material cost, enhance application flexibility and increase product functionality and also invests in product development and innovation.

Inventory sensitivity analysis (raw material and dyes and chemicals)

A reasonably possible change of 10% in prices of inventory at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Inventories (raw materials ,dyes and chemicals, work-in-progress and finished goods)	Profit or loss		Equity, net of tax	
	10% increase	10% decrease	10% increase	10% decrease
31st March, 2019	52.12	(52.12)	33.91	(33.91)
31st March, 2018	47.84	(47.84)	31.28	(31.28)

47. Disclosure as specified in Schedule V of SEBI (Listing Obligation and Disclosure Requirements) Regulation 2015:

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
Magadh Sugar and Energy Limited (MSEL)		
Maximum amount outstanding during the year	-	40
Balance outstanding as at reporting date	-	-

48. In respect of Okara Mills, Pakistan, (which remained with the Company as a result of transfer of textiles division of Sutlej Industries Limited with the Company) no returns have been received after 31st March, 1965. Against net assets, amounting to Rs. 2.32 of Okara Mills, Pakistan, the demerged /transferor Company received adhoc compensation of Rs. 0.25 from Government of India in the year 1972-73. These assets now vest with the Custodian of Enemy Property, Pakistan for which claim has been filed with the Custodian of Enemy Property in India. The Company shall continue to pursue its claim for compensation/ restoration of assets. Hence, further compensation, if any received, will be recorded in the year of receipt. In the financial year 2003-04, net assets of Rs. 2.07 (net of compensation received) as at 31st March, 1965 were valued at pre-devaluation exchange rate, has been provided for.

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

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

49. Disclosure u/s 186(4) of the Companies Act, 2013 :

a) **Particulars of Loans given :-**

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
Magadh Sugar and Energy Limited (MSEL)		
Loans given during the year	-	40
Loans repaid during the year	-	40
Balance outstanding as at reporting date	-	-

Above loans are given for the business purpose only.

b) **Particulars of Investments made:-**

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
1 **Investment in 8.5% Non-Convertible Cumulative Redeemable Preference Shares (NCRPS) fully paid in M/s Avadh Sugar & Energy Limited (Refer Note 5 C)**		
Investment made during the year	-	-
Balance outstanding as at reporting date	25.74	50.38
2 **Investment in 8.5% Non-Convertible Cumulative Redeemable Preference Shares (NCRPS) fully paid in M/s Palash Securities Limited (Refer Note 5 C)**		
Investment made during the year	-	-
Balance outstanding as at reporting date	0.68	0.59
3 **Investment in Equity shares of Sutlej Holdings Inc. (wholly owned subsidiary) (Refer Note 5 B)**		
Investment made during the year	-	30.64
Balance outstanding as at reporting date	30.64	30.64

50. Capital Management

The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility. The Board of directors regularly review the Company's capital structure in light of the economic conditions, business strategies and future commitments. For the purpose of the Company's capital management, capital includes issued share capital and all other equity reserves. Debt includes term loans. During the financial year ended 31st March, 2019, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

(i) **Debt equity ratio:**

The Company have access to the following undrawn borrowing facilities as at reporting date:

Particulars	As at 31st March, 2019	As at 31st March, 2018
Term loan from banks	538.99	606.20
Total debt (A)	**538.99**	**606.20**
Equity share capital	16.38	16.38
Other equity	930.45	890.20
Total equity (B)	**946.83**	**906.58**
Debt equity ratio (C=A/B)	**0.57**	**0.67**

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

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

50. Capital Management *(contd.)*

(ii) Return on equity

Particulars	As at 31st March, 2019	As at 31st March, 2018
Profit after tax	65.70	113.13
Equity share capital	16.38	16.38
Other equity	930.45	890.20
Total equity	**946.83**	**906.58**
Return on equity ratio (%)	**6.94%**	**12.48%**

(iii) The Company's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.The weighted-average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 6.17 % (31st March, 2018: 5.79%).

Note 51- Impairment Testing:

At each reporting date, the Company evaluate whether there is objective evidence that the property, plant and machinery of the CGU is impaired in terms of IND AS- 36, 'Impairment of Assets'. If there is such evidence, the carrying amount is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and impairment, if any, is recognized in the standalone financial statement of the Company.

On account of increased input costs, competitive pressure and bad market conditions in home textile segment, particularly upholstery and curtains, the Home Textile ("CGU") incurred significant losses during the year. The Company carried out an impairment assessment of the aforesaid CGU using a value-in-use model which is based on the net present value of the forecasted earnings of the cash-generating units. This is calculated using certain assumptions around discount rates, growth rates and cash flow forecasts. The Company has also involved independent, registered valuer to assess fair value of the property, plant and machinery of CGU and Company has calculated the value in use of the CGU by cash flow approach. These forecasts contain management's best view of the expected performance of the CGU based on the management's knowledge of the market environment, strategic initiatives and future business plans. As per the management assessment, there is no impairment required to be recognized in the statement of profit and loss account.

52. The disclosures regarding details of specified bank notes held and transacted during 8th November, 2016 to 30th December, 2016 have not been made since the requirement does not pertain to financial year ended 31st March, 2019.

Signatures to Notes 1 to 52

For B S R & Co. LLP
Chartered Accountants
Firm Regn. No.101248W / W-100022

Rajiv Goyal
Partner
Membership No -094549

Place : Gurugram
Date: 9th May, 2019

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

Rajan Dalal
Director
DIN: 00546264

C. S. Nopany
Executive Chairman
DIN: 00014587

S. K. Khandelia
President & CEO
M.No. : 016336

Bipeen Valame
Whole time Director and CFO
DIN : 07702511

Manoj Contractor
Company Secretary
M.No. : A11661

Independent Auditors' Report

To the Members of

Sutlej Textiles and Industries Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Sutlej Textiles and Industries Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of other auditor on separate financial statements of such subsidiaries as were audited by the other auditor, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended.

Basis for Opinion

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

Key Audit Matters

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

Description of the Key Audit Matters

The Key Audit Matter	How the matter was addressed in our audit
Impairment of Property, plant & equipment Considering internal and external indicators we considered impairment evaluation of one of the Cash Generating Units (CGUs), engaged in Home Textiles business, to be a key audit matter, having carrying value of the property, plant and equipment as on 31 March 2019 is INR 110 crore. (Refer Note 54) There is a risk that the carrying value of CGU is higher than the recoverable value, thereby triggering impairment. When a review of impairment is conducted, the recoverable amount is determined based on value in use calculations which rely on the assumptions and estimates of future performance. We focused on this area because of the inherent judgement involved in determining key assumptions such as future sales growth, margins and discount rates, and the magnitude of the assets under consideration.	Besides obtaining an understanding of the information included in the impairment model through our knowledge of the business gained through reviewing the plans, strategic initiative and meeting with key stakeholders our procedures included the following: - a) We understood the methodology applied by management in performing its impairment test for the CGU, underlying assumptions for sales growth, margins and discounting rate and walked through the procedure followed by the management. b) We obtained cash flow forecasts and fair valuation of property plant and equipments considered during impairment assessment and assessed cash flow forecasts to ensure consistency with current operations of the Company and obtained reasons for deviations, if any. c) We discussed the assumptions made by management for the input data used during impairment model. We also performed sensitivity analysis on the key assumptions and found that these assumptions were reasonable. However, recoverable amount arrived solely depends upon the achievement of the CGU's projections.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

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

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

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

Responsibilities of Management and those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each Company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (company and subsidiaries) to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Other Matters

(a) We did not audit the financial statements / financial information of Company's wholly owned subsidiary (including step down subsidiary), whose financial statements/financial information reflect total assets of Rs. 31.37 crore as at 31 March 2019, total revenues of Rs. 52.65 crore and net cash ouflows amounting to Rs. 4.48 crore for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit report of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

1. (A) As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements of the subsidiary, as were audited by other auditor, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

    b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.

    c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company, is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group. Refer Note 41 to the consolidated financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019.

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company during the year ended 31 March 2019.

iv. The disclosures in the consolidated financial statement regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Audit Report under Section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Rajiv Goyal
Partner
Membership No. 094549

Place: Gurugram
Date: 9th May, 2019

Annexure A referred to in our Independent Auditor's Report

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 1(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Sutlej Textiles & Industries Limited (hereinafter referred to as "the Holding Company").

In our opinion, the Holding Company which is incorporated in India has, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company, which is incorporated in India, is responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial controls with reference to consolidated Financial Statements

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

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

Rajiv Goyal
Partner
Membership No. 094549

Place: Gurugram
Date: 9th May, 2019

Consolidated Balance Sheet as at 31st March, 2019

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

Particulars	Notes	As at 31st March, 2019	As at 31st March, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,053.73	1,108.69
Capital work-in-progress	3	20.05	9.51
Goodwill	4	6.73	6.40
Other intangible assets	4	0.95	1.09
Intangible assets under development	4	0.78	-
Financial assets			
(i) Investments	5	26.42	50.97
(ii) Loans	6	12.16	4.61
Non-current tax assets (net)	7	0.20	0.15
Other non-current assets	8	6.88	2.11
Total non-current assets		1,127.90	1,183.53
Current assets			
Inventories	9	565.46	514.16
Financial assets			
(i) Trade receivables	10	304.78	335.05
(ii) Cash and cash equivalents	11	8.51	12.80
(iii) Bank balances other than cash and cash equivalents	12	1.78	1.75
(iv) Loans	13	0.21	0.61
(v) Other current financial assets	14	58.27	5.67
Other current assets	15	65.52	134.47
Current tax assets (net)	16	-	0.03
Assets classified as held for sale	17	0.24	0.24
Total current assets		1,004.77	1,004.78
Total assets		2,132.67	2,188.31
EQUITY AND LIABILITIES			
Equity			
Equity share capital	18	16.38	16.38
Other equity	19	925.46	890.56
Total equity		941.84	906.94
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	20	436.92	509.16
(ii) Other financial liabilities	21	10.63	5.92
Provisions	22	10.26	8.95
Deferred tax liabilities (net)	23A	29.12	22.34
Other non-current liabilities	24	8.88	8.47
Total non-current liabilities		495.81	554.84
Current liabilities			
Financial liabilities			
(i) Borrowings	25	380.85	438.11
(ii) Trade payables			
(a) Total outstanding dues of micro and small enterprises	26	1.93	1.31
(b) Total outstanding dues of creditors other than micro and small enterprises		118.63	99.80
(iii) Other financial liabilities	27	157.77	154.46
Other current liabilities	28	17.27	14.48
Provisions	29	16.55	16.46
Current tax liabilities (net)	30	2.02	1.91
Total current liabilities		695.02	726.53
Total liabilities		1,190.83	1,281.37
Total equity and liabilities		2,132.67	2,188.31
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the consolidated financial statements
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Regn. No.101248W / W-100022

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

Rajiv Goyal
Partner
Membership No -094549

Rajan Dalal
Director
DIN: 00546264

C. S. Nopany
Executive Chairman
DIN: 00014587

S. K. Khandelia
President & CEO
M.No. : 016336

Place : Gurugram
Date: 9th May, 2019

Bipeen Valame
Whole time Director and CFO
DIN : 07702511

Manoj Contractor
Company Secretary
M.No. : A11661

Consolidated Statement of Profit and Loss for the year ended 31st March, 2019

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

Particulars	Notes	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Revenue			
Revenue from operations	31	2,613.77	2,476.74
Other income	32	27.87	33.70
Total income		**2,641.64**	**2,510.44**
Expenses			
Cost of materials consumed	33	1,358.93	1,309.43
Purchase of stock in trade		164.05	126.84
Changes in inventories of finished goods, stock-in-trade and work-in-progress	34	17.67	(24.33)
Employee benefits expense	35	329.96	302.80
Finance costs	36	56.54	59.12
Depreciation and amortization expense	37	100.79	106.64
Other expenses	38	531.18	514.59
Total expenses		**2,559.12**	**2,395.09**
Profit before exceptional items and tax		**82.52**	**115.35**
Exceptional items	39	-	41.83
Profit before tax		**82.52**	**157.18**
Tax expense:	23B		
Current tax		17.48	28.06
Deferred tax charge/ (credit)		6.78	15.76
Total tax expenses		**24.26**	**43.82**
Profit for the year		**58.26**	**113.36**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	23C	0.35	4.75
Tax relating to remeasurement of defined benefit plans		(0.12)	(1.64)
Items that will be reclassified subsequently to profit and loss			
Exchange differences on translation of operations into reporting currency		2.09	0.14
Total other comprehensive income for the year		**2.32**	**3.25**
Total comprehensive income for the year		**60.58**	**116.61**
Earnings per equity share of face value of Rs. 1 each	40		
Basic and diluted (in Rs.)		3.56	6.92

Summary of significant accounting policies 2

The accompanying notes are an integral part of the consolidated financial statements
As per our report of even date attached

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Date: 9th May, 2019

Bipeen Valame
Whole time Director and CFO
DIN : 07702511

Manoj Contractor
Company Secretary
M.No. : A11661

Consolidated Statement of Cash Flows for the year ended 31st March, 2019

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

Particulars		For the year ended 31st March, 2019	For the year ended 31st March, 2018
A.	**Cash flow from operating activities**		
	Profit before tax	82.52	157.18
	Adjustments for :-		
	Depreciation and amortization expense	100.79	106.64
	Profit on sale/discard of property, plant and equipment (net)	(2.61)	(1.35)
	Finance cost	56.54	59.12
	Dividend from preference shares	(6.03)	(23.47)
	Interest received	(10.62)	(12.85)
	Deferred government grants	(1.05)	(0.99)
	Net fair value gain on financial assets measured at FVTPL	-	(22.65)
	Provision for doubtful debts	0.10	0.13
	Fair value (gains)/ loss on derivatives	(2.36)	3.47
	Provision for doubtful claims written back	-	(0.25)
	Sundry credit balances written back (net)	(0.59)	(1.95)
	Operating profit before working capital changes	**216.69**	**263.03**
	Net change in		
	Inventories	(51.30)	21.75
	Trade receivables	30.17	(81.31)
	Other financial assets	(58.08)	(1.99)
	Other assets	68.95	(48.74)
	Trade payables	20.04	25.83
	Other financial liabilities	(0.49)	3.55
	Provisions	3.84	5.32
	Other liabilities	4.25	(5.11)
	Cash generated from operations	**234.07**	**182.33**
	Income tax paid (net of refund)	(17.57)	(24.88)
	Net cash from operating activities	**216.50**	**157.45**
B.	**Cash flow from investing activities**		
	Increase/ (decrease) in deposits with banks	0.03	(0.21)
	Interest received	10.61	12.85
	Dividend received from preference shares	6.03	23.47
	Proceeds from redemption of preference shares	24.55	(0.00)
	Purchase of property, plant and equipment	(60.14)	(95.45)
	Asset Acquisition of American Silk Mills, LLC (refer note 52)	-	(17.00)
	Proceeds from sale of property, plant & equipment	4.76	3.16
	Grants/ subsidy from government	-	0.35
	Net cash used in investing activities	**(14.16)**	**(72.83)**

Consolidated Statement of Cash Flows for the year ended 31st March, 2019

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

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
C. Cash flow from financing activities		
Net proceeds /(repayment) of long term borrowings	(67.32)	2.30
Net proceeds /(repayment) of short term borrowings	(57.26)	8.65
Finance costs (net of interest subsidies)	(56.37)	(59.15)
Dividend paid (including dividend distribution tax)	(25.68)	(25.64)
Net cash used in financing activities	**(206.63)**	**(73.84)**
Net increase /(decrease) in cash and cash equivalents	**(4.29)**	**10.78**
Cash and cash equivalents at the beginning of the year	12.80	2.02
Cash and cash equivalents at the end of the year *	8.51	12.80
	(4.29)	**10.78**

* Refer note 11 for details.

Notes:

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

2. **Changes in liabilities arising from financing activities**

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Opening balance of borrowings		
Term loan (including current maturities)	606.21	603.65
Current borrowings	438.11	429.46
Cash Flows		
Repayment of term loan	100.41	100.41
Proceeds from term loan	33.20	102.97
Change in current borrowings (net)	(57.26)	8.65
Closing balance of borrowings		
Term loan (including current maturities)	538.99	606.21
Current borrowings	380.85	438.11

As per our report of even date attached

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

Rajiv Goyal
Partner
Membership No -094549

Rajan Dalal
Director
DIN: 00546264

C. S. Nopany
Executive Chairman
DIN: 00014587

S. K. Khandelia
President & CEO
M.No. : 016336

Place : Gurugram
Date: 9th May, 2019

Bipeen Valame
Whole time Director and CFO
DIN : 07702511

Manoj Contractor
Company Secretary
M.No. : A11661

Consolidated Statement of Changes in Equity for the year ended 31st March, 2019

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

(a) Equity share capital

	For the year ended 31st March, 2019		For the year ended 31st March, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	16,38,28,620	16.38	1,63,82,862	16.38
Increase due to sub-division of equity share [refer note 18(f)]	-	-	14,74,45,758	-
Balance at the end of the year	**16,38,28,620**	**16.38**	**16,38,28,620**	**16.38**

(b) Other equity

	Reserves and surplus			Total
	General reserve	Retained earnings	Other comprehensive income	
Balance as at 31st March, 2017*	**166.06**	**634.34**	**(0.81)**	**799.59**
Profit/(loss) for the year as per statement of profit and loss	-	113.36	-	113.36
Other comprehensive income for the year	-	-	3.25	3.25
Total comprehensive income for the year	**-**	**113.36**	**3.25**	**116.61**
Transfer to general reserve	12.00	(12.00)	-	-
Dividend paid	-	(21.30)	-	(21.30)
Dividend distribution tax	-	(4.34)	-	(4.34)
Balance as at 31st March, 2018	**178.06**	**710.06**	**2.44**	**890.56**
Profit/(loss) for the year as per statement of profit and loss	-	58.26	-	58.26
Other comprehensive income for the year	-	-	2.32	2.32
Total comprehensive income for the year	**-**	**58.26**	**2.32**	**60.58**
Transfer to general reserve	7.00	(7.00)	-	-
Dividend paid	-	(21.30)	-	(21.30)
Dividend distribution tax	-	(4.38)	-	(4.38)
Balance as at 31st March, 2019	**185.06**	**735.64**	**4.76**	**925.46**

*Pertains to standalone financial statements of parent company

Summary of significant accounting policies 2

The accompanying notes are an integral part of the consolidated financial statements
As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Regn. No.101248W / W-100022

For and on behalf of the Board of Directors of
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Whole time Director and CFO
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Notes to the Consolidated Financial Statements for the year ended 31st March, 2019

1. COMPANY INFORMATION

Sutlej Textiles and Industries Limited (herein after referred to as "the Parent Company/the Holding Company/ Company") is domiciled in India with its registered office situated at Pachpahar Road, Bhawanimandi - 326502, Rajasthan. The Holding Company has been incorporated under the provisions of Indian Companies Act and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) Limited.

The Holding Company has incorporated a wholly owned subsidiary namely Sutlej Holdings Inc. in the state of Delaware on 28th September, 2017. Sutlej USA, LLC, a wholly owned subsidiary of Sutlej Holdings Inc. was also incorporated on 28th September, 2017 in the state of Delaware. Pursuant to a business combination (refer note 52), the name of Sutlej USA, LLC was changed to American Silk Mills, LLC. The American Silk Mills is primarily engaged in the design, manufacture and distribution of textiles to wholesalers, manufacturers and retailers for the home furnishing industry.

Sutlej Textiles and Industries Limited with its subsidiary and step down subsidiary is hereinafter referred to as the "Group".

The Group deals primarily in cotton and man-made fibres yarn and home textiles products.

The particulars of subsidiary company and step down subsidiary of holding Company which are included in consolidation and the parent Group's holding therein, is as under:

Name	Country of incorporation	Percentage holding as at 31st March, 2019
Sutlej Holdings Inc. (Subsidiary Company)	USA	100 %
American Silk Mills (Step Down Subsidiary)	USA	100%

2. SIGNIFICANT ACCOUNTING POLICIES

The Group has applied the following accounting policies to period presented in the consolidated financials.

2.1 Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

These consolidated financial statements were authorised for issue by the Board of Directors on their meeting held on 9th May, 2019.

2.2 Basis of consolidation:

The Company consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company and its subsidiary as disclosed in note 52. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiary are consolidated from the date control commences until the date control ceases. The financial statements of the Group is consolidated on a line-by-line basis and intra-group balances and transactions are eliminated upon consolidation. Consolidated financial statements are prepared using uniform accounting policies for the like transactions and other events in similar circumstances.

Consolidation procedure

- Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

- Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

2.3 Business combination

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Group. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognised at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.

2.4 Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for the following

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

items:-

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

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

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

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

2.5 Use of judgements and estimates

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

Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements have been given below:

- Classification of leases into finance and operating lease – whether an arrangement contains a lease (refer note 43);
- whether the Group has de facto control over an investee (refer note 1).

Assumptions and estimation uncertainties

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

- Measurement of defined benefit obligations: key actuarial assumptions; (note 45)
- Recognition of deferred tax assets: availability of future taxable profit against which Minimum Alternative Tax (MAT) credit can be used (note 2.21)
- Useful life and residual value of property, plant and equipment, and intangible assets
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources (note 41)
- Impairment of financial assets: key assumptions used in estimating recoverable cash flows (note 47)

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

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

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

All other assets are classified as non-current.

An liability is treated as current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading

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

- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax liabilities are classified as non-current liabilities.

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

2.7 Property, plant and equipment

Recognition and measurement

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

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

Subsequent expenditure

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

Depreciation

Depreciation on property, plant and equipment is calculated on straight line method and is recognized in the statement of profit and loss. The rates are arrived at based on the estimated useful lives given in schedule II of the Companies Act, 2013 or re-assessed by the Group on basis technical assessment, as given below:-

Related to parent Company:

Assets	Useful life as per Technical Certificate	Useful life as per Companies Act
Non factory buildings	58 years	60 years
Factory buildings	30 years	30 years
Plant and equipment	18 years and 4 months /20 years / 15 years/ 3 years and 6 years	15 years/ 3years and 6 years
Office equipment	5 years	5 years
Furniture and fixtures	5-10 years	10 years
Vehicles	8 years and 10 years	8 years and 10 years

Related to subsidiary and step down subsidiary Company :

Assets	Useful life
Plant and equipment	3 to 5 years
Office equipment	3 to 5 years
Furniture and fixtures	3 to 5 years

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

Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Depreciation on additions to or on disposal of assets is calculated on pro-rata basis. Leasehold land is being amortised over the period of lease tenure. Additions on rented premises (offices and guest houses) are being amortised over the period of rent agreement.

Individual assets costing below Rs. 5000 are fully depreciated in the year of purchase as these assets have no significant useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

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

Capital work-in-progress

Capital work-in-progress includes assets in the course of construction for production and supply of goods or services or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalized.

2.8 Intangible assets

Intangible assets acquired separately are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method basis over the estimated useful life. Estimated useful life of the software is considered as 5 years.

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

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

Goodwill that arises on the acquisition of a business is presented as an intangible asset.

The difference between fair value of consideration and net assets acquired is treated as goodwill on consolidation. The goodwill on consolidation is tested for impairment annually.

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

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

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

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

2.10 Impairment of non-financial assets

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

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

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

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

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

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

reversal of impairment loss is recognised immediately in the statement of profit and loss.

2.11 Borrowing cost

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

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

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

2.12 Foreign currency transactions

The Group's consolidated financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency.

Transactions and balances

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

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

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

a. Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in the statement of profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in Other Comprehensive Income (OCI). These exchange differences are reclassified from equity to the statement of profit or loss on disposal of the net investment.

b. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Conversion

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.13 Employee benefits

a. Short term employee benefits

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

b. Defined contribution plans

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

c. Defined benefit plans

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

For defined benefit plan, the cost of providing benefits is determined annually by qualified actuary

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

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

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

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

The Parent Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item employee benefits expense.

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

d. Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised in statement of profit and loss in the period in which they arise.

2.14 Revenue recognition

The Company earns revenue primarily from sale of goods. Effective 1st April, 2018, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company had adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. 1st April, 2018). The adoption of the standard did not have any material impact on the financial statements of Company.

A. Revenue from contract with customers

Revenue is measured at the fair value of the consideration received or receivable. Sales are recognised when the significant risks and rewards of ownership, which coincide with transfer of controls of goods, are transferred to the buyer as per terms of contract and are recognised. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

B. Export entitlements in the form of duty drawback, Merchandise Export Incentive Scheme and other schemes are recognized in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Claim on insurance companies and others, where quantum of accrual cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.

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

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

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

2.15 Government grants and subsidies

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants that compensate the Group for expenses incurred are recognised in the statement of profit and loss, as income or deduction from the relevant expense, on a systematic basis in the periods in which the expense is recognised.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to statement of profit and loss on a straight-line basis over the expected lives of the related assets to match them with the costs for which they are intended to compensate and presented within other income.

2.16 Inventories

i. Inventories are valued as follows:

Raw materials, Stock –in trade, dyes and chemicals, stores and spares and consumables	Lower of cost and net realisable value. Cost is determined on a weighted average basis. Cost includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition. Materials and other items held for use in the production of inventories are not written down below costs, if finished goods in which they will be incorporated are expected to be sold at or above cost.
Work-in-progress and finished goods	Lower of cost and net realisable value. Cost includes direct materials, labour, a proportion of manufacturing overheads and an appropriate share of fixed production overheads based on normal operating capacity.
Waste material	At net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

ii. Provision for obsolete/ old inventories is made, wherever required.

iii. In view of substantially large number of items in work-in-progress, it is not feasible to maintain the status of movement of each item at shop floor on perpetual basis. The Group, however, physically verifies such stocks at the end of every quarter and valuation is made on the basis of such physical verification. The comparison of cost and net realisable value is done on item by item basis.

2.17 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the receivable is expected to be collected within a period of 12 months or less from the reporting date (or in the normal operating cycle of the business, if longer), they are classified as current assets otherwise as non-current assets.

Trade receivables are measured at their transaction price unless it contains a significant financing component in accordance with Ind AS 115 or pricing adjustments embedded in the contract.

Loss allowance for expected life time credit loss is recognised on initial recognition.

2.18 Provisions and contingent liabilities

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the consolidated financial statements unless the possibility of an outflow of economic resources is remote.

2.19 Measurement of fair value

a. Financial instruments

The estimated fair value of the Group's financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants

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

would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

b. **Marketable and non-marketable equity securities**

Fair value for listed shares is based on quoted market prices as of the reporting date. Fair value for unlisted shares is calculated based on market comparison techniques utilizing significant unobservable data, primarily cash flow based models.

The valuation model is based on market multiples derived from quoted prices of companies comparable to the investee and the expected revenue and EBITDA of the investee. The estimate is adjusted for the effect of the non-marketability of the relevant equity securities.

If fair value cannot be measured reliably unlisted shares are recognized at cost.

c. **Derivatives**

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks and interest rate risk respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value provided by the respective banks. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

2.20 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts and interest rate swaps.

a. **Financial assets**

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classifications

The Group classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at an instrument level because this best reflects the way the business is managed and information is provided to management.

A financial asset is measured at amortised cost only if both of the following conditions are met:

a. it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

b. the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ('EIR') method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the profit or loss. The losses arising from impairment are recognised in the statement of profit and loss.

b. **Equity Instruments**

All equity instruments in scope of Ind AS 109 are measured at fair value. On initial recognition an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other Financial Instruments are classified as measured at FVTPL.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

The rights to receive cash flows from the asset have expired, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards

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

of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

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

Impairment of financial assets

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

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

c. **Financial liabilities**

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial liabilities measured at amortised cost

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

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

Financial liabilities at fair value through profit or loss

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

Derecognition of financial liabilities

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

2.21 Income tax

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

i. **Current tax**

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

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

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

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

ii. **Deferred tax**

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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

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

2.22 Leases

i) Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

ii) Assets held under leases

Leases of property, plant and equipment that transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Group substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Group's balance sheet.

iii) Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.23 Segment reporting

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

The board of directors of the Group have been identified as being the chief operating decision maker by the Management of the Group. Refer note 42 for segment information presented.

2.24 Cash and cash equivalents

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

For the purposes of the cash flow statement, cash and

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

cash equivalents is as defined above, net of outstanding bank overdrafts.

Earnings per share

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

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

2.24 Recent accounting pronouncements

Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from 1st April, 2019:

Ind AS 116 – Leases:

The Company is required to adopt Ind AS 116, Leases from 1st April, 2019. Ind AS 116 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right to use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemption for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard –i.e. lessors continue to classify leases as finance or operating leases. It replaces existing lease guidance, Ind AS 17, leases.

The Company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The quantitative impact of adoption of Ind AS 116 on the financial statements in the period of initial application is not reasonably estimable as at present.

Company will recognise new assets and liabilities for its operating leases in respect of premises on leases. The nature of expenses related to those leases will now change because the company will recognise a depreciation charge for right to use assets and interest expenses on lease liabilities.

Previously, the company recognised lease expense over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual leases payment and expenses recognised.

Transition

The Company plans to apply Ind AS 116 initially on 1st April, 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognized as an adjustment to the opening balance of retained earnings at 1st April, 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1st April, 2019 and identified as leases in accordance with Ind AS 17.

Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty,

(2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount, (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

Ind AS 23 – Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Company does not expect any impact from this amendment.

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

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

3. Property, Plant and equipment

	Freehold Land	Leasehold Land	Buildings	Plant and equip-ments	Vehicles	Furniture and Fixtures	Office Equip-ments	Lease Improve-ments	Total
Balance as at 31st March, 2017	36.24	3.90	431.32	796.95	8.16	9.27	5.94	-	1,291.78
Additions	2.29	-	17.60	63.71	2.79	1.84	0.85	-	89.08
Additions pursuant to Acquisition (Refer note 52)	-	-	-	0.04	-	0.29	0.14	-	0.47
Disposals/ Adjustments	-	-	-	1.91	0.45	0.03	0.03	-	2.42
Balance as at 31st March, 2018	**38.53**	**3.90**	**448.92**	**858.79**	**10.50**	**11.37**	**6.90**	**-**	**1,378.91**
Additions	-	-	14.18	30.00	1.29	1.05	1.08	0.16	47.76
Disposals/ Adjustments	-	-	0.06	2.18	0.69	0.14	0.09	-	3.16
Balance as at 31st March, 2019	**38.53**	**3.90**	**463.04**	**886.61**	**11.10**	**12.28**	**7.89**	**0.16**	**1,423.51**
Accumulated Depreciation									
Balance as at 31st March, 2017	-	0.10	17.16	140.08	2.39	2.45	2.12	-	164.30
Additions	-	0.05	12.93	89.55	1.29	1.33	1.38	-	106.53
Disposals/ Adjustments	-	-	-	0.36	0.23	0.01	0.01	-	0.61
Balance as at 31st March, 2018	**-**	**0.15**	**30.09**	**229.27**	**3.45**	**3.77**	**3.49**	**-**	**270.22**
Additions	-	0.05	13.50	82.94	1.39	1.40	1.28	0.01	100.56
Disposals/ Adjustments	-	-	-	0.46	0.38	0.11	0.05		1.00
Balance as at 31st March, 2019	**-**	**0.20**	**43.59**	**311.75**	**4.46**	**5.06**	**4.72**	**0.01**	**369.78**
Net Block									
Balance as at 31st March, 2018	**38.53**	**3.75**	**418.83**	**629.52**	**7.05**	**7.60**	**3.41**	**-**	**1,108.69**
Balance as at 31st March, 2019	**38.53**	**3.70**	**419.45**	**574.86**	**6.64**	**7.22**	**3.17**	**0.15**	**1,053.73**

Notes

1. In case of Kathua unit leasehold land having carrying value as at 31st March, 2019 and 31st March, 2018 Rs. 2.55 and Rs. 2.58 respectively (Original cost Rs. 2.92) and in case of Baddi unit freehold land having carrying value as at 31st March, 2019 and 31st March, 2018 Rs. 0.08 (Original cost Rs.0.08) are pending for registration in the name of the group.
2. Property, Plant and equipment, includes share of the holding company in a premises at Haridwar jointly owned with other corporates having carrying value as at 31st March, 2019 Rs. 0.56 crore and 31st March, 2018 Rs. 0.60 respectiely (Original Cost Rs.1.12)
3. Borrowing cost capitalized amounting to Rs. 0.19 (31st March, 2018: Rs. 0.50) under the head plant and equipment and building (refer note 44)
4. Property, plant and equipment given as security for borrowings refer note 20 (a)

4. Intangible Assets

	Gross Block				Depreciation				Net Block	
	As at 31st March, 2018	Additions	Disposals/ Adjust-ments	As at 31st March, 2019	As at 31st March, 2018	Additions	Disposals/ Adjust-ments	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018
Goodwill	6.40	0.33	-	6.73	-	-	-	-	6.73	6.40
	6.40	**0.33**	**-**	**6.73**	**-**	**-**	**-**	**-**	**6.73**	**6.40**
Other intangible assets										
Software	1.50	0.06	-	1.56	0.41	0.20	-	0.61	0.95	1.09
Intangible assets under development	-	0.78	-	0.78	-	-	-	-	0.78	-
	1.50	**0.84**	**-**	**2.34**	**0.41**	**0.20**	**-**	**0.61**	**1.73**	**1.09**

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

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

4. Intangible Assets *(contd.)*

	Gross Block				Depreciation				Net Block	
	As at 31st March, 2017	Additions	Disposals/ Adjust-ments	As at 31st March, 2018	As at 31st March, 2017	Additions	Disposals/ Adjust-ments	As at 31st March, 2018	As at 31st March, 2018	As at 31st March, 2017
Goodwill	-	6.40	-	6.40	-	-	-	-	6.40	-
	-	6.40	-	6.40	-	-	-	-	6.40	-
Software	0.85	0.65	-	1.50	0.30	0.11	-	0.41	1.09	0.55
	0.85	0.65	-	1.50	0.30	0.11	-	0.41	1.09	0.55

Additions to property, plant and equipment / capital work-in-progress includes pre-operative expenses and trial run expenses incurred during construction period related to expansion projects are as under :

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Pre-operative expenses other than trial run		
Salaries, wages and bonus	0.64	0.16
Power, fuel and water charges	0.79	0.02
Insurance	0.15	-
Miscellaneous expenses	0.49	-
Interest expenses	0.13	0.38
Trial run expenses		
Salaries, wages and bonus	-	0.02
Cost of materials consumed	-	0.43
Consumption of stores and spares	-	0.02
Power, fuel and water charges	-	0.01
Total (A)	2.20	1.04
Less :		
Sale of product	-	0.37
Inventories (previous year on 1st December, 2017)		
Work-in-progress	-	0.13
Total (B)	-	0.50
Total (A-B)	2.20	0.54
Less : Allocated to property, plant and equipment during the year	-	0.54
Balance carried forward pending for allocation	2.20	-

5. Non current investments

	As at 31st March, 2019	As at 31st March, 2018
A. Investment in equity instruments valued at FVTPL (fully paid-up)		
Unquoted		
50 (31st March, 2018: 50) equity shares of The Jhalawar Nagrik Sahkari Bank Ltd (JNSB) of Rs. 100 each*	0.00	0.00
*The total amount of investments in absolute value is Rs. 5,000, but for reporting purpose rounded up to Rs. 0 crore.	0.00	0.00
B Investment in preference shares valued at FVTPL (fully paid up) [refer note 47(I)]		
Unquoted		
2,43,50,000 (At 31st March, 2018: 4,87,00,000) 8.5% Non-Convertible Cumulative Redeemable Preference shares of Avadh Sugar & Energy Limited of Rs. 10 each	25.74	50.38

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

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

5. Non current investments *(contd.)*

	As at 31st March, 2019	As at 31st March, 2018
13,00,000 (31st March, 2018: 13,00,000) 8.5% Non-Convertible Cumulative Redeemable Preference shares in Palash Securities Limited of Rs. 10 each	0.68	0.59
Total investments measured at FVTPL	**26.42**	**50.97**
Aggregate value of unquoted investment (A+B)	**26.42**	**50.97**
Aggregate value of impairment in the value of investments	**-**	**-**

6. Loans - Non Current

	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good unless stated otherwise		
a) Security deposits	12.16	4.61
b) Loans, which have significant increase in credit risk	-	-
c) Loans - credit impaired	-	-
	12.16	**4.61**

7. Non current tax assets (net)

	As at 31st March, 2019	As at 31st March, 2018
Income tax refund receivable	0.20	0.15
	0.20	**0.15**

8. Other non-current assets

	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good unless otherwise stated		
Capital advances	6.75	1.81
Prepaid expenses	0.13	0.30
	6.88	**2.11**

9. Inventories

	As at 31st March, 2019	As at 31st March, 2018
(Valued at lower of cost or net realisable value)		
Raw materials	260.62	195.23
Dyes and chemicals	6.42	6.30
Work-in-progress	76.94	78.62
Finished goods	181.64	199.16
Stock in trade	8.32	10.39
Stores, spare-parts and consumables	28.27	21.45
Wastage material	3.25	3.01
	565.46	**514.16**
Goods in transit included in above inventories are as under :		
Raw materials	16.64	13.58
Stores,spare-parts and consumables	0.94	0.84
Finished goods	0.53	-

(a) Inventories are hypothecated to secure borrowings (Refer note 20 and 25)

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

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

10. Trade receivables

		As at 31st March, 2019	As at 31st March, 2018
a)	Unsecured, considered good		
	Considered good	304.78	335.05
b)	Unsecured, considered doubtful	1.56	1.52
	Less: Loss allowance for doubtful recievables	(1.56)	(1.52)
c)	Trade receivables which have significant increase in credit risk	-	-
d)	Trade receivables - credit impaired	-	-
		304.78	335.05

a) Trade receivables are hypothecated to secure current borrowings (Refer note 25)

b) No trade or other receivables are due from directors or other officers of the Group, either severally or jointly with any other person. Further, no trade or other receivables are due from firms or private companies in which any director is a partner, or director or member.

c) The Group's exposure to credit and currency risk, and loss allowances related to trade receivables is disclosed in Note 47.

11. Cash and cash equivalents

	As at 31st March, 2019	As at 31st March, 2018
Balance with banks:		
- In current accounts	8.33	12.63
Cash on hand	0.18	0.17
	8.51	**12.80**

12. Bank balances other than cash and cash equivalents

	As at 31st March, 2019	As at 31st March, 2018
Earmarked balances with banks:		
Unpaid dividend account	1.23	1.20
Deposits with remaining maturity for more than 3 months but less than 12 months	0.55	0.55
	1.78	**1.75**

13. Loans (Current)

		As at 31st March, 2019	As at 31st March, 2018
	Unsecured, considered good unless otherwise stated		
a)	Security deposits	0.21	0.61
b)	Loans, which have significant increase in credit risk	-	-
c)	Loans - credit impaired	-	-
		0.21	**0.61**

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

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

14. Other current financial assets

	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good unless otherwise stated		
Export benefits/ claims receivable #	36.34	-
Less: Provision for doubtful	(0.16)	-
	36.18	**-**
Government subsidies receivable #	15.81	-
Advances recoverable in cash	4.42	5.48
Forward contract receivables	1.66	-
Interest accrued on deposits	0.20	0.19
	58.27	**5.67**

15. Other current assets

	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good unless otherwise stated		
Balances with government authorities	54.41	52.21
Duty paid under protest	0.02	0.02
	54.43	**52.23**
Export benefits/ claims receivable #	-	54.61
Less: Provision for doubtful	-	(0.16)
	-	**54.45**
Government subsidies receivable #	-	15.44
Prepaid expenses	3.51	2.96
Advances to suppliers	7.58	9.39
	65.52	134.47

In accordance with bulletin -15 issued by the Ind AS Technical Facilitation Group (ITFG) "Incentive receivable from the government under a scheme of government on complying with the certain stipulated conditions shall fall under the definition of financial instruments and shall be accounted for as a financial asset as per Ind AS 109". Accordingly, Group has classified Rs. 51.99 of various incentives/ claims receivable as on 31st March, 2019 under "Other Current Financial Assets" during the year.

16. Current tax assets (net)

	As at 31st March, 2019	As at 31st March, 2018
Income tax refund receivable	-	0.03
	-	0.03

17. Assets classified as held for sale

	As at 31st March, 2019	As at 31st March, 2018
Plant and equipments held for sale	0.24	0.24
	0.24	0.24

During earlier years, the Parent Company decided to sell obsolete plant and equipments which were originally purchased for production and manufacturing. The Parent Company is actively searching for buyers to sell these assets. No liability is attached to these assets.

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

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

17. Assets classified as held for sale *(contd.)*

Non – current fair value measurements :

Assets classified as held for sale are measured at lower of their carrying amount and fair value less cost to sell at the time of reclassification. Fair value of the assets was determined using expected market realizable value using past trend and management assessment. fair value measurement of assets held for sale is a level 3 measurement and key inputs under this approach are price per asset comparable for the machine in similar business and technology.

18. Equity Share capital

	As at 31st March, 2019	As at 31st March, 2018
Authorised:		
500,000,000 equity shares of Rs.1/- each (31st March, 2018: 500,000,000 of Rs.1/- each) {Refer note 18(f)}	50.00	50.00
Issued, subscribed and fully paid up:		
163,828,620 equity Shares of Rs.1/- each (31st March, 2018: 163,828,620 of Rs.1/- each) {Refer note 18(f)}	16.38	16.38
	16.38	16.38

a. **Terms and rights attached to equity shares**

Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. There is no restriction on distribution of dividend. However, same is subject to the approval of the shareholders in the Annual General Meeting.

b. **Reconciliation of number of shares outstanding at the beginning and end of the year :**

	As at 31st March, 2019		As at 31st March, 2018	
	Number of shares	Amount	Number of shares	Amount
Balance at the beginning of the year	16,38,28,620	16.38	1,63,82,862	16.38
Add: Increase in number of shares on acount of stock split {refer note 18(f)}	-	-	14,74,45,758	-
Balance at the end of the year	16,38,28,620	16.38	16,38,28,620	16.38

c. **Shares held by holding company or its ultimate holding company or subsidiaries or associates of the holding company or the ultimate holding company in aggregate.**

There are no holding or ultimate holding company of the Company.

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

	As at 31st March, 2019		As at 31st March, 2018	
	No. of shares	Percentage	No. of shares	Percentage
Uttar Pradesh Trading Company Limited.	3,04,16,970	18.57%	3,04,16,970	18.57%
Hargaon Investment & Trading Company Limited	1,71,13,960	10.45%	1,71,13,960	10.45%
New India Retailing and Investment Limited	1,70,63,040	10.42%	1,70,63,040	10.42%
Yashovardhan Investment and Trading Company Limited	1,48,68,360	9.08%	1,48,68,360	9.08%
Birla Institute of Technology and Science	1,12,86,580	6.89%	1,12,86,580	6.89%
Earthstone Holding (Two) Private Limited	98,03,690	5.98%	98,03,690	5.98%
Ronson Traders Limited	97,23,730	5.94%	97,23,730	5.94%

e. **Aggregate number of bonus shares issued, for consideration other than cash, during the period of five years immediately preceding the reporting period -** The Parent Company allotted 54,609,540 equity shares of Rs. 5.46, fully paid up as bonus shares on 1st July, 2013.

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

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

18. Equity Share capital *(contd.)*

f. Pursuant to the shareholders approval dated 31st August, 2017, the Parent Company sub-divided its equity shares of face value of Rs.10/- each into equity shares of face value of Rs.1/- each for which 27th September, 2017 was fixed as recored date. Accordingly, the basic and diluted earning per share and the number of share disclosed in note 39 have been computed for the current and previous year based on the revised number of shares and face value of Rs.1/- per equity share.

19. Other equity

		As at 31st March, 2019	As at 31st March, 2018
a.	**General reserve**		
	Balance at the beginning of the year	178.06	166.06
	Add: Transferred from retained earnings	7.00	12.00
	Balance at the end of the year	**185.06**	**178.06**
b.	**Retained earnings**		
	Balance at the beginning of the year	710.06	634.34
	Profit for the year	58.26	113.36
	Less: dividend on equity shares (including tax thereon)	(25.68)	(25.64)
	Less: transferred to general reserve	(7.00)	(12.00)
		735.64	**710.06**
c.	**Other comprehensive income**		
	Balance at the beginning of the year	2.30	(0.81)
	Addition during the year	0.23	3.11
	Balance at the end of the year	**2.53**	**2.30**
d.	**Exchange differences on translation of operations into reporting currency**		
	Balance at the beginning of the year	0.14	-
	Addition during the year	2.09	0.14
	Balance at the end of the year	**2.23**	**0.14**
	Considered good	**925.46**	**890.56**

Nature and purpose of other reserves/ other equity

General reserve

The Group appropriates a portion to general reserves out of the profits voluntarily to meet future contingencies. The said reserve is available for payment of dividend to the shareholders as per the provisions of the Companies Act, 2013.

Retained earnings:

Retained earnings are the profit that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to investors.

Other Comprehensive income

Remeasurement of defined benefit plans represents the following as per Ind AS 10 Employee Benefits

a) Acturial gains and losses
b) the return on plan assets excluding amounts included in net interest on the net defined benefit liability (asset); and
c) any change in the effect of the asset ceiling excluding amounts included in net interest on the net defined benefit liability (assets).

Exchange differences on translation of foreign operations

These comprise of all exchange difference arising from translation of financial statement of foreign operations.

Dividend

The following dividends were declared and paid by the Parent Company

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Final dividend for the year ended 31st March, 2018 Rs. 1.30 per equity share of Rs. 1 each (31st March, 2017 Rs.1.3 per equity share of Rs. 1 each)	21.30	21.30
Dividend distribution tax on final dividend	4.38	4.34
	25.68	25.64

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

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

19. Other equity *(contd.)*

After the reporting date the following dividend was proposed by the board of directors of the Group subject to the approval of shareholders of the Group at its annual general meeting; Accordingly, the dividends have not been recognized as liabilities. Dividends should attract corporate dividend tax when declared:

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Proposed final dividend for the year ended 31st March, 2019 Rs. 0.65 per equity share of 1 each **	10.65	21.30
Dividend distribution tax on final dividend	2.19	4.38
	12.84	25.68

** On 9th May, 2019, the board of directors of the Parent Company has recommended a final dividend of Rs. 0.65 per share (face value of Rs.1 per share) for the financial year ended 31st March, 2019, subject to approval of the shareholders in the upcoming Annual General Meeting of the Parent Company.

20. Non - Current Borrowings

	As at 31st March, 2019	As at 31st March, 2018
Term loans (Secured)		
- From banks	436.92	509.16
	436.92	509.16

a. **Securities**

Term loans are secured by first equitable mortgage ranking pari-passu over the Parent Company's immovable properties situated at Bhawanimandi (Rajasthan), Kathua (Jammu & Kashmir), Baddi (Himachal Pradesh) and Daheli (Gujarat) and moveable assets (save and except book debts) both present and future, subject to prior charges created/to be created, in favour of bankers, on moveable assets including book debts to secure working capital borrowings.

b. **Terms of repayment and interest are as follows :**

Secured loan from	Repayment frequency	Year of maturity	Rate of interest p.a. (%)	As at 31st March, 2019	As at 31st March, 2018
Punjab National Bank, Kota	Quarterly	FY 2022 to 2025	8.45	87.39	111.13
Bank of Maharashtra, Jaipur	Quarterly	FY 2026	8.75	168.63	194.88
Jammu & Kashmir Bank, Kathua	Quarterly	FY 2022 to 2026	8.30 to 8.45	131.84	126.07
ICICI Bank, Kolkatta	Quarterly	FY 2020	9.15	0.41	1.22
State Bank of India, Mumbai	Quarterly	FY 2023	10.00	9.13	11.62
United Bank, Delhi	Quarterly	FY 2024	8.85	9.61	15.10
HDFC Bank, Jaipur	Quarterly	FY 2023 to 2024	8.15	131.99	146.19
				538.99	606.21
Less : Current maturities of long term debt (Refer Note 27)				102.07	97.05
				436.92	509.16

c. **The Group's exposure to interest rate, foreign currency and liquidity risk is included in note 47.**

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

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

21. Other Non Current Financial Liabilities

	As at 31st March, 2019	As at 31st March, 2018
Trade deposits	6.03	5.78
Employee security deposits	0.11	0.14
Creditors for capital goods	4.49	
	10.63	**5.92**

22. Provisions

	As at 31st March, 2019	As at 31st March, 2018
Provision for compensated absenses	10.26	8.95
	10.26	**8.95**

23. Deferred Tax

A. Movement in deferred tax balances

Particulars	As at 31st March, 2018	Recognized during the year	Utilised during the year	As at 31st March, 2019
Deferred tax assets				
MAT credit entitlement @	70.82	-	(5.52)	65.30
Disallowance u/s 43B of Income Tax Act, 1961	14.00		(0.12)	13.89
Others (provision for doubtful debts, provision for change in fair valuation of preference shares and others)	0.96	0.90	-	1.86
Total (A)	**85.78**	**0.90**	**(5.64)**	**81.05**
Deferred tax liabilities				
Property, plant & equipment and goodwill: Impact of difference between tax depreciation and book depreciation, etc.	108.12	2.05	-	110.17
Total (B)	**108.12**	**2.05**	**-**	**110.17**
Net deferred tax liability (B)-(A)	**22.34**	**1.15**	**5.64**	**29.12**

Particulars	As at 31st March, 2017	Recognized during the year	Utilised during the year	As at 31st March, 2018
Deferred tax assets				
MAT credit entitlement @	62.09	13.79	5.06	70.82
Disallowance u/s 43B of Income Tax Act, 1961	11.87	2.13	-	14.00
Others (provision for doubtful debts, provision for change in fair valuation of preference shares and others)	8.77	(7.81)	-	0.96
Total (A)	**82.73**	**8.11**	**5.06**	**85.78**
Deferred tax liabilities				
Property, plant & equipment and goodwill: Impact of difference between tax depreciation and book depreciation, etc.	84.25	23.87	-	108.12
Total (B)	**84.25**	**23.87**	**-**	**108.12**
Net deferred tax liability (B)-(A)	**1.52**	**15.76**	**(5.06)**	**22.34**

@ Represents that portion of MAT credit, which can be recovered and set off in subsequent years as per provisions of Section 115JAA of the Income Tax Act, 1961. The management, based on the present trend of profitability and the future profitability projections, opines that parent comapny would have sufficient taxable income in future to utilize MAT credit entitlements.

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

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

23. Deferred Tax *(contd.)*

B. Amounts recognised in statement of profit or loss

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Current tax expense		
Current tax	17.48	28.06
	17.48	**28.06**
Deferred tax expense		
Origination and reversal of temporary differences	6.78	15.76
No trade or other receivables are due from directors or other officers of the Group, either severally or jointly with any other person. Further, no trade or other receivables are due from firms or private companies in which any director is a partner, or director or member.	**24.26**	**43.82**

C. Amounts recognised in other comprehensive income

Particulars	Before tax	(Tax Expense/ Income)	Net of tax
For the year ended 31st March, 2019			
Remeasurements of defined benefit liability	0.35	(0.12)	0.23
Exchange differences on translation of operations into reporting currency	2.09	-	2.09
	2.44	**(0.12)**	**2.32**
For the year ended 31st March, 2018			
Remeasurements of defined benefit liability	4.75	(1.64)	3.11
Exchange differences on translation of operations into reporting currency	0.14	-	0.14
	4.89	**(1.64)**	**3.25**

D. Reconciliation of effective tax rate

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
(a) Profit before tax from Indian operations	**89.85**	**156.88**
Tax using the Parent Company's domestic tax rate @ 34.94% (31st March, 2018: 34.61%)	31.39	54.30
Tax effect of:		
Non-deductible expenses	1.94	2.37
Tax on exempt income	(2.04)	(8.46)
Tax incentives	(6.73)	(4.12)
MAT credit entitlement related to earlier years	-	(7.06)
Deferred Tax created due to levy of 1% additional cess on income w.e.f. Assessment year 2019-20	-	0.91
Previously unrecognised deferred tax now recognised	-	3.15
Others	(0.41)	2.67
Income tax expenses reported in the statement of profit and loss	**24.15**	**43.76**
Effective tax rate	**26.88%**	**27.89%**
(b) Profit before tax from foreign operations	(7.33)	0.30
Tax using the Company's foreign tax rate @21 %	(1.54)	0.06
Tax effect of:		
Non-deductible expenses	0.01	(0.04)
Reduction in tax rate	-	0.09

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

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

23. Deferred Tax *(contd.)*

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Effect of recognition of tax effect of previously unrecognised tax losses now recognised as deferred tax assets	0.01	(0.09)
Effect of current year losses for which no deferred tax asset is recognised	2.13	-
Changes in recognised deductible temporary differences	(0.01)	-
State taxes	(0.49)	0.04
Income tax expense	**0.11**	**0.06**
Total income tax expenses reported in the statement of profit and loss (a+b)	**24.26**	**43.82**
Effective Tax Rate	**29.40%**	**27.88%**

24. Other Non-Current Liabilities

	As at 31st March, 2019	As at 31st March, 2018
Deferred government grant (refer note 41 B (2))		
Capital subsidies on specific plant and machineries	7.42	8.47
Non current portion of the gain on deferred payment liabilities	1.46	
	8.88	**8.47**
Movement of deferred government grants is as below:		
Balance at the beginning of the year	8.47	9.11
Grant accrued during the year	-	0.35
Grant amortized and transferred to statement of profit and loss	(1.05)	(0.99)
Balance at the end of the year	**7.42**	**8.47**

25. Current Borrowings

	As at 31st March, 2019	As at 31st March, 2018
Loan repayable on demand (Secured)*		
- From banks	366.02	396.76
Bills discounted**	14.83	41.35
	380.85	**438.11**

* Working capital facilities from banks are secured/to be secured by hypothecation of moveable's including book debts, both present and future, of the unit, ranking pari-passu inter se.

** Bills discounted are secured against the book debts which have been discounted

26. Total Outstanding dues of Micro and Small Enterprises

		As at 31st March, 2019	As at 31st March, 2018
a.	Principal amount remaining unpaid.	1.93	1.31
b.	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day.	-	-

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

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

26. Total Outstanding dues of Micro and Small Enterprises *(contd.)*

	As at 31st March, 2019	As at 31st March, 2018
c. Interest due to payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	-	-
d. Interest accrued and remaining unpaid.	-	-
e. Interest remaining due to payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-
	1.93	1.31

27. Other Financial Liabilities

	As at 31st March, 2019	As at 31st March, 2018
Current maturities of long-term debt (refer note 20)	104.82	99.90
{Includes interest accrued and due on borrowings 31st March, 2019: Rs. 2.75 (31st March, 2018: Rs. 2.85)}		
Unpaid dividend	1.23	1.20
Employees liabilities	41.49	39.72
Forward contract payables	-	0.70
Creditors for capital goods	4.39	5.84
Current portion of deferred payment liabilities	1.25	-
Security deposits	0.88	2.47
Director's commission	0.22	0.23
Others	3.49	4.40
	157.77	**154.46**

28. Other Current Liabilities

	As at 31st March, 2019	As at 31st March, 2018
Contract liabilities	11.64	6.58
Statutory dues	5.14	7.90
Current portion of gain on deferred payment liabilities	0.49	-
	17.27	**14.48**

29. Provisions

	As at 31st March, 2019	As at 31st March, 2018
Compensated absenses	3.79	3.67
Gratuity	-	0.19
Others - contingencies	12.76	12.60
	16.55	16.46

Others - Contingencies

Provision for disputed statutory matters have been made, where the Parent Company anticipates probable outflow. The amount of provision is based on estimate made by the Company considering the facts and circumstances of each case. The timing and amount of cash flow will be determined by the relevant authorities on settlement of cases.

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

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

29. Provisions *(contd.)*

The movement of provisions is presented below:

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Balance at the beginning of the year	12.60	12.81
Provision made during the year	-	0.29
Payment made/ provision reversed during the year	0.03	0.50
Balance at the end of the year	**12.57**	**12.60**

30. Current Tax Liabilities

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Provision for Income tax [net of advance tax of Rs. 80.37 (31st March, 2018 Rs. 130.07)]	2.02	1.91
	2.02	**1.91**

31. Revenue from Operations @

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Sale of products (including excise duty)		
Manufactured goods	2,381.24	2,271.31
Traded goods	179.66	136.78
Total (i)	**2,560.90**	**2,408.09**
Sale of services		
Job processing	25.21	23.72
Others	8.91	10.79
Total (ii)	**34.12**	**34.51**
Total [(iii) = (i) + (ii)]	**2,595.02**	**2,442.60**
Other operating revenue		
Export incentives	18.75	34.14
Total (iv)	**18.75**	**34.14**
Revenue from operations [(iii) + (iv)]	**2,613.77**	**2,476.74**

@ Net of amount transferred to trial run expenses refer note 4 (B).

32. Other income

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Interest income from financial assets measured at amortised cost		
- from bank deposits	0.05	0.03
- from inter-corporate deposits	-	3.68
- from others	10.57	9.14
Dividend from preference share (refer note 46)	6.03	4.14
Net fair value gain on financial assets measured at FVTPL	-	0.15
Profit on sale/discard of property, plant and equipment (net)	2.61	1.35
Foreign currency transactions and translation (net)	-	5.69

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

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

32. Other income *(contd.)*

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Sundry credit balances written back (net)	0.59	1.95
Provision for doubtful debts written back	-	0.25
[Current year Rs. 13,244 (in absolute value)]		
Insurance claims	0.33	1.20
Deferred government grants (refer note 24)	1.05	0.99
Miscellaneous income (including scrap sales)	6.64	5.13
	27.87	33.70

33. Cost of Materials consumed @

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Raw material consumed	1,260.64	1,223.78
Consumption of dyes and chemicals	98.29	85.65
	1,358.93	1,309.43

@ Net of amount transferred to trial run expenses refer note 4 (B).

34. Changes in inventories of Finished Goods, Work-in-progress and Traded Goods

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Closing inventory		
Work-in-progress	76.94	78.62
Finished goods	181.64	199.16
Stock- in- trade	8.32	10.39
Wastage material	3.25	3.01
Total (A)	270.15	291.18
Opening inventory		
Work-in-progress	78.62	72.41
Finished goods	199.16	191.83
Stock- in- trade	10.39	1.89
Wastage material	3.01	2.16
Total (B)	291.18	268.29
Add:		
Inventories acquired during the previous year (refer note 52)		
Finished goods	-	5.99
Inventories transferred from trial run production on 1st December, 2017	-	5.99
Work-in-progress Total (C)	-	0.13
Total (D)	-	0.13
Less : Insurance claim against goods lost by fire (31st March, 2018: GST credit taken on closing stocks as on 30th June, 2017 as per provision of the Central Goods and Services Tax Act, 2017).		
Work-in-progress	(1.84)	(3.09)
Finished goods	(1.52)	(4.47)
Total (E)	(3.36)	(7.56)
Total (B-A+C+D+E)	17.67	(24.33)

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

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

35. Employee Benefits Expense

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Salaries and wages	294.13	267.91
Contribution to provident and other funds	32.02	31.97
Staff welfare expenses	3.81	2.92
	329.96	**302.80**

Net of amount capitalized refer note 4 (B).

36. Finance Costs @

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Interest expenses #	52.14	54.74
Exchange difference on the principal amount of foreign currency borrowing*	2.97	3.62
Other borrowing costs	1.43	0.76
	56.54	**59.12**

@ Net of amount capitalized refer note 44

Net of interest subsidies under various schemes amounting to Rs. 17.21 (31st March, 2018 Rs. 14.82).

*Exchange differences on the principal amount of the foreign currency borrowings to the extent that exchange differences are regarded as an adjustment to borrowing costs have been disclosed as "Finance costs".

37. Depreciation and Amortisation Expense

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Depreciation on property, plant and equipment (refer note 3)	100.59	106.53
Amortisation on intangible assets (refer note 4)	0.20	0.11
	100.79	**106.64**

38. Other Expenses @

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Processing and job charges	8.47	11.36
Consumption of stores and spares	73.86	75.97
Power, fuel and water charges	256.28	256.18
Rent (refer note 43)	2.31	1.63
Insurance	6.06	6.60
Rates and taxes	0.42	0.72
Repairs and maintenance:		
Buildings	6.27	4.44
Plant and machinery	33.31	28.01
Others	2.64	2.56
Freight and forwarding expenses	65.86	62.66
Selling commission and brokerage	23.99	20.92
Auditor's remuneration #	0.93	0.88
Charity and donation ##	2.38	0.57
Loss allowance for doubtful debts	0.10	0.13
Foreign Currency transactions and traslations	2.18	-
Directors' commission and fees	0.50	0.63
Excise duty	-	0.45

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

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

38. Other Expenses @ *(contd.)*

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Travelling expenses	7.93	6.89
Vehicle expenses	4.93	4.13
Legal and professional expenses	6.03	4.92
Corporate social responsibility expenses	2.44	6.26
Net fair value loss on financial assets measured at FVTPL	0.20	-
Miscellaneous expenses	24.09	18.68
	531.18	**514.59**

Auditor's remuneration (net of taxes)*

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
As auditor:		
Statutory audit fee	0.56	0.48
Tax audit fee	0.04	0.05
For limited review	0.12	0.05
Certification fees and other matters	0.09	0.20
Re-imbursement of expenses	0.12	0.06
Branch auditors		
Certification fee and other matters	-	0.03
Re-imbursement of expenses	-	0.01
	0.93	**0.88**

@ Net of amount capitalized refer note 4 (B).

Includes Rs. 2.00 given to Samaj Electoral Trust Association. (31st March, 2018 Rs. 0.37)

* Includes Rs. 0.22 (31st March, 2018: Rs. 0.23) paid to subsidiary auditors, and Rs. Nil (31st March, 2018 Rs. 0.20) paid to erstwhile auditors.

Details of corporate social responsibility expenses

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
i) Gross amount required to be spend during the year	3.29	3.39
ii) Amount spent during the year		
(a) Construction /acquisition of any asset	2.21	0.78
(b) On purpose other than (a) above	0.23	5.48
	2.44	**6.26**

39. Exceptional Items

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Net fair value gain on financial assets measured at FVTPL	-	22.50
Dividend on preference shares	-	19.33
	-	**41.83**

#Exceptional items for the previous year ended 31st March, 2018 include dividend income amounting to Rs. 19.33 pertaining to the years 2011 to 2016 on investment in Non-Convertible Cumulative Redeemable Preference Shares held in other Company. Exceptional items also include an amount of Rs. 22.50 pertaining to increase in value of said investment. Consequent to the increase in fair value of the said investments, the resultant deferred tax charge of Rs. 7.50 has been disclosed under tax expense. These investments are measured at fair value and resultant impact of decrease in fair value by Rs. 17.99 (net of taxes) was recognised in retained earnings as at the date of transition (i.e 1st April, 2015) and subsequent increases were recognized in statement of profit and loss.

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

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

40. Earning per share

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Profit for the year	58.26	113.36
Weighted average number of equity shares of Rs. 1/- each	16,38,28,620	16,38,28,620
Basic and Diluted (per share in Rs.)	**3.56**	**6.92**

41. Contingent Liabilities and Commitments

A. Contingent liabilities (to the extent not provided for) in respect of:

	As at 31st March, 2019	As at 31st March, 2018
1. Claim against the Parent Company not acknowledged as debts:		
a) Labour matters (including matter in respect of which stay granted by respective Hon'ble High Court) , except for which the liability is unascertainable	4.47	4.41
2. Other matters for which the Company is contingently liable:		
a) Demand raised by Excise Department for various matters	1.88	7.13
b) Demand raised by the income tax authorities	0.19	-
c) Demand for entry tax (penalty and interest) [Net of Rs.5.74 provided in accounts/ paid] (refer note 29)	10.20	8.87
d) Liability for non receipt of C form from customers excluding interest and penalty leviable	0.25	3.65

3. Liability of customs duty towards export obligation undertaken by the Parent Company under "Export Promotion Capital Goods Scheme (EPCG)" amounting to Rs. 8.49 (31st March, 2018: Rs. 16.50).

   The Parent Company had imported Capital goods under EPCG and saved the custom duty. As per the EPCG terms and conditions, Parent Company needs to export Rs. 50.94 (31st March, 2018: Rs. 99.00) i.e. 6 times of duty saved on import of Capital goods on FOB basis within a period of 6 years. If the Parent Company does not export goods in prescribed time, then the Parent Company may have to pay interest and penalty thereon

   Note: (i) Pending resolution of the respective proceedings, it is not practicable for the Parent Company to estimate the timings of cash outflows, if any, in respect of the above as it is determinable only on receipt of judgments/ decisions pending with various forums/ authorities.

   Note: (ii) The group has reviewed all its pending litigation and proceeding and has adequately provided for where provision required and disclosed as contingent liabilities where applicable, in its financial statements. The group does not expect the outcome of these proceeding to have a materially adverse effect on its financial position. The group does not expects any reimbursements in respect of the above contingent liabilities.

B. Commitments

	As at 31st March, 2019	As at 31st March, 2018
1 Estimated amount of contracts remaining to be executed on capital account [net of advances] not provided for	118.78	5.42

2 The Parent Company has availed certain government subsidies/ grants. As per the terms and conditions, the Company has to continue production for specified number of years and others conditions failing which amount of subsidies availed alongwith interest, penalty etc. will have to be refunded.

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

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

42. Segment Information

A. Description of segments and principal activities

Segment information is presented in respect of the Group's key operating segments. The operating segments are based on the Group's internal reporting structure. The board of directors have been identified as the chief operating decision maker ('CODM'), since they are responsible for all major decision w.r.t. the preparation and execution of business plan, preparation of budget, planning, expansion, alliance, joint venture, merger and acquisition, and expansion of any facility. The Group's board examines the Group's performance both from a product and geographic perspective and have identified two reportable segments of its business:

a) **Yarn**: It comprises of cotton and man made fibres yarn;

b) **Home textiles** : It comprises of home furnishing and fabric processing.

The Group's board reviews the results of each segment on a quarterly basis. However, of subsidiary company it review on annual basis. The Group's board of directors uses earning before interest, tax and depreciation ('EBITDA') to assess the performance of the operating segments.

B. Information about reportable segments

Information related to each reportable segment is set out below. Segment EBITDA is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

	For the year ended 31st March, 2019		
	Yarn	Home Textiles	Total
External revenues	2,439.59	174.64	2,614.23
Inter-segment revenue	-	-	0.46
Segment revenue	**2,439.59**	**174.64**	**2,613.77**
Segment result	170.71	(38.14)	132.57
Finance costs			56.54
Depreciation and amortisation			100.79
Unallocated corporate income (net of expenses)*			6.49
Profit before tax			**82.52**
Tax expense			24.27
Profit after tax			**58.26**

Reportable Segment

	For the year ended 31st March, 2018		
	Yarn	Home Textiles	Total
External revenues	2,334.15	142.59	2,476.74
Segment revenue	**2,334.15**	**142.59**	**2,476.74**
Segment result	170.21	(5.50)	164.71
Finance costs			59.12
Depreciation and amortisation			106.64
Unallocated corporate income (net of expenses)*			51.59
Profit before tax			**157.18**
Tax expense			43.82
Profit after tax			**113.36**

*Includes exceptional items of Rs. 41.83 refer (note 39).

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

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

42. Segment Information *(contd.)*

Other information

	Total assets			Total liabilities		
	Segment assets	Unallocated corporate assets	Total sssets	Segment liabilities	Unallocated corporate liabilities	Total liabilities
As at 31st March, 2019						
Yarn	1,878.54	-	1,878.54	929.16	-	929.16
Home textiles	224.16	-	224.16	101.47	-	101.47
Unallocated	-	29.97	29.97	-	160.20	160.20
Total	**2,102.70**	**29.97**	**2,132.67**	**1,030.63**	**160.20**	**1,190.83**
As at 31st March, 2018						
Yarn	1,888.84	-	1,888.84	893.81	-	893.81
Home textiles	228.79	-	228.79	115.87	-	115.87
Unallocated	-	70.68	70.68	-	271.69	271.69
Total	**2,117.63**	**70.68**	**2,188.31**	**1,009.68**	**271.69**	**1,281.37**

	Capital expenditure	
	Segement capital expenditure	Total capital expenditure
As at 31st March, 2019		
Yarn	54.26	54.26
Home textiles	4.88	4.88
Total	**59.14**	**59.14**
As at 31st March, 2018		
Yarn	75.28	75.28
Home textiles	19.57	19.57
Total	**94.85**	**94.85**

C. Geographic information

The Yarn and Home Textile segments are managed on a worldwide basis, but operate manufacturing facilities primarily in India. The geographic information analyses the Group's revenue by the Group's country of domicile and other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

a) Revenues from different geographies

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Domestic	1,684.22	1,694.92
Export *	910.80	747.68
	2,595.02	**2,442.60**
Other operating income	18.75	34.14
Segment revenue	**2,613.77**	**2,476.74**
Export*		
Turkey	231.43	228.46
Bangladesh	127.47	81.13
Rest of the World	551.90	438.09
	910.80	**747.68**

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

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

42. Segment Information *(contd.)*

b) Non-current assets**

	As at 31st March, 2019	As at 31st March, 2018
India	1,092.97	1,132.41
Rest of the world	8.31	-
	1,101.28	**1,132.41**

** Non-current assets exclude financial instruments and tax assets

43. Leases

Operating lease

The Group's significant leasing arrangements are in respect of operating leases of premises for showroom, offices and guesthouses. These leasing arrangements, which are cancellable, are typically for a period of 11 months and are usually renewable on mutually agreeable terms. The Group has recognised expense amounting to Rs. 2.31 (31st March, 2018 Rs. 1.63).

The future minimum lease payments for non cancellable operating leases are as under:-

Operating leases as under:	As at 31st March, 2019	As at 31st March, 2018
Not Later than one year	1.42	0.91
Later than one year but not later than five years	2.05	2.62
Later than five years	-	0.08
Total	**3.47**	**3.61**

44. Borrowing Cost

During the year, Parent Company has capitalized borrowing cost amounting to Rs. 0.19 (31st March, 2018: Rs. 0.50) under head plant and equipment and building. The capitalized rate used to determine the amount of borrowing cost for capitalisation purpose is weighted average interest rate to the company i.e. 8.30 % (31st March, 2018 ~6.55%).

45. Employee Benefits

The Parent Company contributes to the following post-employment defined benefit plans in India.

(i) Defined contribution plans:

The Parent Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Contribution to provident fund	16.73	17.85
Contribution to employee's state insurance	6.12	5.96
Contribution to superannuation scheme	0.57	0.52

(ii) Defined benefit plan:

The Holding Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972 (as amended). Employees in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of completed years of service. Gratuity liabilty (other than for Baddi unit) is being contributed to the gratuity fund formed by the Parent Company and in case of Baddi unit, company makes contributions to Group Gratuity cum Life Assurance Schemes administered by the LIC of India.

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

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

45. Employee Benefits *(contd.)*

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31st March, 2019. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the projected unit credit method.

A. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

Reconciliation of present value of defined benefit obligation:

Particulars	As at and for the year ended 31st March, 2019			As at and for the year ended 31st March, 2018		
	Present value of the obligation	Fair value of the planned Assets	Total	Present value of the obligation	Fair value of the planned Assets	Total
Balance at the beginning of the year	**42.59**	**42.59**	**-**	**41.52**	**41.52**	**-**
Amount Recognised in profit and loss						
Current service cost	5.75	-	5.75	5.06	-	5.06
Past service cost including curtailment gain/loss	-	-	-	1.41	-	1.41
Interest cost	3.36	-	3.36	3.01	-	3.01
	9.10	**-**	**9.10**	**9.48**	**-**	**9.48**
<u>Remeasurement</u>						
Actuarial loss (gain) arising from:					-	-
- Changes in financial assumptions	(0.61)	-	(0.61)	(3.93)	-	(3.93)
- Changes in experience adjustment	-	-	-	(0.82)	-	(0.82)
- Return on plan assets recognised in OCI	-	0.26	0.26	-	-	-
Total amount recognised in OCI	**(0.61)**	**0.26**	**(0.35)**	**(4.75)**	**-**	**(4.75)**
Contributions paid by the employer	-	5.39		-	1.72	
Benefits paid	(5.09)	(5.09)		(3.66)	(3.66)	
Interest income	-	3.09		-	3.01	
Closing balance	**45.99**	**45.99**	**-**	**42.59**	**42.59**	**-**

B. Plan assets

For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the total plan assets:

Particulars	Amounts		% Composition	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
State/ Govt. of India securities	16.94	16.35	40%	39%
Corporation bonds/ fixed deposits with banks	2.18	4.04	5%	10%
Special deposit scheme with Bank	3.51	3.51	8%	8%
HDFC group unit linked plan-option B	12.85	11.95	30%	28%
Other investments -UTI master shares	2.83	2.54	7%	6%
LIC fund	4.20	3.97	10%	9%
	42.51	**42.36**	**100%**	**100%**

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

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

45. Employee Benefits *(contd.)*

C. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

Particulars	As at 31st March, 2019	As at 31st March, 2018
Discount rate	7.75%	7.88%
Expected rate of future salary increase	6.50%	6.50%
Mortality	100% of IALM (2006 - 08)	
Attrition at ages:-		
-Upto 30 years	3%	3%
-From 31 to 44 years	2%	2%
-Above 44 years	1%	1%

Assumptions regarding future mortality have been based on published statistics and mortality tables.
The Company expects to pay Rs. 7.11 (31st March, 2018: Rs. 6.32) in contribution to its defined benefit plans in the next year

D. Sensitivity analysis

Considered good

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (50 basis points movement)	(2.71)	1.68	(1.92)	2.10
Expected rate of future salary increase (50 basis points movement)	1.65	(2.71)	2.08	(1.92)

Sensitivities due to mortality and withdrawals are insignificant, hence ignored. Sensitivities as regards rate of inflation, rate of increase in payment of pensions, rate of increase in payment of pensions before retirement and life expectancy are not applicable being a lump sum benefit payables on retirement. Although, the analysis does not take account the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions disclosed above.

E. Maturity profile of defined benefit obligation

Year	As at 31st March, 2019	As at 31st March, 2018
0 to 1 year	6.83	7.03
No trade or other receivables are due from directors or other officers of the Group, either severally or jointly with any other person. Further, no trade or other receivables are due from firms or private companies in which any director is a partner, or director or member.	0.62	0.08
2 to 3 year	0.89	1.04
3 to 4 year	1.09	1.17
4 to 5 year	1.05	1.02
5 to 6 year	1.19	1.01
6 year onwards	33.71	30.55

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

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

45. Employee Benefits *(contd.)*

F. Description of risk exposures:

Defined benefit plans expose the Company to below actuarial risks :

Changes in bond yields:	Decrease in bond yields will increase plan liabilities, although this will partially be offset by the increase in value of the plan assets.
Life expectancy:	Defined benefit obligaitons are to provide benefits for the life of the members of the plan, so increase in life expectancy will result in increase in plan's liabilities. This is particularly significant where inflationary increase results in higher sensitivity to the changes in life expectancy.
Asset Volatility	Asset volatility is the risk when assets underperform in comparison to the bond yield, then this create asset deficit.

46. Related Parties

A. Related parties and their relationships

i Key Managerial Personnel (KMP) and their relatives

Name	Relationship
Mr. C. S. Nopany	Executive Chairman
Mr. U. K. Khaitan	Non-executive Director
Mr. Amit Dalal	Non-executive Director
Mr. Rajan Dalal	Non-executive Director
Mr. Rajiv K.Podar	Non-executive Director
Mr. M. H. Rahman	Non-executive Director (upto 9th July, 2017)
Mrs. Sonu Bhasin	Non-executive Director
Mr. Sukhvir Singh	Non-executive Director (upto 25th October, 2017)
Mr. Ashok Mittal	Non-executive Director (w.e.f. 05th February, 2019)
Mr. Rohit Dhoot	Non-executive Director (w.e.f. 25th October, 2017)
Mr. Bipeen Valame	Whole Time Director and Chief Financial Officer
Mr. S.K. Khandelia	President and Chief Executive Officer

ii Entity in which KMP has significant influence (where transactions have taken place):

Magadh Sugar and Energy Limited

Avadh Sugar & Energy Limited

iii Post employment benefit entity:

Sutlej Textiles and Industries Employee Gratuity Fund

B. Transactions with the above in the ordinary course of business

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
a) Remuneration to Key Managerial Personnel		
Mr. C S Nopany		
- Short-term employee benefits	3.00	3.00
- Commission	1.72	4.17
Mr. S.K.Khandelia		
- Short-term employee benefits	6.14	5.74
- Post-employment benefits *	0.17	0.20
Mr. Bipeen Valame		
- Short-term employee benefits	1.14	0.99
- post-employment benefits *	0.07	0.09

* Does not include provisions/ contributions towards gratuity, compensated absences, as applicable as such provisions/ contributions are for the Company as a whole.

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

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

46. Related Parties *(contd.)*

Particulars		For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
b)	**Director sitting fees**		
	Mr. C S Nopany	0.02	0.03
	Mr. U.K. Khaitan	0.04	0.05
	Mr. Amit Dalal	0.05	0.06
	Mr. Rajan Dalal	0.03	0.04
	Mr. Rajiv K. Podar	0.05	0.07
	Mr. M.H. Rahman	-	0.01
	Mrs. Sonu Bhasin	0.03	0.04
	Mr. Sukhvir Singh	-	0.01
	Mr. Rohit Dhoot	0.03	0.02
c)	**Director commission**		
	Mr. U.K. Khaitan	0.04	0.04
	Mr. Amit Dalal	0.04	0.04
	Mr. Rajan Dalal	0.04	0.04
	Mr. Rajiv K. Podar	0.04	0.04
	Mr. M.H. Rahman	-	0.01
	Mrs. Sonu Bhasin	0.04	0.04
	Mr. Sukhvir Singh	-	0.02
	Mr. Rohit Dhoot	0.04	0.02
	Mr Ashok Mittal	0.01	-
d)	**Rent expenses**		
	Mr. C S Nopany	0.05	0.05
e)	**Redemption of investment in preference shares**		
	Avadh Sugar & Energy Limited	24.35	-
f)	**Transactions with Magadh Sugar and Energy Ltd**		
	Loan given	-	40.00
	Loan repaid	-	40.00
	Interest income on the loan given	-	3.68
g)	**Dividend income**		
	Avadh Sugar & Energy Limited	6.03	23.47
h)	**Payment for fund contribution to Post employment benefit entity**		
	Sutlej Textiles and Industries Employee Gratuity Fund	5.39	1.72

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

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

46. Related Parties *(contd.)*

C. Balances outstanding

Year	As at 31st March, 2019	As at 31st March, 2018
Investments		
Avadh Sugar & Energy Limited	25.74	50.38
Payables		
Mr. C S Nopany		
Rent	0.01	0.01
Commission	1.72	4.17
Post employment Benefit payables		
Mr. S.K.Khandelia	1.47	1.30
Mr. Bipeen Valame	0.19	0.12
Director Commission Payables:		
Mr. U.K. Khaitan	0.04	0.04
Mr. Amit Dalal	0.04	0.04
Mr. Rajan Dalal	0.04	0.04
Mr. Rajiv K. Podar	0.04	0.04
Mr. M.H. Rahman	-	0.01
Mrs. Sonu Bhasin	0.04	0.04
Mr. Sukhvir Singh	-	0.02
Mr. Rohit Dhoot	0.04	0.02
Mr Ashok Mittal	0.01	-

47. Financial Instruments – Fair values and Risk Management

I. Fair value measurements

A. Financial instruments by category

Particulars	Note	As at 31st March, 2019		As at 31st March, 2018	
		FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets					
Investments					
Equity shares of JNSB*	5A	0.00	-	0.00	-
Preference shares	5B	26.42	-	50.97	-
Non-current loans	6	-	12.16	-	4.61
Trade receivables	10	-	304.78	-	335.05
Cash and cash equivalents	11	-	8.51	-	12.80
Bank balances other than cash and cash equivalents	12	-	1.78	-	1.75
Loans	13	-	0.21	-	0.61
Other current financial assets	14	1.66	56.61	-	5.67
		28.08	384.05	50.97	360.49
Financial liabilities					
Borrowings	20	-	436.92	-	509.16
Other non-current financial liabilities	21	-	10.63	-	5.92
Short terms borrowings	25	-	380.85	-	438.11
Trade payables		-	120.56	-	101.11
Other current financial liabilities	27	-	157.77	0.70	153.76
		-	1,106.73	0.70	1,208.06

*The total amount of investments in absolute value is Rs. 5,000 (31st March, 2018: Rs. 5000), but for reporting purpose rounded up to Rs. 0.0 crore

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

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

47. Financial Instruments – Fair values and Risk Management *(contd.)*

The carrying amounts of trade receivables, trade payables, capital creditors and cash and cash equivalents and other bank balances are considered to be the same as their fair values, due to their short-term nature.

The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

There are no transfers between level 1 and level 2 during the year

Valuation technique used to determine fair value
Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined as per values provided by banks
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities and preference shares, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

B. Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value, and

(b) measured at amortised cost and for which fair values are disclosed in the consolidated financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

As at 31st March, 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Financial Investments at FVTPL				
Investments				
Equity shares of JNSB*	-	-	0.00	0.00
Preference shares	-	-	26.42	26.42
Derivative assets	-	1.66	-	1.66
Total financial assets	**-**	**1.66**	**26.42**	**28.08**
Derivative liabilities	-	-	-	-
Total financial liabilities	**-**	**-**	**-**	**-**

As at 31st March, 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Financial Investments at FVTPL				
Investments				
Equity shares of JNSB*	-	-	0.00	0.00
Preference shares	-	-	50.97	50.97
Total financial assets	**-**	**-**	**50.97**	**50.97**
Derivative liabilities	-	0.70	-	0.70
Total financial liabilities	**-**	**0.70**	**-**	**0.70**

** The total amount of investments in absolute value is Rs. 5,000, but for reporting purpose rounded up to Rs. 0.0 crore

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

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

47. Financial Instruments – Fair values and Risk Management *(contd.)*

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted securities.

Fair value measurements using significant unobservable inputs (level 3)

Particulars	Unlisted equity shares*		Unlisted preference shares	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
Balance at the beginning of the year	0.00	0.00	50.97	28.32
Redemption of Preference shares	-	-	(24.35)	-
Gain/(losses) recognised in statement of profit or loss	-	-	(0.20)	22.65
Balance at the end of the year	**0.00**	**0.00**	**26.42**	**50.97**

*The total amount of investments in absolute value is Rs. 5,000, but for reporting purpose rounded up to Rs. 0.0 crore

Valuation inputs and relationships to fair value

Table of financial investments	Fair Value as at		Significant unobservable inputs	Probability-weighted range	Sensitivity
	As at 31st March, 2019	As at 31st March, 2018			
Unquoted preference shares in Avadh Sugar & Energy Limited	25.74	50.38	Risk-adjusted discount rate	8.32% to 10.32% (31st March, 2018: 8.91% to 9.84%)	Change of (+)100/ (-) 100 basis points - Fair value would change by Rs. (-) 0.91 and Rs. (+)0.95 respectively (31st March, 2018: change of (+) 40 /(-) 40 basis point- fair value would change by Rs. (-) 0.76 and Rs. (+) 0.78 respectively)
Unquoted preference shares in Palash Securities Limited	0.68	0.59	Non dividend paying shares hence higher discount rate considered as per RBI Guideline	16% (31st March, 2018: 16%)	-
Unquoted equity shares (In equity shares of Co-operative Bank: The Jhalawar Nagrik Sahkari Bank Ltd., Bhawanimandi*)	-	-	-	0.00	-

* The total amount of investments in absolute value is Rs. 5,000 (31st March, 2018: Rs. 5000), for reporting purpose rounded up to Rs. 0.0 crore. Sensitivity analysis of unlisted equity shares has been ignored being not material.

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

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

47. Financial Instruments – Fair values and Risk Management *(contd.)*

Valuation process

The Group involves independent valuer to carry out the valuation of the investments, required for financial reporting purposes, including level 3 fair values. The main level 3 inputs for unlisted preference shares used by the Group are derived and evaluated as follows:

- Risk adjusted discount rates are estimated based on expected cash inflows arising from the instrument and the entity's knowledge of the business and how the current economic environment is likely to impact it.

Changes in level 2 and 3 fair values are analysed at the end of each reporting year.

C. Fair value of financial assets and liabilities measured at amortised cost

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Other non current financial assets	12.16	12.16	4.61	4.61
Trade receivables	304.78	304.78	335.05	335.05
Cash and cash equivalents	8.51	8.51	12.80	12.80
Bank balances other than cash and cash equivalents	1.78	1.78	1.75	1.75
Current loans	0.21	0.21	0.61	0.61
Other current financial assets	58.27	58.27	5.67	5.67
	385.71	385.71	360.49	360.49
Financial liabilities				
Borrowings	436.92	436.92	509.16	509.16
Other non-current financial liabilities	10.63	10.63	5.92	5.92
Short term borrowings	380.85	380.85	438.11	438.11
Trade payables	120.56	120.56	101.11	101.11
Other current financial liabilities	157.77	157.77	154.46	154.46
	1,106.73	1,106.73	1,208.76	1,208.76

II. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk and
- Market risk

i. Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the processes to ensure that executive management controls risks through the mechanism of property defined risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

ii. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure. The Group monitor credit risk very closely both in domestic and export market. The Management impact analysis shows credit risk and impact assessment as low.

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

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

47. Financial Instruments – Fair values and Risk Management *(contd.)*

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group's management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes market check, industry feedback, past financials and external ratings, if such information is available, and in some cases bank references. Credit limits are established for each customer and reviewed quarterly. Any Credit limit exceeding those limits require approval from the President of the Group.

About 50 % of the Group's customers have been transacting with the Group for over four years, and no significant impairment loss has been recognized in respect of these customers. To monitor customer credit risk, customers are reviewed according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry and existence of previous financial difficulties.

The Group establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables

The carrying amount net of loss allowances of trade receivables is Rs. 304.78 .

Ageing of trade receivables is as below:

Particulars	Less than 6 months	6-12 months	More than 12 months	Total
As at 31st March, 2019	295.02	7.28	2.48	304.78
As at 31st March, 2018	323.99	9.68	1.38	335.05

During the year, the Group has made no write-offs of trade receivables, it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off. The Group management also pursue all legal options for recovery of dues wherever necessary based on its internal assessment

Reconciliation of loss allowance provision – trade receivables

Particulars	As at 31st March, 2019	As at 31st March, 2018
Balance at the beginning of the year	(1.52)	(1.68)
Less: Provision for doubtful debts written back	-	0.25
Add: Provision for doubtful debts made	(0.10)	(0.13)
Changes in loss allowance	0.06	0.04
Balance at the end of the year	**(1.56)**	**(1.52)**

iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected future cash flows. This is generally carried out at unit level and monitored through corporate office of the Group in accordance with practice and limits set by the Group. These limits vary by location to take into account requirement, future cash flow and the liquidity

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

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

47. Financial Instruments – Fair values and Risk Management *(contd.)*

in which the entity operates. In addition, the Group's liquidity management strategy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

The Group had access to the following undrawn borrowing facilities as at reporting date:

Particulars	As at 31st March, 2019	As at 31st March, 2018
Floating rate		
Expiring within one year (credit limit and other facilities)	180.33	145.96
Expiring within one year (Term loans)	-	7.50
	180.33	153.46

The credit limit facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in Rupees (Rs.) and have an average maturity of 4 years and 4 months as at 31st March, 2019 (31st March, 2018 - 4 years and 2 months).

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and the impact of netting agreements.

Particulars	Carrying Amounts	Total	2 months or less	2–12 months	1–5 years	More than 5 years
As at 31st March, 2019						
Non-derivative financial liabilities						
Borrowings	436.92	436.92	-	-	379.54	57.38
Other non-current financial liabilities	10.63	10.63	-	-	5.24	5.39
Short term borrowings	380.85	380.85	319.47	61.38	-	-
Trade payables	120.56	120.56	85.70	34.86	-	-
Other current financial liabilities	157.77	157.77	27.43	130.34	-	-
Total non-derivative liabilities	**1106.73**	**1106.73**	**432.60**	**226.58**	**384.78**	**62.77**
As at 31st March, 2018						
Non-derivative financial liabilities						
Borrowings	509.16	509.16	-	-	398.78	110.38
Other non-current financial liabilities	5.92	5.92	-	-	0.78	5.14
Short term borrowings	438.11	438.11	323.52	114.59	-	-
Trade payables	101.11	101.11	83.20	17.91	-	-
Other current financial liabilities	153.76	153.76	49.96	103.80	-	-
Total non-derivative liabilities	**1,208.06**	**1,208.06**	**456.68**	**236.30**	**399.56**	**115.52**
Derivatives (net settled)						
Foreign exchange forward contracts	0.70	0.70	0.70	-	-	-
Total derivative liabilities	**0.70**	**0.70**	**0.70**	**-**	**-**	**-**

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

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

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

47. Financial Instruments – Fair values and Risk Management *(contd.)*

The Group uses derivatives like forward contracts to manage market risks on account of foreign exchange and various debt instruments on account of interest rates. All such transactions are carried out as per guidelines of the Management.

a. Currency risk

The Group is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD , EUR and GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency (Rupees). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the Rupees cash flows of highly probable forecast transactions by hedging the foreign exchange inflows on regular basis. The Group also consults external experts for their views on the currency rates in volatile foreign exchange markets.

Currency risks related to payables and recievables denominated in foreign currencies have been partially hedged using forward contracts taken by the Group. In respect of other monetary assets and liabilities denominated in foreign currencies the Group Policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates whenever necessary, to address short term imbalances.

(i) Exposure to currency risk

The quantitative data about the Group's exposure to currency risk as reported by the management of the Group is as follows:

	USD	EUR	GBP	CHF
31st March, 2019*				
Financial assets/ liabilities				
Trade receivables	2.17	0.01	0.00	-
Advances to suppliers	0.01	0.02	-	0.00
Foreign currency working capital borrowings	(3.47)	-	-	-
Trade payables	(0.10)	(0.00)	-	-
Contract liabilities	-	(0.01)	-	-
Net statement of financial position exposure	**(1.56)**	**0.01**	**0.00**	**0.00**
31st March, 2018*				
Financial assets/liabilities				
Trade receivables	2.44	0.06	-	-
Foreign currency working capital borrowings	(2.97)	-	-	-
Trade Payables	(0.09)	(0.00)	(0.01)	-
Contract liabilities	(0.15)	(0.00)	0.00	-
Net statement of financial position exposure	**(0.77)**	**0.06**	**(0.01)**	**-**

(ii) Unhedged in foreign currency exposure

	USD	EUR	GBP	CHF
31st March, 2019*				
Financial assets/ liabilities				
Trade receivables	-	0.02	0.00	-
Advances to suppliers	0.00	0.01	-	-
Trade payables	(0.10)	(0.00)	-	0.00
Contract liabilities	(0.17)	(0.01)	0.00	-
Net statement of financial position exposure	**(0.27)**	**0.02**	**0.00**	**0.00**
31st March, 2018*				
Financial assets/ liabilities				
Trade receivables	1.49	0.04	0.00	-
Advances to suppliers	0.00	-	-	0.00
Foreign currency working capital borrowings	(2.97)	-	-	-
Trade payables	(0.09)	-	(0.01)	-
Contract liabilities	(0.15)	(0.00)	0.00	-
Net statement of financial position exposure	**(1.71)**	**0.04**	**(0.01)**	**0.00**

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

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

47. Financial Instruments – Fair values and Risk Management *(contd.)*

(iii) Derivative instruments

	USD	EUR	GBP
31st March, 2019*			
Forward contract for export trade receivables outstanding	0.97	0.01	0.00
31st March, 2018*			
Forward contract for export trade receivables outstanding	0.95	0.02	0.00

The following significant exchange rates have been applied

Particulars	Average Rates		Year end spot rates	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
USD 1	69.89	64.33	69.17	65.04
EUR 1	80.92	75.92	77.70	80.62
GBP	91.74	86.32	90.48	92.28
CHF 1	70.69	68.49	69.42	68.21

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Rupees (Rs.) against foreign currencies as at 31st March, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

Particulars	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31st March, 2019				
USD (10% movement)	(0.16)	0.16	(0.10)	0.10
EURO (10% movement)	0.00	(0.00)	-	-
GBP (10% movement)	0.00	(0.00)	-	-
CHF (10% movement)	0.00	(0.00)	-	-
31st March, 2018				
USD (10% movement)	0.13	(0.13)	(0.09)	(0.01)
EURO (10% movement)	0.01	(0.01)	-	-
GBP (10% movement)	(0.00)	0.00	-	-

b. Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which exposes the Group to cash flow interest rate risk. During financial year 2018-19 and financial year 2017-18, the Group's borrowings at variable rates were denominated in Rupees.

Currently the Group's borrowings are within acceptable risk levels, as determined by the management, hence the Group has not taken any swaps to hedge the interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

Particulars	Nominal Amount	
	As at 31st March, 2019	As at 31st March, 2018
Fixed-rate instruments		
Financial assets	-	-
Fixed deposits with Banks	0.55	0.55
Financial liabilities	-	-
	0.55	0.55

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

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

47. Financial Instruments – Fair values and Risk Management *(contd.)*

Particulars	Nominal Amount	
	As at 31st March, 2019	As at 31st March, 2018
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	922.59	1,047.17
	922.59	1,047.17

* amount 0.00 represents rounded off amount in crore which are less than Rs. 1,00,000 in absolute value terms

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and statement of profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Inventories (raw materials ,dyes and chemicals, work-in-progress and finished goods)	Profit or loss		Equity, net of tax	
	50 basis points increase	50 basis points decrease	50 basis points increase	50 basis points decrease
31st March, 2019				
Variable-rate instruments	(4.60)	4.60	(2.99)	2.99
Cash flow sensitivity	(4.60)	4.60	(2.99)	2.99
31st March, 2018				
Variable-rate instruments	(5.24)	5.24	(3.43)	3.43
Cash flow sensitivity	(5.24)	5.24	(3.43)	3.43

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

c. **Commodity price risks**

The Group is exposed to the risk of price fluctuations of raw materials, dyes and chemicals, work-in-progress and finished goods. The Group manages its commodity price risk by maintaining adequate inventory of raw materials, dyes and chemicals, work in progress and finished goods considering anticipating movement in prices. To counter raw materials risk, the Group works with varieties of fibres (natural and manmade) with the objective to moderate raw material cost, enhance application flexibility and increase product functionality and also invested product development and innovation.

Inventory sensitivity analysis (raw materials, dyes and chemicals, work in progress and finished goods)

A reasonably possible change of 10% in prices of inventory at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

Inventories (raw materials ,dyes and chemicals, work-in-progress and finished goods)	Profit or loss		Equity, net of tax	
	10% increase	10% decrease	10% increase	10% decrease
31st March, 2019	52.56	(52.56)	34.37	(34.37)
31st March, 2018	47.93	(47.93)	31.34	(31.34)

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

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

48. Disclosure as specified in Schedule V of SEBI (Listing Obligation and Disclosure requirements) regulation 2015:

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
Magadh Sugar and Energy Limited (MSEL)		
Maximum amount outstanding during the year	-	40
Balance outstanding as at 31st March, 2019	-	-

49. In respect of Okara Mills, Pakistan, (which remained with the Group as a result of transfer of textiles division of Sutlej Industries Limited with the Group) no returns have been received after 31st March, 1965. Against net assets, amounting to Rs. 2.32 of Okara Mills, Pakistan, the demerged /transferor Company received adhoc compensation of Rs. 0.25 from Government of India in the year 1972-73. These assets now vest with the Custodian of Enemy Property, Pakistan for which claim has been filed with the Custodian of Enemy Property in India. The Group shall continue to pursue its claim for compensation/ restoration of assets. Hence, further compensation, if any received, will be recorded in the year of receipt. In the financial year 2003-04, net assets of Rs. 2.07 (net of compensation received) as at 31st March, 1965 were valued at pre-devaluation exchange rate, has been provided for.

50. Disclosure u/s 186(4) of the Companies Act, 2013 :

a) **Particulars of Loans given :-**

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
Magadh Sugar and Energy Limited (MSEL)		
Loans given during the year	-	40
Loans repaid during the year	-	40
Balance outstanding as at reporting date	-	-

Above loans are given for the business purpose only.

b) **Particulars of Investments made:-**

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
1 **Investment in 8.5% Non-Convertible Cumulative Redeemable Preference Shares (NCRPS) fully paid in M/s Avadh Sugar & Energy Limited (Refer Note 5 C)**		
Investment made during the year	-	-
Balance outstanding as at reporting date	25.74	50.38
2 **Investment in 8.5% Non-Convertible Cumulative Redeemable Preference Shares (NCRPS) fully paid in M/s Palash Securities Limited (Refer Note 5 C)**		
Investment made during the year	-	-
Balance outstanding as at reporting date	0.68	0.59

51. Capital Management

The Primary objective of the management of the Group's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows. Management also monitors the return on equity. The board of directors regularly review the Group's capital structure in light of the economic conditions, business strategies and future commitments. For the purpose of the Group's capital management, capital includes issued share capital and all other equity reserves. Debt includes term loans. During the financial year ended 31st March, 2019, no significant changes were made in the objectives, policies or processes relating to the management of the Groups capital structure.

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

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

51. Capital Management *(contd.)*

(i) Debt equity ratio:

The Company have access to the following undrawn borrowing facilities as at reporting date:

Particulars	As at 31st March, 2019	As at 31st March, 2018
Term loan from banks	538.99	606.21
Total debt (A)	**538.99**	**606.21**
Equity share capital	16.38	16.38
Other equity	925.46	890.56
Total equity (B)	**941.84**	**906.94**
Debt equity ratio (C=A/B)	**0.57**	**0.67**

The Gorup's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The weighted-average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 6.17 % (31st March, 2018: 5.79%).

(ii) Return on equity

Particulars	As at 31st March, 2019	As at 31st March, 2018
Profit after tax	58.26	113.36
Equity share capital	16.38	16.38
Other equity	925.46	890.56
Total equity	**941.84**	**906.94**
Return on equity ratio (%)	**6.19%**	**12.50%**

(iii) The Gorup's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The weighted-average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 6.17 % (31st March, 2018: 5.79%).

52. Business Combination

On 18th October, 2017, the wholly owned subsidiary of the Company, erstwhile known as Sutlej USA, LLC entered into an asset purchase agreement with American Silk Mills, LLC ("ASM") to acquire certain assets and liabilities of the business. ASM was primarily engaged in the design, manufacture and worldwide distribution of textiles to wholesalers, manufacturers and retailers for the home furnishing industry. Post-acquisition, Sutlej USA, LLC acquired the brand name of American Silk Mills, LLC and ASM's name was changed to Legacy Weavers, LLC.

The effective closing took place on 6th November, 2017 for a purchase consideration of Rs.17.00 (Equivalent USD $ 0.26). The Company accounted the acquisition by following the purchase method of accounting wherein total purchase consideration was allocated to all acquired assets and assumed liabilities. The purchase price allocation ('PPA') is being undertaken to assess the fair value of assets and liabilities acquired in the acquisition. However, the initial accounting of the business combination is not completed as the appraisal values of intangible assets are in progress. The amounts recorded in the financial statements are provisional and the adjustments, if any, will be made retrospectively once completed.

a. Purchase consideration

Particulars	As at 31st March, 2018
Cash and cash equivalents	17.00
Total	**17.00**

Of the total purchase consideration, Rs.16.52 was paid on 6th November, 2017 and balance amount of Rs.0.48 is shown as creditors for capital goods in consolidated balance sheet (Refer Note 27) which represents retention amount as per the agreement.

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

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

52. Business Combination *(contd.)*

b. Identifiable assets acquired and liabilities assumed

Particulars	As at 31st March, 2018
Property, plant and equipment	0.47
Other non current financial assets	0.09
Inventories	5.99
Trade receivables	11.53
Other current assets	0.03
Trade payables	-5.67
Other financial liabilities	-0.29
Total net identifiable assets acquired	**12.15**

c. Measurement of fair values

Assets acquired	Valuation technique
i) Property, plant and equipment	Property, plant and equipment have been valued on a provisional basis.
ii) Inventories	**Market comparison technique:** The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale based on the effort required to complete and sell the inventories.

The Group accounted the acquisition by following the purchase method of accounting wherein total purchase consideration was allocated to all acquired assets and assumed liabilities. The purchase price allocation ('PPA') is being undertaken to assess the fair value of assets and liabilities acquired in the acquisition. However, the initial accounting of the business combination is not completed as the appraisal values of intangible assets are in progress. The amounts recorded in the financial statement are provisional and adjustments, if any, will be made retrospectively once completed.

d. Goodwill arising from the acquisition

Goodwill arising from the acquisition has been determied as follows:

Particulars	Note	As at 31st March, 2018
Consideration transferred	a	17.00
Fair value of net identifiable assets	b	(12.15)
Goodwill arising from the acquisitions		4.85

e. Goodwill arising from investment in subsidiary

Particulars	As at 31st March, 2018
Investment in shares of Sutlej Holding Inc.	30.64
Less: Share capital as per Sutlej Holding Inc.	(29.12)
	1.52#
Add: Goodwill arising from the acquisition [refer note 52 (d)]	4.85
Exchange difference on foreign currency translation	0.03
Total	**6.40**

Pursuant to the investment in Sutlej Holdings Inc, the excess of cost of its investment in Sutlej Holdings Inc over the Group's portion of equity in Sutlej Holdings Inc, amounting to Rs. 1.52 has been treated as 'Goodwill on consolidation'. The goodwill on consolidation is tested for impairment and accordingly no impairment charges were identified for the year ending 31st March, 2018.

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

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

53. Additional information as required under Schedule III to the Companies Act, 2013, of enterpirses consolidated as subsidiaries.

Name of the enterprise	Net assets i.e. total assets - total liabilities share		Share in profit or loss for the year	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
1. **Holding Company**	97.44	917.69	112.77	65.70
2. **Foreign subsidiary Company** Sutlej Holdings, Inc. (including American Silk Mills. LLC)	2.56	24.15	(12.77)	(7.44)
	100.00	**941.84**	**100.00**	**58.26**

Name of the enterprise	Other comprehensive income for the year		Total comprehensive income for the year	
	As % of consolidated other comprehensive income for the year	Amount	As % of consolidated other comprehensive income for the year	Amount
1. **Holding Company**	9.91	0.23	108.83	65.93
2. **Foreign subsidiary Company** Sutlej Holdings, Inc. (including American Silk Mills. LLC)	90.09	2.09	(8.83)	(5.35)
	100.00	**2.32**	**100.00**	**60.58**

54. Impairment Testing:

At each reporting date, the Company evaluate whether there is objective evidence that the property, plant and machinery of the CGU is impaired in terms of IND AS- 36, 'Impairment of Assets'. If there is such evidence, the carrying amount is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and impairment, if any, is recognized in the Consolidated financial statement of the Company.

On account of increased input costs, competitive pressure and bad market conditions in home textile segment, particularly upholstery and curtains, the Home Textile ("CGU") incurred significant losses during the year. The Company carried out an impairment assessment of the aforesaid CGU using a value-in-use model which is based on the net present value of the forecasted earnings of the cash-generating units. This is calculated using certain assumptions around discount rates, growth rates and cash flow forecasts. The Company has also involved independent, registered valuer to assess fair value of the property, plant and machinery of CGU and Company has calculated the value in use of the CGU by cash flow approach. These forecasts contain management's best view of the expected performance of the CGU based on the management's knowledge of the market environment, strategic initiatives and future business plans. As per the management assessment, there is no impairment required to be recognized in the statement of profit and loss account.

55. The disclosures regarding details of specified bank notes held and transacted during 8th November, 2016 to 30th December, 2016 have not been made since the requirement does not pertain to financial year ended 31st March, 2019.

Signatures to Notes 1 to 55

For B S R & Co. LLP
Chartered Accountants
Firm Regn. No.101248W / W-100022

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

Rajiv Goyal
Partner
Membership No -094549

Rajan Dalal
Director
DIN: 00546264

C. S. Nopany
Executive Chairman
DIN: 00014587

S. K. Khandelia
President & CEO
M.No. : 016336

Place : Gurugram
Date: 9th May, 2019

Bipeen Valame
Whole time Director and CFO
DIN : 07702511

Manoj Contractor
Company Secretary
M.No. : A11661

A TRISYS PRODUCT
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Sutlej Textiles and Industries Limited