



**SRI LAKSHMI SARASWATHI TEXTILES
(ARNI) LIMITED**

**56 th
Annual Report 2019 - 2020**

SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED
(CIN : L17111TN1964PLC005183)

ANNUAL REPORT 2019-20



SRI B. RAJAGOPAL NAIDU 1901 - 73
OUR REVERED FOUNDER

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Sri Lakshmi Saraswathi Textiles (Arni) Limited

(CIN : L17111TN1964PLC005183)

BOARD OF DIRECTORS

SRI. BALAKRISHNA S
Managing Director & Chief Executive Officer

SRI. R.PADMANABAN
Joint Managing Director & Chief Financial Officer

SRI J. M. GROVER
Director

SRI R. SAMBASIVAN
Director

Ms. SIVARANI J
Director

COMPANY SECRETARY

Smt. Geetha Sundararaghavan

REGISTERED OFFICE

16, Krishnama Road,
Nungambakkam,
Chennai 600 034.
Phone No. 044 – 28277344
Email: slst@slstarni.com

Email ID of the grievance redressal division
slstgrievances@gmail.com

Website:

www.slstindia.com

FACTORY ADDRESS

Raghunathapuram,
Sevoor Village,
PIN 632 316
Arni Taluk, Tiruvannamalai District, Tamil Nadu

REGISTRARS & SHARE TRANSFER AGENTS

Cameo Corporate Services Limited
Subramanian Building,
No.1 Club House Road,
Chennai 600 002
Phone No: 044-28460390
Email: investor@cameoindia.com

BANKERS

Indian Overseas Bank
Chennai House
Esplanade
Chennai - 600 108

State Bank of India,
Leather & International Branch,
First Floor,
157, Anna Salai,
Chennai - 600 002.

AUDITORS :

STATUTORY AUDITORS

M/s.B.Purushottam & Co.
Chartered Accountants
No.30, Mandira Apartments,
23A, North Boag Road,
T-Nagar, Chennai – 600 017

SECRETARIAL AUDITORS

M/s. A.K.JAIN & ASSOCIATES
Company Secretaries
No. 2, Raja Annamalai Road,
First Floor, Purasawalkam,
Chennai - 600 084

COST AUDITOR

Sri R.Sankar
Plot No.6, D.No.5/1153,
L.G.Nagar, Madipakkam,
Chennai – 600 091

INTERNAL AUDITORS

J. Sivakumar & Co.
B-9, Kanakambujam Apartments,
No.14, 6th Avenue,
Ashok Nagar,
Chennai – 600 083.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Fifty Sixth Annual General Meeting of the Company will be held at 02.30 P.M. on Wednesday, November 25, 2020 through Video Conferencing / Other Audio Visual Means (VC) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the company for the year ended 31st March 2020 and the Reports of the Directors and Auditors thereon.

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

"RESOLVED that the Audited Financial Statements of the company for the year ended 31st March 2020 alongwith the Reports of the Directors and Auditors thereon, be and are hereby approved and adopted"

2. To appoint a Director in the place of Ms. Sivarani J (holding Din 02304269) who retires by rotation and being eligible, offers herself for reappointment.

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

"RESOLVED that Ms. Sivarani J (holding Din 02304269) as Director, who retires by rotation and being eligible for reappointment, be elected as a Director of the Company".

3. To appoint Auditors and to fix their remuneration.

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

"RESOLVED that M/s. S B S B and Associates, Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company to hold office for a term of five years from the conclusion of this 56th Annual General Meeting till the conclusion of the 61st Annual General Meeting.

RESOLVED FURTHER that the Statutory Auditors shall be paid for the financial year 2020-21 a remuneration of Rs.2,75,000/- (Rupees Two Lakhs Seventy Five Thousand Only) and government tax/ duty if any on the fee and traveling and out of pocket expenses on actual basis, whenever their services are required out of Chennai, over and above the remuneration.

RESOLVED FURTHER that for the financial years 2021-22, 2022-23, 2023-24 and 2024-25 the Board of Directors are authorized to fix the remuneration based on the recommendation of the Audit Committee"

By order of the Board
For SRI LAKSHMI SARASWATHI
TEXTILES (ARNI) LIMITED

Place: Chennai
Date : September 15, 2020

(BALAKRISHNA S)
Chairman & Managing Director



Sri Lakshmi Saraswathi Textiles (Arni) Limited

NOTE:

1. There is no statement pursuant to Section 102 of Companies Act 2013, as there is no Special Business.
2. Pursuant to the General Circular numbers 20/2020,14/2020,17/2020 issued by the Ministry of Corporate Affairs (MCA) and Circular number SEBIHOICFDICMD11CIR/PI2020179 issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as “the Circulars”), companies are allowed to hold AGM through VC, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC.
3. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member. Since the AGM is being held in accordance with the Circulars through VC, the facility for appointment of proxies by the members will not be available.
4. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013 (“the Act”).
5. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC. Corporate members intending to authorize their representatives to participate and vote at the meeting are requested to send a certified copy of the Board resolution / authorization letter to the Company or upload on the VC portal / e-voting portal.
6. The Register of Members and Share Transfer Books of the Company will remain closed from November 19, 2020 to November 25, 2020 (both days inclusive).
7. The ISIN No. allotted to the equity shares of your company for the purpose of de-materialization is **INE456D01010**
- 8a. Members holding shares in physical form are requested to notify the change in address, immediately. Members holding shares in the electronic form are requested to notify the change in address to their depository participants.
- 8b. Members may please note that as per SEBI (LODR) Regulations 2015, requests for effecting transfer of securities, except in case of transmission or transposition of securities, shall not be processed unless the securities are held in dematerialized form with a depository w.e.f. 01.04.2019.
- 8c. In order to avoid any inconvenience in the future in dealing with the shares of the company, members are advised to update their PAN and Bank account details by submitting the following documents to the Registrar & Transfer Agent – Cameo Corporate Services Limited.
 - Copy of self- attested PAN card of the shareholders including joint holders, if any.
 - Bank a/c details of the first/sole shareholder.
 - Original cancelled cheque leaf with the name of the first/sole shareholder printed on it or copy of bank passbook showing name & account details of the account holder attested by the bank.
9. a) Members holding shares in physical form are requested to register their email ids with the registrar / company for the purpose of sending Notice, Annual Reports and other communication by electronic mode.



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b) Members holding shares in electronic form are requested to register/ update their email ids with the depository participant for the purpose of sending Notice, Annual Reports and other communication by electronic mode.

c) In compliance with the Circulars, the Annual Report 2019-20, the Notice of the 56th AGM, and instructions for e-voting are being sent only through electronic mode to those members whose email addresses are registered with the Company / depository participant(s).

10. SHAREHOLDER INSTRUCTIONS FOR E-VOTING AND ATTENDING THE AGM THROUGH VC/OAVM

- a. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
- b. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
- c. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
- d. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
- e. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, , the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
- f. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.slstindia.com. The Notice can also be accessed from the websites of BSE Limited at www.bseindia.com. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
- g. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.



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INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on 9.00 AM on November 22, 2020 and ends at 5.00 PM on November 24, 2020. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of November 18, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on "Shareholders" module.
- (v) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from [Login - Myeasi](#) using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

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



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- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for **Sri Lakshmi Saraswathi Textiles (Arni) Limited** on which you choose to vote.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL’s mobile app “**m-Voting**”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

- a. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to 'agm@cameoindia.com'
- b. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to 'agm@cameoindia.com'
- c. **Alternatively shareholders can also log onto <https://investors.cameoindia.com/to-register-the-email-id/mobile-number> for updation of Form no: 15H/Form no: 15G.**



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INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- a. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
- b. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- c. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- d. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- e. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **5 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at **slst@slstarni.com**. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **5 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at **slst@slstarni.com**. These queries will be replied to by the company suitably by email.
- f. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

- a. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
- b. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- c. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
- d. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.



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(xx) Note for Non – Individual Shareholders and Custodians

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

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or **contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).**

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on **022-23058542/43**

- (xxi) Any person who acquires shares after despatch of the Notice of Annual General Meeting and holding shares as on the cut-off date for evoting, may obtain the login ID and password by sending a request at helpdesk.evoting@cdslindia.com
- (xxii) Mr. Balu Sridhar, partner M/s. A.K. Jain and Associates, Company Secretaries, (CP NO. 3550) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (xxiii) The Scrutinizer shall within a period not exceeding two(2) working days from the conclusion of the Annual General Meeting make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Meeting.
- (xxiv) The Results shall be declared within 48 hours of the conclusion of AGM of the Company. The Results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website www.slstindia.com and on the website of BSE within two (2) days of AGM of the Company.



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11. The facility for voting during the AGM will also be made available. Members present in the AGM through VC and who have not cast their vote on the resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM.
12. Members may also note that the Notice of the 56th AGM and the Annual Report 2019-20 will also be available on the Company's website, www.slstindia.com and website of BSE Limited www.bseindia.com.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
14. Details under Regulation 36, of SEBI (Listing Obligations and Disclosure Requirements). *Regulations 2015* in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Director has furnished the requisite declaration for her appointment/re-appointment.
15. Pursuant to the provisions of Sec.124 and Sec 125 of Companies Act 2013/ Sec. 205A and 205C of Companies Act 1956, there was no transfer to the Investor Education and Protection Fund of the Central Government during 2019-20.
16. The Equity Shares of the Company are listed in the following Exchanges:

BSE Limited,
Phiroze Jeejeebhoy Towers
25th Floor, Dalal Street
MUMBAI 400 023

The company has paid the listing fees for 2020-21 to BSE Limited.

17. At this Annual General Meeting, Ms. Sivarani J, retire by rotation and being eligible, offers herself for reappointment.

Ms.Sivarani J, is a Agronomist and holds Master degree in Environmental Management. She is Assistant General Manager (value added products) in EID Parry (India) Limited, Chennai. She has developed business models, new products from sugar & distillery industry waste, patented and commercialized the same etc. She has expertise in fields of logistics and supply chain management of Agro Products, Biomass Fuel procurement, development of Standard Operating Procedures for product development etc. She has a vast experience of over 25 years in different capacities

She has been with the Company since 2016.

Details of other Directorships / Committee memberships held by her – Nil

18. Since the AGM will be held through VC in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.

By order of the Board
For SRI LAKSHMI SARASWATHI
TEXTILES (ARNI) LIMITED

Place : Chennai
Date : September 15, 2020

(BALAKRISHNA S)
Chairman & Managing Director



Sri Lakshmi Saraswathi Textiles (Arni) Limited

FIFTY SIXTH ANNUAL REPORT

DIRECTORS' REPORT

Ladies and Gentlemen,

Your Directors present the Fifty Sixth Annual Report of the Company alongwith the audited statement of accounts for the year ended 31st March 2020.

1. WORKING RESULTS

Details	Rs. in lakhs	Rs. in lakhs
Loss from business operation before Financial Expenses and Depreciation		809.53
Add:-		
1) Financial Expenses	170.11	
2) Depreciation	141.64	311.75
Current year Loss		1121.28
Loss carried forward from previous years		2294.21
Loss carried forward		3415.49

2. PRODUCTION AND INCOME FROM OPERATIONS:

The production and income from operation of the current year and previous year are as under:

Details	2019-20	2018-19
Production in Kgs in Lakhs	51.75	53.86
Sales in Kgs in Lakhs	51.19	55.62
Revenue from operation Rs.in Lakhs	9253.81	11164.64

3. DIVIDEND

Due to loss, your Directors do not recommend Dividend.

4. TRADE PROSPECT AND OUTLOOK

The financial year 2019-2020 was a difficult year. Due to the shortage of man power of required skill, capacity utilization could not be increased to the optimum level. Though the demand for the yarn was reasonable, the selling price could not cover the cost of production. These factors contributed to the abnormal loss.

5. IMPACT OF COVID-19

To control the spread of COVID-19 National Lock Down was imposed on 24th March 2020. Production in the Mills was stopped forthwith. After relaxation of the lock down, production activities in the Mills commenced from 1st June 2020. Though the production has commenced, there are constraints, like non-availability of



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workforce, sluggish demand for yarn and shortage of funds for working capital. The prices of raw materials have come down. The utilization level is improving slowly. Recovery to the normal level depends upon the improvement in the value chain in the Textile Sector.

6. CURRENT YEAR

The performance during remaining three quarters of 2020-21 depends upon the revival of the economy. We expect the demand to pick-up as the process of unlock down has commenced. Your Directors are doing their best to improve the performance to a reasonable level.

7. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Ms.Sivarani J, woman Director on the Board retires by rotation and is eligible for reappointment.

8. EXTRACT OF ANNUAL RETURN

An extract of Annual Return in Form MGT 9 is given in **ANNEXURE 1**.

9. DETAILS OF MEETINGS OF BOARD AND COMMITTEES OF BOARD HELD DURING 2019-20.

- a) There were Six Board meetings held during the year 2019-20. The details and attendance record of Directors at the Board Meetings are as under.

Date of Meeting	Board's Strength (on the date of meeting)	No.of Directors Present
01/04/2019	5	5
28/05/2019	5	5
07/08/2019	5	5
12/11/2019	5	4
27/12/2019	5	4
13/02/2020	5	4

- b) There were four Audit Committee meetings held during the year 2019-20. The details and attendance record of Directors at the Audit Committee Meetings are as under.

Date of Meeting	Committee's Strength (on the date of meeting)	No.of Directors Present
28/05/2019	3	3
07/08/2019	3	3
12/11/2019	3	2
13/02/2020	3	2

- c) There were two Independent Directors' meetings held during the year 2019-20. The details and attendance record of Directors at the Independent meetings are as under.

Date of Meeting	Number of Independent Directors (on the date of meeting)	No.of Directors Present
28/05/2019	2	2
27/12/2019	2	2



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- d) There was one Nomination and Remuneration Committee Meeting held during the year 2019-20. The details and attendance record of Directors at the Nomination and Remuneration Committee meeting are as under.

Date of Meeting	Committee's strength (on the date of meeting)	No.of Directors Present
13/02/2020	3	2

- e) There was one Stakeholders Relationship Committee Meeting held during the year 2019-20. The details and attendance record of Directors at the Stakeholders Relationship Committee Meeting are as under.

Date of Meeting	Committee's Strength (on the date of meeting)	No.of Directors Present
28.05.2019	4	4

- f) There was no meeting of Corporate Social Responsibility Committee during the year 2019-20

- g) Details of Attendance Record of Individual Directors, General, Board and Committee Meetings:

Details		Annual General Meeting	Board Meetings	Audit Committee Meetings	Nomination and Remuneration Committee Meetings	Stakeholders Relationship Committee Meeting	Corporate Social Responsibility Committee Meeting	Independent Directors Meetings
Total No.of Meetings held during 2019-20		1	6	4	1	1	-	2
S. No	Name of the Director	Whether attended	— Number of Meetings Attended —					
1.	Sri Balakrishna S	Yes	6	N.A.	N.A.	1	--	N.A.
2.	Sri R.Padmanaban	Yes	6	N.A.	N.A.	1	--	N.A.
3.	Sri J M Grover	Yes	6	4	1	1	--	2
4.	Sri R Sambasivan	No	5	4	1	1	N.A.	2
5.	Ms.Sivarani J	No	4	2	0	N.A.	N.A.	N.A

10. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134(5) of the Companies Act, 2013, the Directors state that –

- In the preparation of Annual Accounts for the year ended 31st March 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended 31st March 2020, and of the profit/loss of the company for that period.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.
- The Directors had laid down Internal Financial Controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

11. INDEPENDENT DIRECTORS

- a) The Board of Directors state that declarations were given by Sri.J M Grover and Sri.R.Sambasivan, Independent Directors under sub section (6) of 149 of Companies Act, 2013.
- b) Terms and conditions of appointment of Independent Directors can be viewed at the company Website: www.slstindia.com

12. REMUNERATION POLICY

The Remuneration Policy was recommended by Nomination and Remuneration Committee at its meeting held on February 11, 2015 and adopted by the Board of Directors at its meeting held on the same day and the policy can be viewed at the company website www.slstindia.com

13. EXPLANATION TO QUALIFIED OPINION OF STATUTORY AUDITOR:

The Auditors qualified opinion, Management's explanations thereon and Statement of Impact of Audit Qualifications are given in Annexure – 11.

14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The Company has not given any Loans, guarantees or Investments covered under Sec 186 of Companies Act 2013.

15. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SEC 188(1) OF COMPANIES ACT 2013

- (a) i) Disclosure of details of Related Parties under employment of the company.

Related Parties	Name of Director to whom related	Nature of relationship with Key Management persons	Salary, Allowance and Bonus Rs.	PF Rs.	Medical Benefit Rs.	Total Rs.
Mr.R.Thirumalai	R.Padmanaban	Brother	1502361	102577	0	1604938
Mr.R.Rajagopal	R.Padmanaban	Brother	614602	41963	0	656565
Mr.Srish Jayender Balakrishna	Balakrishna S	Son	609823	41963	0	651786

- ii) Borrowing from Director

A.	S.No.	Name of the Director	Year	Amount Borrowed Rs.in Lakhs
	1.	Sri R.Padmanaban, Joint Managing Director	2019-20	536.70

- B. Amount outstanding as on 31st March 2020 Rs. 506.70 Lakhs
C. Interest Rs. 40.58 Lakhs

- (b) 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 in Form No. AOC 2 is provided in **ANNEXURE – 2.**



Sri Lakshmi Saraswathi Textiles (Arni) Limited

16. MATERIAL CHANGES

There are no material changes affecting the financial position of the company which occurred between the end of the financial year of the company to which the financial statements relate and the date of this report.

17. DETAILS TO BE DISCLOSED UNDER RULE 8(3) OF COMPANIES (ACCOUNTS), RULES 2014.

The information to be disclosed under RULE 8(3) OF COMPANIES (ACCOUNTS), RULES 2014 is given in **ANNEXURE – 3**.

18. RISK MANAGEMENT POLICY

The Board of Directors framed and adopted a Risk Management Policy at its meeting held on March 31, 2017 and the Risk Management Policy can be viewed at the Company website www.slstindia.com

19. CORPORATE SOCIAL RESPONSIBILITY

In terms of Section 135 and Schedule VII of the Companies Act, 2013, the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee on March 23, 2017. The Board of Directors adopted a CSR Policy, as recommended by the CSR Committee, which is in line with Section 135 of the Companies Act, 2013, which can be viewed at the Company Website: www.slstindia.com.

As the company has incurred loss in the last 3 years, the company is not required to spend any amount on CSR.

The Annual Report on CSR activities as prescribed under Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached as **ANNEXURE - 4**.

20. EVALUATION OF BOARD

The performance of Board, its Committee and individual directors are evaluated by No.of meetings held, time spent in each meeting deliberating the issues, quality of information / data provided to the member, the time given to them to study the details before each meeting, quality of the deliberation in each meeting, contribution of each director, the details of decision taken and measures adopted in implementing the decision and monitoring the continuous implementation of the decision and feedback to the Board.

21. DETAILS TO BE DISCLOSED UNDER RULE 8(5) OF COMPANIES (ACCOUNTS), RULES 2014.

The information to be disclosed under RULE 8(5) OF COMPANIES (ACCOUNTS), RULES 2014 is given in **ANNEXURE – 5**.

22. DISCLOSURE ON AUDIT COMMITTEE

a) The composition of the Audit Committee during the year is as below:

Member & Chairman	Sri J M Grover
Member	Sri R.Sambasivan
Member	Ms.Sivarani J

All the members have wide exposure in the relevant areas.

b) The Board of Directors has accepted all recommendations of Audit Committee.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

23. ESTABLISHMENT OF WHISTLE BLOWER POLICY AND VIGIL MECHANISM

A Whistle Blower Policy and Vigil Mechanism was adopted by the Board of Directors at its meeting held on March 9, 2015. The policy can be viewed at the company website www.slstindia.com.

24. SECRETARIAL AUDIT REPORT

The Secretarial Audit Report for the year 2019-20 is provided in **ANNEXURE - 6**.

25. DETAILS TO BE DISCLOSED UNDE RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The required disclosures are provided in **ANNEXURE – 7**.

26. DETAILS TO BE DISCLOSED UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

- 1) Particulars of top ten employees in terms of remuneration drawn is given in **ANNEXURE - 8**
- 2) None of the employees was in receipt of remuneration in excess of the prescribed limit, under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Hence there is no report under this category.

27. INFORMATION REQUIRED UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2014.

The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The company has in place a system to redress complaints received regarding sexual harassment in line with the requirements of the Sexual Harassment of women at the workplace (Prevention, Prohibition & Redressal) Act, 2013

All employees (permanent, contractual, temporary, apprentices and trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2019-20.

-	No of complaints received	-	Nil
-	No of complaints disposed off.	-	NA

28. FINANCE

The Board of Directors thanks Indian Overseas Bank and State Bank of India for their continued assistance and co-operation.

29. LABOUR

The relationship with labour continues to be cordial. Your Directors place on record their appreciation of the devoted services of the Officers, Members of the Staff and Workers during the year.

30. COST AUDIT

Your Company is required to maintain cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and accordingly such accounts and records are made and maintained,

The Cost Audit Report for 2018-19 was submitted to the Central Government on 31st August 2019.

The Costing Records are being audited by the Cost Auditor and he will be submitting his report for 2019-20 soon.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

31. AUDITORS

The Statutory Auditors, M/s.Purushottam & Co. Chartered Accountants has resigned due to personal reasons. Their resignation will take effect from the date on which their Limited Review Report on the 2nd quarter results of 2020-21 is uploaded to BSE alongwith unaudited results of the 2nd quarter and six months ended September 30, 2020. Based on the recommendation of the Audit Committee, the Board of Directors at its meeting held on 15.09.2020, had recommended the appointment of M/s. S B S B and Associates, Chartered Accountants as Statutory Auditors to hold office for a term of five years from conclusion of 56th Annual General Meeting till the conclusion of the 61st Annual General Meeting. A Certificate under Section 139(1) of the Companies Act 2013 has been obtained from them.

32. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report is given in **ANNEXURE - 9**

33. DISCLOSURE REGARDING ACCOUNTING TREATMENT.

In preparation of financial statement the treatment prescribed in all the applicable Accounting Standards are followed and no alternative treatment has been adopted.

34. CORPORATE GOVERNANCE REPORT

Regulation 15 of SEBI (Listing Obligations and Disclosure *Requirements*) *Regulations 2015*, does not apply to your company, as your company's equity share capital and net worth is below the threshold limit prescribed under the said Regulation and hence the Report on Corporate Governance is not provided.

35. DECLARATION BY CEO AFFIRMING COMPLIANCE WITH CODE OF CONDUCT

Declaration is given in **ANNEXURE – 10**

36. STATEMENT OF IMPACT OF QUALIFIED OPINION OF STATUTORY AUDITOR

The statement of impact of qualified opinion is given in Annexure – 11.

37. COMPLIANCE CERTIFICATE REGARDING CORPORATE GOVERNANCE.

The certificate is not applicable as the provisions of Corporate Governance does not apply to your company.

38. DISCLOSURES WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

There are no shares in demat suspense account or unclaimed suspense account.

39. STATEMENT OF DEVIATION/ VARIATION OF USE OF FUNDS RAISED THROUGH ANY PUBLIC ISSUE.

The company has not raised any fund through public, right or preferential issue of any security in recent time. Hence there is no Report on any deviation/ variation of the use of such funds.

40. DISCLOSURE OF COMPLIANCE WITH SECRETARIAL STANDARDS.

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

41. DIRECTORS' REPORT PLACED IN WEBSITE.

This Directors' report is placed in company's website and the same can be viewed at www.slstindia.com

By order of the Board
For SRI LAKSHMI SARASWATHI
TEXTILES (ARNI) LIMITED

(BALAKRISHNA S)
Chairman & Managing Director

Place : Chennai
Date : September 15, 2020



Sri Lakshmi Saraswathi Textiles (Arni) Limited

Annexure – 1

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2020
Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

i	CIN	L17111TN1964PLC005183
ii	Registration Date	02.05.1964
iii	Name of the Company	Sri Lakshmi Saraswathi Textiles (Arni) Ltd
iv	Category/Sub-category of the Company	Public Company/ Limited by Shares
v	Address of the Registered office & contact details	16, Krishnama Road, Nungambakkam, Chennai - 600 034, Ph: 044 28277344, 28270548, Email: slst@slstarni.com Web: www.slstindia.com
vi	Whether listed company	Yes
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s.Cameo Corporate Services Limited, Subramanian Building, No.1,Club House Road, Chennai-600002. Phone No: 044-28460390 Email: investor@cameoindia.com

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

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1 2	Cotton Yarn Unbleached Cotton Yarn and Fibre	17111 17111 } }	100%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

SI No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
- - - - Not Applicable - - - -					



Sri Lakshmi Saraswathi Textiles (Arni) Limited

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year 01.04.2019				No. of shares held at the end of the year 31.03.2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individuals/									
Hindu undivided family	1835953	0	1835953	55.09	1835953	0	1835953	55.09	0.00
b. Central Govt./State Govt.	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. Financial Institutions/Banks	0	0	0	0.00	0	0	0	0.00	0.00
e. Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub - Total (A)(1)	1835953	0	1835953	55.09	1835953	0	1835953	55.09	0.00
2. Foreign									
a. Individuals (Non-Resident Individuals/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
b. Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
c. Institutions	0	0	0	0.00	0	0	0	0.00	0.00
d. Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
e. Any Other	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 Share Holding Of Promotor And Promotor Group (A) = (A)(1)+(A)(2)	1835953	0	1835953	55.09	1835953	0	1835953	55.09	0.00
B. Public Shareholding									
1. Institutions									
a. Mutual Funds/UTI	0	0	0	0	0	0	0	0	0.00
b. Financial Institutions/Banks	0	100	100	0	0	100	100	0	0.00
c. Central Govt./State Govt.	0	0	0	0	0	0	0	0	0.00
d. Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
e. Insurance Companies	0	0	0	0	0	0	0	0	0.00
f. Foreign Individual Investors	0	0	0	0	0	0	0	0	0.00
g. Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0.00
h. Qualified Foreign Investor	0	0	0	0	0	0	0	0	0.00
i. Any Other	0	0	0	0	0	0	0	0	0.00
Sub Total (B)(1)	0	100	100	0.00	0	100	100	0.00	0.00
2. Non-Institutions									
a. Bodies Corporate	60404	2800	63204	1.90	56773	2800	59573	1.79	-0.11
b. Individuals -									
I Individual Shareholders holding nominal share capital upto Rs. 1 Lakh	491489	251686	743175	22.30	491144	250086	741230	22.24	-0.06
II Individual Shareholders holding nominal share capital in excess of Rs.1 Lakh	586016	0	586016	17.58	588187	0	588187	17.65	0.07
c. Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
d. Any Other									
Directors and their Relatives	13600	17100	30700	0.92	20100	10600	30700	0.92	0.00
Hindu undivided families	72842	0	72842	2.19	76247	0	76247	2.29	0.10
Non Resident Indians	760	0	760	0.02	760	0	760	0.02	0.00
	87202	17100	104302	3.13	97107	10600	107707	3.23	0.10
Sub - Total (B)(2)	1225111	271586	1496697	44.91	1233211	263486	1496697	44.91	0.00
Total Public Shareholding (B) = (B)(1)+(B)(2)	1225111	271686	1496797	44.91	1233211	263586	1496797	44.91	0.00
Total (A)+(B)	3061064	271686	3332750	100.00	3069164	263586	3332750	100.00	0.00
C. Shares Held By Custodians for GDRs and ADRs									
Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
Public	0	0	0	0.00	0	0	0	0.00	0.00
Total Custodian (C)	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A)+(B)+(C)	3061064	271686	3332750	100.00	3069164	263586	3332750	100.00	0.00



Sri Lakshmi Saraswathi Textiles (Arni) Limited

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.)

(ii) Shareholding of promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2019			Shareholding at the end of the year 31.03.2020			% change in shareholding 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	S BALAKRISHNA	784650	23.54	0.00	784650	23.54	0.00	0.00
2	R THIRUMALAI	226003	6.78	0.00	226003	6.78	0.00	0.00
3	R. PADMANABHAN	223900	6.72	0.00	223900	6.72	0.00	0.00
4	R RAJAGOPAL	220800	6.63	0.00	220800	6.63	0.00	0.00
5	R PADMINI	210600	6.32	0.00	210600	6.32	0.00	0.00
6.	SRISH JAYENDER BALAKRISHNA	170000	5.10	0.00	170000	5.10	0.00	0.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year-01.04.2019		Cumulative Shareholding during the year-31.03.2020		% change in share holding during the year
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	S BALAKRISHNA At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020	784650 784650	23.54 23.54	784650 784650	23.54 23.54	No Change
2	R THIRUMALAI At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020	226003 226003	6.78 6.78	226003 226003	6.78 6.78	No Change
3	R. PADMANABHAN At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020	223900 223900	6.72 6.72	223900 223900	6.72 6.72	No Change
4	R RAJAGOPAL At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020	220800 220800	6.63 6.63	220800 220800	6.63 6.63	No Change
5	R PADMINI At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020	210600 210600	6.32 6.32	210600 210600	6.32 6.32	No Change
6	SRISH JAYENDER BALAKRISHNA At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020	170000 170000	5.10 5.10	170000 170000	5.10 5.10	No Change



Sri Lakshmi Saraswathi Textiles (Arni) Limited

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd.) (iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year-01.04.2019		Cumulative Shareholding during the year ending 31.03.2020	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	ANIL KUMAR GOEL At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020	184100 184100	5.5239 5.5239	184100 184100	5.5239 5.5239
2	R NRUBESHJT1: NLALITHA At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020	86606 86606	2.5986 2.5986	86606 86606	2.5986 2.5986
3	RATHINASAMY NARAYANASAMY RUBESH At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020 R NRUBESH At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020 R NRUBESH At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020	48594 48594 3684 3684 790 790	1.4580 1.4580 0.1105 0.1105 0.0237 0.0237	48594 48594 3684 3684 790 790	1.4580 1.4580 0.1105 0.1105 0.0237 0.0237
4	MUKTILAL GANULAL PALDIWAL JT1 : TARADEVI MUKTILAL PALDIWAL At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020	42658 42658	1.2799 1.2799	42658 42658	1.2799 1.2799
5	PRAFUL HBHANDARI At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020 PRAFUL HBHANDARI At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020 PRAFUL HBHANDARI At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020 PRAFUL HBHANDARI At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020 PRAFUL HARAKCHAND BHANDARI At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020	31595 31595 4951 4951 2000 2000 1000 1000 1 1	0.9480 0.9480 0.1485 0.1485 0.0600 0.0600 0.0300 0.0300 0.0000 0.0000	31595 31595 4951 4951 2000 2000 1000 1000 1 1	0.9480 0.9480 0.1485 0.1485 0.0600 0.0600 0.0300 0.0300 0.0000 0.0000
6	N LALITHAJT1 : R N RUBESH At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020	25841 25841	0.7753 0.7753	25841 25841	0.7753 0.7753
7	MUKTILAL PALDIWAL JT1 : RAJESH MUKTILAL PALDIWAL JT2 : DINESH PALDIWAL At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020	24991 24991	0.7498 0.7498	24991 24991	0.7498 0.7498
8	RAJU AJIT BHANDARI At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020	22163 22163	0.6650 0.6650	22163 22163	0.6650 0.6650
9	ABHAY KRISHI UDYOG PRIVATE LIMITED At the beginning of the year 01-Apr-2019 At the end of the Year 31-Mar-2020	16263 16263	0.4879 0.4879	16263 16263	0.4879 0.4879
10	SAJJANMAL BETALA At the beginning of the year 01-Apr-2019 Sale 20-Sep-2019 At the end of the Year 31-Mar-2020 SAJJAN MAL BETALA At the beginning of the year 01-Apr-2019 Purchase 20-Sep-2019 At the end of the Year 31-Mar-2020	14691 -14691 0 0 14691 14691	0.4408 0.4408 0.0000 0.0000 0.4408 0.4408	14691 0 0 0 14691 14691	0.4408 0.0000 0.0000 0.0000 0.4408 0.4408



Sri Lakshmi Saraswathi Textiles (Arni) Limited

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No	For each of the Directors and KMP	Shareholding at the beginning of the year 01.04.2019		Cumulative Shareholding during the year ending 31.03.2020	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	S BALAKRISHNA (Director & CEO)				
	At the beginning of the year 01-Apr-2019	784650	23.54	784650	23.54
	At the end of the Year 31-Mar-2020	784650	23.54	784650	23.54
2	R. PADMANABHAN (Director & CFO)				
	At the beginning of the year 01-Apr-2019	223900	6.72	223900	6.72
	At the end of the Year 31-Mar-2020	223900	6.72	223900	6.72
3.	SAMBASIVAN . R (Director)				
	At the beginning of the year 01-Apr-2019	200	0.01	200	0.01
	At the end of the Year 31-Mar-2020	200	0.01	200	0.01
4	GEETHA SUNDARARAGHAVAN (Company Secretary)				
	At the beginning of the year 01-Apr-2019	100	0.00	100	0.00
	At the end of the Year 31-Mar-2020	100	0.00	100	0.00

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (2019-20)

(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	31.27	235.20		266.47
ii) Interest due but not paid	0.00	30.08		30.08
iii) Interest accrued but not due	0.00	0.00		0.00
Total (i+ii+iii)	31.27	265.28		296.55
Change in Indebtedness during the financial year				
Additions	200.00	339.08		539.08
Reduction	7.89	30.00		37.89
Net Change	192.11	309.08		501.19
Indebtedness at the end of the financial year				
i) Principal Amount	223.28	507.70		730.98
ii) Interest due but not paid	0.00	66.66		66.66
iii) Interest accrued but not due	0.00	0.00		0.00
Total (i+ii+iii)	223.28	574.36		797.64



Sri Lakshmi Saraswathi Textiles (Arni) Limited

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

2019-20

(Rs. in Lakhs)

Sl.No	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		S.Balakrishna Managing Director	R.Padmanaban Joint Managing Director	
1	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income Tax. 1961. * (b) Value of perquisites u/s 17(2) of the Income tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	28.08	19.41	47.49
2	Stock option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission as % of profit	Nil	Nil	Nil
5	Others (specify)	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil
	Total (A)	28.08	19.41	47.49
	Ceiling as per the Act	Ceiling not applicable, since only minimum remuneration is paid		

* Employer's contribution of EPF, not considered as salary

B. Remuneration to other directors:

(Rs. in Lakhs)

Sl.No	Particulars of Remuneration	Name of the Directors			Total Amount
1	Independent Directors	Mr. J.M.Grover	Mr.R.Sambasivan	Ms.Sivarani J	Rs.in Lakhs
	(a) Fee for attending board committee meetings	2.10	1.95	Nil	4.05
	(b) Commission	Nil	Nil	Nil	Nil
	(c) Others, please specify	Nil	Nil	Nil	Nil
	Total (1)	2.10	1.95	Nil	4.05
2	Other Non Executive Directors	Nil	Nil		
	(a) Fee for attending board committee meetings	Nil	Nil	0.90	0.90
	(b) Commission	Nil	Nil	Nil	Nil
	(c) Others, please specify.	Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	0.90	0.90
	Total (B)=(1+2)	2.10	1.95	0.90	4.95
	Total Managerial Remuneration (A+B)				52.44
	Overall Ceiling as per the Act.	Ceiling not applicable, since only minimum remuneration is paid			



Sri Lakshmi Saraswathi Textiles (Arni) Limited

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

(Rs. in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO**	Company Secretary	CFO***	Total
1	Gross Salary (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961. * (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	<i>Not Applicable</i>	14.33	<i>Not Applicable</i>	14.33
2	Stock Option		<i>Nil</i>		
3	Sweat Equity				
4	Commission as % of profit others, specify				
5	Others, please specify				
	Total		14.33		14.33

* Employer's contribution of EPF, not considered as salary

NOTE: ** No separate remuneration was paid to Mr.S.Bakakrishna, as CEO other than his remuneration as Managing Director

*** No separate remuneration was paid to Mr.R.Padmanaban, as CFO other than his remuneration as Joint Managing Director



Sri Lakshmi Saraswathi Textiles (Arni) Limited

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

(Rs. in Lakhs)

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (give details)
A. COMPANY					
Penalty			NIL		
Punishment			NIL		
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment			NIL		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			NIL		
Compounding					

By order of the Board
For SRI LAKSHMI SARASWATHI
TEXTILES (ARNI) LIMITED

(BALAKRISHNA S)
Chairman & Managing Director

Place: Chennai
Date : September 15, 2020



Sri Lakshmi Saraswathi Textiles (Arni) Limited

Annexure - 2

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

Form 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

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

(a) Name(s) of the related party and nature of relationship	Nil
(b) Nature of contracts / arrangements / transactions	Nil
(c) Duration of the contracts / arrangements/transactions	Nil
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	Nil
(e) Justification for entering into such contracts or arrangements or transactions	Nil
(f) date(s) of approval by the Board	Nil
(g) Amount paid as advances, if any	Nil
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	Nil

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

(a) Name(s) of the related party and nature of relationship:

Related Parties	Name of Director to whom related	Nature of relationship	Salary & Allowance Rs. in lakhs	* Date of approval by the Board	Total Rs. in lakhs
Mr.R.Thirumalai	R.Padmanaban	Brother	16.05	30.07.2001/ 27.03.2018	16.05
Mr.R.Rajagopal	R.Padmanaban	Brother	6.57	29.05.2014/ 27.03.2018	6.57
Mr.Srish Jayender Balakrishna	Balakrishna S	Son	6.52	29.05.2014/ 27.03.2018	6.52

* Dates of appointment and latest revision

(b) Nature of contracts/arrangements/transactions: : Employment

(c) Duration of the contracts / arrangements / transactions : 2019-2020

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: : Normal employment terms of the company.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

(ii) a) Name(s) of the related party and nature of relationship: Sri R.Padmanaban, Joint Managing Director

Related Parties	Name of Director to whom related	Nature of relationship	Borrowing from Director Rs.in lakhs	* Date of approval by the Board	Balance as on 31.03.2020 Rs.in Lakhs
Sri R.Padmanaban	R.Padmanaban	Director	506.70 (maximum amount) 506.70 (Balance as on 31.03.2020)	13.02.2018/ 27.03.2018/ 13.02.2019/ 12.11.2019/ 13.02.2020	506.70

(b) Nature of contracts/arrangements/transactions: : Borrowing from Director

(c) Duration of the contracts / arrangements / transactions : Short Term Borrowing

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: : a) Rate of Interest 11.00%
b) Interest Payable for the year Rs.40.58 Lakhs.

By order of the Board
For SRILAKSHMI SARASWATHI
TEXTILES (ARNI) LIMITED

Place: Chennai
Date : September 15, 2020

(BALAKRISHNA S)
Chairman & Managing Director



Sri Lakshmi Saraswathi Textiles (Arni) Limited

Annexure - 3

DETAILS TO BE DISCLOSED UNDER RULE 8(3) OF COMPANIES (ACCOUNTS) RULES 2014.

Details on Conservation of energy, Technology absorption and Foreign exchange earnings and Outgo

Details	Disclosure												
(A) Conservation of energy- (i) the steps taken or impact on conservation of energy;	The company conducts periodical energy audit and implements the advice given by the energy audit team. In all machines and areas wherever required energy savings equipments / spares/ component are used to conserve energy												
(ii) the steps taken by the company for utilising alternate sources of energy;	The company as alternate source has installed 1 No. Wind Turbine Generator.												
(iii) the capital investment on energy conservation equipments;	During the year – Nil.												
(B) Technology absorption-	Nil												
(C) Foreign exchange earnings and Outgo	2019-20												
The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Earnings/ Inflow</u></th> <th style="text-align: right;">Rs.in lakhs</th> </tr> </thead> <tbody> <tr> <td>Through Export</td> <td style="text-align: right;">491.93</td> </tr> <tr> <th style="text-align: left;"><u>Expenses / Outgo</u></th> <td></td> </tr> <tr> <td>Raw Material Import</td> <td style="text-align: right;">67.10</td> </tr> <tr> <td>Travel Expenses</td> <td style="text-align: right;"><u>6.31</u></td> </tr> <tr> <td>Total Outgo</td> <td style="text-align: right;"><u>73.41</u></td> </tr> </tbody> </table>	<u>Earnings/ Inflow</u>	Rs.in lakhs	Through Export	491.93	<u>Expenses / Outgo</u>		Raw Material Import	67.10	Travel Expenses	<u>6.31</u>	Total Outgo	<u>73.41</u>
<u>Earnings/ Inflow</u>	Rs.in lakhs												
Through Export	491.93												
<u>Expenses / Outgo</u>													
Raw Material Import	67.10												
Travel Expenses	<u>6.31</u>												
Total Outgo	<u>73.41</u>												

By order of the Board
For SRI LAKSHMI SARASWATHI
TEXTILES (ARNI) LIMITED
(BALAKRISHNA S)
Chairman & Managing Director

Place : Chennai
Date : September 15, 2020

Annexure – 4

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

- 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 objective of the CSR Policy is to

- Ensure an increased commitment at all levels in the organisation, to operate its business in an economically, socially & environmentally sustainable manner, while recognising the interests of all its stakeholders.
- To directly or indirectly take up programmes that benefit the communities in & around its work locations and results, over a period of time, in enhancing the quality of life & economic well-being of the local populace.
- To generate, through its CSR initiatives, a community goodwill for SLST and help reinforce a positive & socially responsible image of SLST as a corporate entity.

Weblink to the CSR Policy:

<http://www.slstindia.com>



Sri Lakshmi Saraswathi Textiles (Arni) Limited

2. The Composition of the CSR Committee.

- Sri Balakrishna. S, Chairman of the Committee
- Sri R.Padmanaban, Member
- Sri. J.M. Grover, Member

3. Average net profit of the company for last three financial years Loss Rs.523.61 Lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above). Nil.

5. Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year: Nil

(b) Amount unspent, if any: Not Applicable

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

(1) S.No	(2) CSR Project or activity identified	(3) Sector in which the Project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount outlay (budget) project or programs wise	(6) Amount spent on the projects or programs sub-heads: 1) Direct expenditure on projects or programs. 2) Overheads	(7) Cumulative expenditure upto to the reporting period	(8) Amount Spent Direct or through implementing agency
1							
2							
3							
Total							

*Give details of implementing agency:

6. In case the company has failed to spend the two per cent 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.

--- NOT APPLICABLE ---

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in Compliance with CSR objectives and Policy of the Company.

Place : Chennai
Date : September 15, 2020

Balakrishna S,
(Managing Director &
Chief Executive Officer,
Chairman,
CSR Committee)



Sri Lakshmi Saraswathi Textiles (Arni) Limited

Annexure – 5

DETAILS TO BE DISCLOSED AS PER PROVISION OF RULE 8(5) OF COMPANIES (ACCOUNTS), RULES 2014.

<p>(i) The financial summary or highlights</p>	<p>The same has already been discussed in the earlier portion of this report.</p>
<p>(ii) The change in the nature of business, if any</p>	<p>There is no change</p>
<p>(iii) The details of directors or key managerial personnel who were appointed or have resigned during the year</p>	<p>There is no appointment or resignation of any Directors or any Key Managerial Personnel during the year</p>
<p>(iii a) a statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year</p>	<p>There is no appointment of Independent Director during the year</p>
<p>(iv) The names of companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year</p>	<p>Nil</p>
<p>(v) The details relating to deposits, covered under Chapter V of the Act</p>	<p>The company does not accept deposit from public.</p>
<p>(vi) The details of deposits which are not in compliance with the requirements of Chapter V of the Act</p>	<p>No such deposit</p>
<p>(vii) the details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future</p>	<p>No such transaction</p>
<p>(viii) the details in respect of adequacy of internal financial controls with reference to the Financial Statements</p>	<p>Adequate internal financial controls are in vogue.</p>
<p>(ix) a disclosure, as to whether maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is required by the Company and accordingly such accounts and records are made and maintained</p>	<p>Yes. Complied with</p>
<p>(x) a statement that the company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 [14 of 2013]</p>	<p>Yes. Complied with</p>

By order of the Board
For SRI LAKSHMI SARASWATHI
TEXTILES (ARNI) LIMITED

Place: Chennai
Date : September 15, 2020

(BALAKRISHNA S)
Chairman & Managing Director



Sri Lakshmi Saraswathi Textiles (Arni) Limited

ANNEXURE – 6

Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2020

[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,
SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED
16, Krishnama Road, Nungambakkam,
Chennai – 600 034

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED**, (hereinafter called as “the company”). The secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our 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, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31.03.2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31.03.2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) 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;
 - d) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996;
 - e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with BSE Limited (BSE).

We report that, the provisions of the following regulations are not applicable to the Company during the audit period:-

- (a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;



Sri Lakshmi Saraswathi Textiles (Arni) Limited

We further report that, the Company has no Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowing.

We further report that, having regard to the compliance system prevailing in the Company and based on the written representations received from the officials / executives of the Company, we state that there are adequate systems and processes commensurate with the size and operations of the company to monitor and ensure compliance of the following laws applicable specifically to the Company;

- (a) The Factories Act, 1948.
- (b) The Water (Prevention and Control of Pollution) Act, 1974.
- (c) The Air (Prevention and Control of Pollution) Act, 1981.

We further report that the applicable financial laws, such as the Direct and Indirect Tax Laws, have not been reviewed under our audit as the same falls under the review of statutory audit and by other designated professionals.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

- a) the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.
- b) adequate notice is given to all the directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days 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.
- c) all the decisions at Board meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.
- d) 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.

For A.K.JAIN & ASSOCIATES
Company Secretaries

Place: Chennai
Date: 09.07.2020

BALU SRIDHAR
Partner
M.No. F5869
C.P. No. 3550
UDIN: F005869B000433351

This report is to be read with our letter of even dated which is annexed as Annexure A and form an integral part of this report.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

Annexure A

To,
The Members,
SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED
16, Krishnama Road, Nungambakkam,
Chennai - 600034

Our report of even date is to be read along with this letter.

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

For A.K.JAIN & ASSOCIATES
Company Secretaries

BALU SRIDHAR
Partner
M.No. F5869
C.P. No. 3550

Place: Chennai
Date : 09.07.2020

UDIN: F005869B000433351



Sri Lakshmi Saraswathi Textiles (Arni) Limited

Annexure – 7

DETAILS DISCLOSED AS PER PROVISION OF RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

S. No.	Disclosure Requirements	Disclosure			
i. & ii.	The ratio of the remuneration of each Director to the median remuneration of the Company for 2019-20, the percentage increase in remuneration of each Director, Chief Finance Officer, Chief Executive Officer and Company Secretary in 2019-20.	Name of Director / KMP and Designation	Remuneration of Director/ KMP for 2019-20 (Rs.in Lakhs)	% increase in the remuneration in 2019-20	Ratio of remuneration of each Director to median Remuneration of employee.
		Balakrishna S, Managing Director and Chief Executive Officer	29.94	9%	43
		R.Padmanaban Joint Managing Director and Chief Financial Officer	20.67	9%	34
		Geetha Sundararaghavan Company Secretary	15.33	12%	Not Applicable
iii.	The percentage increase in the median remuneration of employees in the financial year;	There was a reduction of 13.32% in the median remuneration.			
iv	The number of permanent employees on the rolls of company;	1153			
v	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	There was a reduction of 9% in the average remuneration of employees other than managerial personnel and the increase in remuneration of managerial personal was 9%. The reduction in average remuneration of employees other than the managerial personnel was due to the retirement of senior employees whose average remuneration was high and vacancy caused by their retirement was filled by fresh employees whose average remuneration was low. The increase in average remuneration of Managerial Personnel was normal.			
vi	Affirmation that the remuneration is as per the remuneration policy of the company.	It is affirmed that the remuneration of all employees including directors is as per the remuneration policy of the company.			

By order of the Board
For SRI LAKSHMI SARASWATHI
TEXTILES (ARNI) LIMITED

Place : Chennai
Date : September 15, 2020

(BALAKRISHNA S)
Chairman & Managing Director



Sri Lakshmi Saraswathi Textiles (Arni) Limited

ANNEXURE - 8

DETAILS DISCLOSED AS PER PROVISION OF RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES 2014.

Particulars of Top Ten Employees in terms of remuneration drawn.

S. No.	Name	Age (Yrs)	Designation	Remuneration Paid/ Payable Rs.in Lakhs	Qualification and Experience	Date of Commencement of Employment	Last Employment
1.	Balakrishna. S	60	Managing Director	29.94	B.Com, MBA	23.10.1985	—
2.	R.Padmanaban	49	Joint Managing Director	20.67	B.E.	29.10.1998	—
3.	R.Thirumalai	43	Manager production	16.05	B.Sc.	01.08.2001	—
4.	Geetha Sundararaghavan	57	Company Secretary	15.33	B.Com, ACS	29.03.1993	In Practice
5.	S. Selvarajan	55	General Manager (Technical)	12.04	D.T.T	23.08.2018	GTN Textiles, Palakkad
6.	Palani. E	56	Asst. General Manager	6.73	B.Sc. MCA	11.06.1986	—
7.	Rajagopal R.	48	Manager – Administration	6.57	B.Com, PGDHM	01.06.2014	—
8.	Srish Jayender Balakrishna	31	General Manager- Marketing	6.52	B.S, MS	01.06.2014	—
9.	Suresh. D	54	Accounts Manager	6.25	B.Com	01.12.1993	Kausalya Pharmaceuticals Pvt. Ltd.,
10.	Suresh. R	44	Manager Electrical	6.22	D.E.E	14.04.2010	Sree Narasimha Textiles, Sulur Coimbatore

- Note:
1. All appointments are contractual.
 2. Remuneration includes Salary, Company's contribution to Provident Fund, but does not include Provision for Gratuity.
 3. None of the employees mentioned above is related to any Director of the Company except the following:
 - i) Sri.R.Thirumalai, Manager Production and Sri.R.Rajagopal, Manager - Administration are related to Sri R.Padmanaban, Joint Managing Director.and
 - ii) Sri Srish Jayender Balakrishna, General Manager – Marketing is related to Sri Balakrishna S, Managing Director

By order of the Board
For SRILAKSHMI SARASWATHI
TEXTILES (ARNI) LIMITED

Place : Chennai
Date : September 15, 2020

(BALAKRISHNA S)
Chairman & Managing Director



REPORT ON MANAGEMENT'S DISCUSSION AND ANALYSIS

i. Industry structure and developments

Our company is engaged in the manufacture of all types of yarn used for manufacture of woven and knitted fabrics and is sold both in the domestic and international markets. Demand for yarn in the domestic market depends upon demand for fabrics for domestic consumption and for fabrics for export as such or for manufacture of garments and other textile products exports. Thus domestic demand of yarn depends on the level of domestic consumption through direct use and capability to sell fabrics and garments and other textile products in the international market. Direct export of yarn is for the manufacture of fabrics in the foreign countries. In India, especially in Tamil Nadu, excess spinning capacity has been established without corresponding capacity build-up for fabrics production, processing capacity and garment manufacture. No effective system has been put in place to scrap obsolete spindle capacity and to ensure a coordinated capacity additions in all segments of textile industry. Non-availability of adequate number of employees has resulted in reduction in production of yarn. Maintaining good quality, increasing the volume, optimizing the product mix and capacity utilization, ensuring availability of adequate power at reasonable cost, cost reduction and taking up down stream value are the ways to progress. Current developments and effect of the same in the performance were discussed in the Directors' Report.

ii. Opportunities and threats

Non availability of adequate skilled manpower, high cost of all inputs and lack of financial support from Banks, resulted in reduction in capacity utilization of marginal spinning mills and thereby reduction in supply of yarn. This has provided an opportunity to the established players to strengthen their position. Changes in the international market for raw cotton, policies preferences of Government affecting Textiles, high cost of power, non availability of adequate skilled man power and lack of financial support from banking system are the threats faced by the industry.

iii. Segment wise or product wise performance

Since the company is engaged in the production of Textile products only, there is no segment wise or product wise reporting of performance.

iv. Outlook

As discussed in the Directors' Report the performance during 2020-21 depends upon revival of economy, post COVID-19 Lockdown and development in the value chain in Textile Sector.

v. Risks and concerns

Inconsistency in the price and the demand for yarn and highly volatile cotton market are the two risks associated with spinning mills. Your company plans to face these risks, through suitable sales efforts, optimum product mix, prudent purchase of cotton, improving raw material realization, ensuring availability of adequate power by purchase from private power producers at reasonable cost, implementing cost reduction measures and improving productivity.

vi. Internal control systems and their adequacy

The company is having an efficient and adequate internal control system commensurate with size and level of operations of the company.

vii. Discussion on financial performance with respect to operational performance.

This has been discussed in detail in the Directors' Report.

viii. Material developments in Human Resources/ Industrial Relations front, including number of people employed.

The company's performance in the industrial relations front continues to be very cordial. Currently the company has 1153 employees of all ranks on its rolls.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

Annexure – 10

DECLARATION REGARDING COMPLIANCE WITH CODE OF CONDUCT.

All the members of the Board of Directors and Senior Management have affirmed compliance with the code of conduct, laid down by the Board.

for **SRI LAKSHMI SARASWATHI
TEXTILES (ARNI) LIMITED**

**(BALAKRISHNA S)
MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER**

Place: Chennai

Date: September 15, 2020

Annexure – 11

Statement of Impact of qualified opinion of Auditor:

The Statutory Auditors in their Report have given qualified opinion. The statement of impact of Audit qualification is given below:

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (*Standalone*)

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2020
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

I.	S.No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (Rs.in Lakhs)	Adjusted Figures (audited figures after adjusting for qualifications) (Rs.in Lakhs)
	1.	Turnover / Total income	9270.92	9270.92
	2.	Total Expenditure	10392.24	10482.20
	3.	Net Profit/(Loss)	(-) 1121.32	(-) 1211.28
	4.	Earnings Per Share	(-) 33.65	(-) 36.34
	5.	Total Assets	2842.84	2752.88
	6.	Total Liabilities	3921.05	3921.05
	7.	Net Worth	(-) 1078.21	(-) 1168.17
	8.	Any other financial item(s) (as felt appropriate by themanagement)	Nil	Nil
II.	Audit Qualification (each audit qualification separately):			
	<p>a. Details of Audit Qualification:</p> <p>1. The standalone financial statements as on 31st March 2020, indicates that the accumulated losses amounting to Rs.3415.49 Lakhs has eroded the net worth of the company. The statement of profit and loss account also indicates that the company has been incurring net losses for the previous three years. These events indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. However, the company's statement of audited financial results have been prepared using the going concern basis of accounting, based on the opinion of the management that the company would generate sufficient profits in the foreseeable future.</p>			



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2. According to the information and explanation given to us, the company has given advances to raw material suppliers to the extent of Rs.89.96 Lakhs during 2019-20 for which the company has no proper records for the same. Hence, we are unable to comment on the completeness, existence, accuracy and appropriateness of the transaction and the consequent impact on the its revenue.

3. We were not able to obtain confirmation in respect of customers and vendors due to non-availability of details for several parties

b. Type of Audit Qualification : Qualified Opinion

c. Frequency of qualification: Appeared first time

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's

Views:

- 1) Auditor has not quantified the impact of qualified opinion.
- 2) The management's view on the three qualified opinions is as below:

Quote:

(i) Qualified opinion of Statutory Auditor:

The standalone financial statements as on 31st March 2020, indicates that the accumulated losses amounting to Rs.3415.49 Lakhs has eroded the net worth of the company. The statement of profit and loss account also indicates that the company has been incurring net losses for the previous three years. These events indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. However, the company's statement of audited financial results have been prepared using the going concern basis of accounting, based on the opinion of the management that the company would generate sufficient profits in the foreseeable future.

Unquote:

Management's View:

For the above referred observation of the Auditors, the company provides the following clarifications:

1. Though the company has incurred loss during the current year and in previous years due to adverse conditions prevailing in the industry and net worth has eroded, it continues its business operation to the optimum level. The company, with the favourable change of industrial conditions, is confident of making profits.
2. In view of the above, the company continues to prepare its Accounts and the Statement of Unaudited Financial Results using going concern basis of accounting.

Quote:

(ii) Qualified opinion of Statutory Auditor:

According to the information and explanation given to us, the company has given advances to raw material suppliers to the extent of Rs.89.96 Lakhs during 2019-20 for which the company has no proper records for the same. Hence, we are unable to comment on the completeness, existence, accuracy and appropriateness of the transaction and the consequent impact on the its revenue.



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	<p>Unquote:</p> <p><u>Management's View:</u></p> <p>The Company has given advances for the purchase of cotton to various parties to the extent of Rs.89.96 Lakhs. Due to COVID-19 Pandemic the parties wise details and confirmation from those parties could not be obtained. However the Management is confident of getting supply of cotton from these parties for the full value of advance given and there will be no impact on profit and loss.</p> <p>Quote:</p> <p>(iii) <u>Qualified opinion of Auditor:</u> We were not able to obtain confirmation in respect of customers and vendors due to non-availability of details for several parties.</p> <p>Unquote:</p> <p><u>Management View:</u> Due to COVID-19 Pandemic the company was unable to get confirmation from several parties. Management confirms that all balances in the accounts of all parties are correct and there are no unreconciled differences.</p>								
	<p>e. For Audit Qualification(s) where the impact is not quantified by the auditor:</p>								
	<p>(i) Management's estimation on the impact of audit qualification:</p> <p>Management is of view that the qualified opinion, No (i) and (iii) of the above have no impact and hence not quantified. Regarding the qualified opinion (ii), the management is confident of getting supply against the advance of Rs.89.96 lakhs and hence there will be no impact on profit and loss of the company. In the unlikely event of the company unable to get supply, the impact of the same, in the management's estimation is that the loss for the year will be increased by Rs.89.96 lakhs from Rs. 1121.32 lakhs to Rs.1211.28 lakhs, the total assets will be reduced by Rs.89.96 lakhs, from Rs.2842.84 lakhs to Rs.2752.88 lakhs and net worth will be reduced by Rs.89.96 lakhs from Rs.(-) 1078.21 lakhs to Rs.(-) 1168.17 Lakhs.</p>								
	<p>(ii) If management is unable to estimate the impact, reasons for the same:</p> <p>———— Not Applicable ————</p>								
	<p>(iii) Auditors' Comments on (i) or (ii) above: Auditors have no comments</p>								
III.	<p><u>Signatories:</u></p> <table border="1"><tr><td>• CEO/Managing Director</td><td>—Signed—</td></tr><tr><td>• CFO</td><td>—Signed—</td></tr><tr><td>• Audit Committee Chairman</td><td>—Signed—</td></tr><tr><td>• Statutory Auditor</td><td>—Signed—</td></tr></table>	• CEO/Managing Director	—Signed—	• CFO	—Signed—	• Audit Committee Chairman	—Signed—	• Statutory Auditor	—Signed—
• CEO/Managing Director	—Signed—								
• CFO	—Signed—								
• Audit Committee Chairman	—Signed—								
• Statutory Auditor	—Signed—								

The above statement was filed with BSE Limited on September 4, 2020.

for **SRI LAKSHMI SARASWATHI
TEXTILES (ARNI) LIMITED**

**(BALAKRISHNA S)
MANAGING DIRECTOR &
CHIEF EXECUTIVE OFFICER**

Place: Chennai
Date: September 15, 2020



Sri Lakshmi Saraswathi Textiles (Arni) Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying Standalone Ind AS financial statements of **Sri Lakshmi Saraswathi Textiles (Arni) Limited** ('the Company'), which comprise the balance sheet as at 31st March, 2020, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as " Standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us except for the possible effects of matter given in basis for qualified opinion paragraph, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

The standalone financial statements as on 31st March 2020, indicates that the accumulated losses amounting to Rs.3415.49 Lakhs has eroded the net worth of the company. The statement of profit and loss account also indicates that the company has been incurring net losses for the previous three years. These events indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. However, the company's statement of audited financial results have been prepared using the going concern basis of accounting, based on the opinion of the management that the company would generate sufficient profits in the foreseeable future.

According to the information and explanation given to us, the company has given advances to raw material suppliers to the extent of Rs. 89.96 Lakhs during 2019-20 for which the company has no proper records for the same. Hence, we are unable to comment on the completeness, existence, accuracy and appropriateness of the transaction and the consequent impact on the its revenue.

We were not able to obtain confirmation in respect of customers and vendors due to non-availability of details for several parties.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our 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 of our qualified opinion.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

Emphasis of Matter:

- We draw attention to Note No: 37 of the financial statements, which describes the effects of COVID-19 pandemic in the Company's production operations and higher cost of compliances, which does not have any significant impact in the Company's overall performance during the current period. It is not appropriate to estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the company for future periods.
- Due to Covid-19 related lockdown, we were not able to physically observe the physical verification of inventory that was carried out by the management at the year end. Consequently, we have performed alternate procedures to audit the existence and condition of inventory as per the guidelines provided in SA 501 "Audit evidence -Specific consideration for stipulated items", which includes inspection of supporting documentation relating to purchases, production, sales and such other third party evidences where applicable and have obtained sufficient appropriate audit evidence to issue our unmodified opinion respect to these matters on the standalone financial statements.

Key Audit Matters:

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

Key Audit Matters	Response to Key Audit Matters & Conclusion
<ul style="list-style-type: none">• Investment value of Rs.6000 has been written off in the company 'Empee Sugars and Chemicals Ltd'.	<ul style="list-style-type: none">• The company has as an investment of 5000 equity shares in the 'Empee Sugars and Chemicals Ltd', which has the Nil market value as at the year end.

Responsibility of Management for Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the company's financial reporting process.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

In conducting our audit, we have considered the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, based on our audit 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.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- The company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - The Company is not required to transfer any amount to the Investor Education and Protection Fund.

for M/s.B.Purushottam & Co
CHARTERED ACCOUNTANTS
Reg. No. 002808S

(B.S. PURSHOTHAM)

Partner

M.No.26785

UDIN: 20026785AAAADX1987

Place: Chennai

Date: September 4, 2020

“Annexure A” to the Independent Auditors’ Report of even date on the Financial Statements of SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

Referred to in Paragraph 2 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date:

- In respect of its fixed assets:
 - The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - These fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
 - The title deeds of immovable properties are held in the name of the company.
- According to the information and explanations given to us, the Management has conducted physical verification of inventory at reasonable intervals and no material discrepancies were noticed.
- According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has not granted loans to a body corporate covered in the register maintained under Sec 189 of the Companies Act 2013 and hence clause (iii) (a) to (c) are not applicable to the company.
- The company has complied with the provisions of sections 185 and 186 of the companies Act, 2013, in respect of loans, investments, provided by the company. The company has not provided any guarantee or security to any company covered under Section 185.
- According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 of the Companies Act, 2013 and the rules framed thereunder are applicable.
- According to information and explanations given to us, the maintenance of Cost Records has been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company and such accounts have been made and maintained by the company.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

- (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Service Tax, Excise Duty, Duties of Customs, Value added tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2020 for a period of more than six months from the date on when they become payable.

(b) According to the information and explanation given to us, the following dues of Employee's State Insurance have not been deposited by the company on account of dispute are given below:

Name of the Statute	Nature of dues	Amount involved	Amount unpaid	Forum where dispute is pending	Period to which it relates
Employee's State Insurance Act 1948	Contribution to Employee's State Insurance Corporation	4,16,000	1,12,150	High Court	2000-01

- In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.
- According to the information and explanations given to us, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, clause (ix) of the Order is not applicable to the Company.
- In our opinion and according to the information and explanations given to us, the company has not noticed any fraud by the company or any fraud on the company by its officers or employees or reported during the year.
- According to the information and explanations given to us, managerial remuneration paid is in accordance with provisions of section 197, read with schedule V of the Companies Act.
- The Company is not a Nidhi Company. Therefore, Clause (xii) of the Order are not applicable to the Company.
- In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable accounting standards.
- According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, Clause (xiv) of the Order are not applicable to the Company.
- 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, clause (xv) of the Order are not applicable to the Company.
- The company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934.

for M/s.B.Purushottam & Co
CHARTERED ACCOUNTANTS
Reg. No. 002808S
(B.S. PURSHOTHAM)
Partner
M.No.26785
UDIN: 20026785AAAADX1987

Place: Chennai
Date: September 4, 2020



Sri Lakshmi Saraswathi Textiles (Arni) Limited

“Annexure B” to the Independent Auditor’s Report of even date on the Financial Statements of SRI LAKSHMI SARASWATHI TEXTILES (ARNI) LIMITED

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

We have audited the internal financial controls over financial reporting of **Sri Lakshmi Saraswathi Textiles (Arni) Limited** (“the Company”) as of March 31, 2020 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s Internal Financial Controls System over Financial Reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that



Sri Lakshmi Saraswathi Textiles (Arni) Limited

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has an Internal Financial Controls System over Financial Reporting which needs strengthening and such Internal Financial Controls over Financial Reporting were operating as at March 31, 2020, based on the Internal Control over Financial Reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI.

Place: Chennai
Date: September 4, 2020

for M/s.B.Purushottam & Co
CHARTERED ACCOUNTANTS
Reg. No. 002808S
(B.S. PURSHOTHAM)
Partner
M.No.26785
UDIN: 20026785AAAADX1987



Sri Lakshmi Saraswathi Textiles (Arni) Limited

BALANCE SHEET AS AT 31 ST MARCH 2020

Amount Rs. in lakhs

ASSETS	Notes	As at 31st Mar 2020	As at 31st Mar 2019
1. Non-Current Assets :			
(a) Property, Plant and Equipment	6	1179.78	1085.64
(b) Other Intangible assets	6	0.74	0.74
(c) Financial Assets :			
i. Investments	7	41.79	41.83
(d) Other Non- Current Assets	8	127.35	127.35
Total Non -Current Assets		1349.66	1255.56
2. Current Assets :			
(a) Inventories	9	910.68	835.69
(b) Financial Assets :			
i. Trade Receivables	10	84.26	307.86
ii. Cash and Cash Equivalents	11	13.48	45.96
iii. Bank balance other than (ii) above	12	68.22	46.23
iv. Security Deposits	13	156.64	246.10
(c) Current Tax Assets (Net)	14	9.70	7.81
(d) Other Current Assets	15	250.20	177.88
Total Current Assets		1493.18	1667.53
TOTAL ASSETS		2842.84	2923.09
EQUITY AND LIABILITIES			
1. EQUITY			
(a) Equity Share Capital	16	333.28	333.28
(b) Other Equity	17	-1411.49	-290.17
Total Equity		-1078.21	43.11
2. LIABILITIES:			
A Non Current Liabilities :			
(a) Financial Liabilities			
i. Borrowings	18	211.96	19.85
(b) Deferred tax liabilities (Net)	19	0.00	0.00
Total Non Current Liabilities		211.96	19.85
B Current Liabilities :			
(a) Financial Liabilities			
i. Borrowings Secured	20	0.00	0.00
ii. Borrowings Un Secured	21	507.70	235.20
iii. Trade Payables	22		
- Dues to micro and small enterprises		14.20	8.78
- Dues to other than micro and small enterprises		2123.75	1671.49
iv. Other financial liabilities	23	375.18	333.03
(b) Provisions	24	688.26	611.63
(c) Current Tax Liabilities (Net)	25	0.00	0.00
Total Current Liabilities		3709.09	2860.13
TOTAL EQUITY AND LIABILITIES		2842.84	2923.09

Significant Accounting Policies

Note No.5

NOTES 6 TO 25 AND ADDITIONAL INFORMATION IN NOTE 36 and 37 FORM PART OF THIS BALANCE SHEET

BALAKRISHNA S
Managing Director &
Chief Executive Officer

GEETHA SUNDARARAGHAVAN
Company Secretary

R.PADMANABAN
Joint Managing Director &
Chief Financial Officer

As per our report annexed
For **M/s.B.Purushottam & Co**
Chartered Accountants
Regn No:002808S

Place: Chennai
Date : September 4, 2020

(B.S. PURSHOTHAM)
Partner
M.No.26785



Sri Lakshmi Saraswathi Textiles (Arni) Limited

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

		Amount Rs. in lakhs		
	Particulars	Note No.	31st Mar 2020	31st Mar 2019
	INCOME:			
I	Revenue from Operations	26	9253.81	11164.64
II	Other Income	27	17.11	22.03
	Provision for Bad and Doubtful advances no longer required			
III	Total Income (I + II)		9270.92	11186.67
IV	EXPENSES:			
	Cost of materials consumed	28	6298.24	7396.38
	Purchase of Stock-in-Trade	29	51.58	126.73
	Changes in inventories of work-in-process	30	13.91	-32.75
	Changes in inventories of finished goods	31	-117.56	180.54
	Employee benefits expense	32	1540.54	1445.96
	Finance costs	33	170.11	165.19
	Depreciation	6	141.64	145.43
	Other expenses	34	2293.74	2490.53
	Total Expenses (IV)		10392.20	11918.01
V	Profit / (Loss) before exceptional items and tax (III - IV)		-1121.28	-731.34
VI	Exceptional Items	(+) / (-) 35	0.00	24.24
VII	Profit / (Loss) before tax (V-VI)		-1121.28	-707.10
VIII	Tax expense			
	a. Current Tax		0.00	0.00
	b. Deferred Tax		0.00	0.00
	c. Prior Years' Tax Charge		0.00	4.81
			0.00	4.81
IX	Profit / (Loss) for the year from Continuing Operations(VII-VIII)		-1121.28	-711.91
X	Profit / (Loss) from discontinued Operations		0.00	0.00
XI	Tax Expense of Discontinued Operations		0.00	0.00
XII	Profit / (Loss) from discontinued Operations after tax (X-XI)		0.00	0.00
XIII	Profit / (Loss) for the period (IX+XII)		-1121.28	-711.91
XIV	Other Comprehensive income			
	(i) Remeasurement of defined benefit plans		0.00	0.00
	(ii) Equity instrument through other comprehensive income		-0.04	-0.06
	(iii) Income tax (expenses)/savings		0.00	0.00
XV	Total other comprehensive income		-0.04	-0.06
XVI	Total comprehensive income for the period (XIII+XV)		-1121.32	-711.97
	Earning per equity share (for continuing operation)			
	(i) Basic	Rs.	-33.65	-21.36
	(ii) Diluted	Rs.	-33.65	-21.36
	Earning per equity share (for discontinued operation)			
	(i) Basic	Rs.	0	0.00
	(ii) Diluted	Rs.	0	0.00
	Earning per equity share (for discontinued and continuing operation)			
	(i) Basic	Rs.	-33.65	-21.36
	(ii) Diluted	Rs.	-33.65	-21.36

Significant Accounting Policies

Note No.5

NOTES 26 TO 35 AND ADDITIONAL INFORMATION IN NOTE 36 and 37 FORM PART OF THIS STATEMENT OF PROFIT & LOSS

BALAKRISHNA S
Managing Director &
Chief Executive Officer

GEETHA SUNDARARAGHAVAN
Company Secretary

R.PADMANABAN
Joint Managing Director &
Chief Financial Officer

As per our report annexed
For **M/s.B.Purushottam & Co**
Chartered Accountants
Regn No:002808S

(B.S. PURSHOTHAM)
Partner

Place: Chennai
Date : September 4, 2020



Sri Lakshmi Saraswathi Textiles (Arni) Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2020

	Amount Rs. in lakhs	
	2019-20	2018-19
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	(1,121.28)	(707.10)
Adjustments for :		
Add :- Depreciation	141.64	145.43
Finance Expenses	170.11	165.19
	(809.53)	(396.48)
(Less) / Add :- (Profit) / Loss on sale of assets	(3.85)	-
Interest received	(11.73)	(18.58)
Operating Profit before Working Capital Changes	(825.11)	(415.06)
Adjustments for :-		
(Increase)/ Decrease in Inventories	(74.99)	115.45
(Increase)/ Decrease in Receivables	223.60	97.02
(Increase)/ Decrease in other financial assets	89.46	(16.26)
(Increase)/ Decrease in other current assets	(72.32)	15.26
Increase/(Decrease) in Trade payable	457.68	424.30
Increase/(Decrease) in other financial liabilities	118.78	122.78
Cash Generated from Operations	(82.90)	343.49
Direct taxes paid	(1.89)	(2.19)
NET CASH FROM OPERATING ACTIVITIES (a)	(84.79)	341.30
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed assets and other Capital expenses	(237.38)	(67.90)
Sale of Fixed assets	5.45	-
Sale/Purchase of shares	-	(5.96)
Increase/(Decrease) Bank deposit	(21.99)	(1.36)
Interest received	11.73	18.58
NET CASH FROM INVESTING ACTIVITIES (b)	(242.19)	(56.64)
C. CASH FLOW FROM FINANCING ACTIVITIES		
(Decrease)/ Increase in Working Capital Bank Finance	-	-
Proceeds Unsecured Loans and other Loans	272.50	(85.00)
Proceeds secured loan	200.00	-
Repayment of vehicle loan	(7.89)	(8.06)
Finance Expenses	(170.11)	(165.19)
NET CASH FROM FINANCING ACTIVITIES (c)	294.50	(258.25)
Net Change in Cash and Cash Equivalent (a+b+c)	(32.48)	26.41
Cash and Cash Equivalent as at 1st April - 2019 (2018)	45.96	19.55
Cash and Cash Equivalent as at 31st March - 2020 (2019)	13.48	45.96

BALAKRISHNA S
Managing Director &
Chief Executive Officer

GEETHA SUNDARARAGHAVAN
Company Secretary

R.PADMANABAN
Joint Managing Director &
Chief Financial Officer
As per our report annexed
For **M/s.B.Purushottam & Co**
Chartered Accountants
Regn No:002808S

Place: Chennai
Date : September 4, 2020

(B.S. PURSHOTHAM)
Partner
M.No.26785



Sri Lakshmi Saraswathi Textiles (Arni) Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH 2020

A. EQUITY SHARE CAPITAL

Rs. in Lakhs

As at 1st April 2018	333.28
Changes in equity share capital	0
As at 31st March 2019	333.28
Changes in equity share capital	0
As at 31st March 2020	333.28

B. OTHER EQUITY

Amount Rs. in lakhs

PARTICULARS	Reserves and Surplus			Items of OCI	Total other equity
	Securities premium reserve	General reserve	Retained earnings	FVTOCI - equity investments	
Balance at 1 April 2018	443.42	1560.57	-1582.30	0.11	421.80
Add: Profit for the financial year 2018-19	0.00	0.00	-711.91	0.00	-711.91
Add: Other comprehensive income	0.00	0.00	0.00	-0.06	-0.06
Total Comprehensive income	443.42	1560.57	-2294.21	0.05	-290.17
Less: Transfer to retained earnings	0.00	0.00	0.00	0.00	0.00
Add: Transfer from OCI	0.00	0.00	0.00	0.00	0.00
Less: Transfer to General reserve	0.00	0.00	0.00	0.00	0.00
Add: Transfer from Retained earnings	0.00	0.00	0.00	0.00	0.00
Balance at 31st March 2019	443.42	1560.57	-2294.21	0.05	-290.17
Add: Profit for the financial year 2019-20	0.00	0.00	-1121.28	0.00	-1121.28
Add: Other comprehensive income	0.00	0.00	0.00	-0.04	-0.04
Total Comprehensive income	443.42	1560.57	-3415.49	0.01	-1411.49
Less: Transfer to retained earnings	0.00	0.00	0.00	0.00	0.00
Add: Transfer from OCI	0.00	0.00	0.00	0.00	0.00
Less: Transfer to General reserve	0.00	0.00	0.00	0.00	0.00
Add: Transfer from Retained earnings	0.00	0.00	0.00	0.00	0.00
Balance at 31st March 2020	443.42	1560.57	-3415.49	0.01	-1411.49

BALAKRISHNA S
Managing Director &
Chief Executive Officer

GEETHA SUNDARARAGHAVAN
Company Secretary

R.PADMANABAN
Joint Managing Director &
Chief Financial Officer

As per our report annexed
For **M/s.B.Purushottam & Co**
Chartered Accountants
Regn No:002808S

(B.S. PURSHOTHAM)
Partner
M.No.26785

Place: Chennai
Date : September 4, 2020



Sri Lakshmi Saraswathi Textiles (Arni) Limited

Notes forming part of Financial Statements

Note 1. Company Overview

Sri Lakshmi Saraswathi Textiles (Arni) Limited is a public Limited company incorporated and domiciled in India and has its registered office at No. 16, Krishnama Road, Nungambakkam, Chennai- 600 034. The company's shares are listed in BSE Limited. The company is principally engaged in manufacture of Yarn. The company is also engaged in generation of electricity from its windmills for its captive consumption. The financial statements of the company for the year ended 31.03.2020 were approved and adopted by Board of Directors of the Company in its meeting held on 04.09.2020.

Note 2. Basis of preparation and presentation of financial statements

- i. The financial statements are prepared on Going concern and in accordance with Indian Accounting Standards (IND AS) Notified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time.
- ii. The significant accounting policies used in preparing the financial statements are set out in Note No.5

Note 3. Operating Circle, rounding off and regrouping.

- (i) The Company has considered its operating cycle to be 12 months for the purpose of classification of Current Assets and Non Current Assets and Current Liabilities and Non Current Liabilities.
- (ii) The financial statement are presented in Indian Rupees rounded to the nearest lakhs with two decimals.
- (iii) Previous year figures have been regrouped / restated, wherever necessary and appropriate.

Note 4. Basis of Measurement

The financial statements have been prepared on accrual basis under historical cost convention except for certain financial instruments (Refer Note 5.17- Accounting Policy for Financial Instruments) which are measured at fair value.

Note 5. Significant Accounting Policies

5.1 Property, Plant and Equipment (PPE)

- i) Property, Plant and Equipment are stated at cost of acquisition net of accumulated depreciation/ amortization and impairment losses if any, except free hold land which is carried at cost less impairment losses if any. The cost comprises purchase prices, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.
- ii) The Company identifies the significant parts of plant and equipment separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives. The cost of replacement of significant parts are capitalized and the carrying amount of replaced parts are de-recognized. When each major inception/ overhauling is performed, its cost is recognized in the carrying amount of the item of property, plant and equipment as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection/ overhauling (as distinct from physical parts) is de- recognized.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

- iii) Other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalization criteria in accordance with IND AS 16 are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- iv) PPEs are eliminated from the financial statements on disposal or when no further benefit is expected from its use or disposal. Gains or losses arising from disposal of plant, property and equipment are measured as the difference between the net disposal proceeds and the carrying amount of such assets are recognized in the statement of profit and loss.
- v) Depreciation for plant and machinery has been provided on Straight line method and for all other assets Written down value method has been followed.
- vi) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.
- vii) Upon first- time adoption of IND AS, the company has elected to measure all its property, plant, equipment at the Previous GAAP carrying amount as its deemed cost on the date of transition to IND AS i.e., 1st April, 2016.

5.2 Capital Work in progress

Capital work in progress includes cost of property, plant and equipment under installation, under development including related expenses and attributable interest as at reporting date.

5.3 Current or Non-Current classification

An asset or liability is classified as current if it satisfies any of the following conditions:

- i) Asset or liability is expected to be realized in the company's normal settlement cycle.
- ii) Asset is intended for sale or consumption.
- iii) Asset or liability is held primarily for the purpose of trading.
- iv) Asset or liability is expected to be realized or settled within twelve months after reporting period.

5.4 Intangible assets

- i) The cost of computer software that are installed are accounted at cost of acquisition of such assets and are carried at cost less accumulated amortization and impairment, if any. Internally generated software is not capitalized and the expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.
- ii) The residual values, useful lives and methods of depreciation of intangible assets are reviewed at each reporting date and adjusted prospectively, if appropriate.

5.5 Inventories

- i) Inventories are valued at cost or net realizable value whichever is lower. Cost includes the cost incurred in bringing the inventories to their present location and condition.
- ii) Raw materials, stores and spares are valued at cost or net realizable value whichever is lower. Cost includes the cost incurred in bringing the inventories to their present location and condition. For cost calculation of Raw materials as it is not ordinarily inter changeable specific identification method is used. For cost calculation of stores and spares weighted average method is used.
- iii) For valuation of finished goods / stock-in-process, cost includes material, direct labour, overheads (other than abnormal amount of wasted materials, storage costs, selling and administrative overheads) wherever applicable.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

5.6 Revenue Recognition

- i) Revenue is recognized to the extent that is probable that the economic benefits will flow to the company and the revenue can be reliably measured.
- ii) Sale of products is recognized when the significant risk and reward of ownership of the goods have been passed to the buyer. Revenue is measured at fair value of the consideration received or receivable, after deduction of any taxes or duties collected on behalf of the government which are levied on sales such as VAT, GST, etc.
- iii) Dividend income, if any, is recognized when the company's right to receive dividend is established by the reporting date.
- iv) Interest income from financial assets is recognized at the effective interest rate applicable on initial recognition.
- v) Scrap sales is recognized at the fair value of consideration received or receivable upon transfer of significant risk and rewards. It comprises of invoice value of goods and after deducting applicable taxes on sale.
- vi) The power generated at Wind Mill is fully consumed at mills and the maintenance expenses of the wind mills and cost of wheeling of power is charged to Statement of profit and loss.

5.7 Employee Benefits

- i) Short-term employee benefits viz., salaries and wages are recognized as expense at the undiscounted amount in the statement of profit and loss for the year in which the related service is rendered.
- ii) Defined contribution plan viz., contribution to provident fund is recognized as an expense in the statement of profit and loss for the year in which the employees have rendered services. The company contributes to provident fund administered by the Government on a monthly basis at 12% of employee's basic salary. There are no other obligation other than the above defined contribution plan.
- iii) Defined Benefit Plan.

Gratuity:

- a. Company's liability towards gratuity in respect of employees who beneficially own shares in the company carrying more than 5% of the total voting power has been provided for on the basis of actuarial valuation(performed by an independent actuary, at each Balance sheet) and not funded.
- b. Company's liability towards gratuity in respect of all other employees is worked out on the basis of actuarial valuation (performed by an independent actuary, at each Balance sheet date) and is normally funded.

Leave Encashment:

As per policy of the company unavailed leave, casual leave/ earned leave cannot be carried forward or encashed and hence there is no additional cost. The company recognize the cost as expense as and when the employee avails paid leave.

5.8 Provision, Contingent Liability and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as result of past events and it is probable that there will be outflow of resources. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. Contingent liabilities not provided for, are disclosed in the accounts by way of Notes.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

5.9 Cash Flow statement

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

5.10 Borrowing Cost

- i) Borrowing cost include interest computed using Effective Interest Rate method, amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.
- ii) Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalized as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalization by applying capitalization rate to the expenditure incurred on such cost. The capitalization rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalizes during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings cost are expensed in the period in which they occur.

5.11 Government Subsidy / Grant

- i) Government grants are recognized at fair value on accrual basis where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.
- ii) In case of revenue related grant, the income is recognized on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other operating revenue" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets". Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under "Other Financial Assets".
- iii) In case of grant relates to an asset, it is recognized as income over the expected useful life of the related asset.

5.12 Foreign Currency Transactions

Foreign Currency Transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions and from translation of monetary assets and liabilities at the reporting date exchange rates are recognized in the statement of Profit and Loss. Non- monetary items which are carried at historical cost denominated in foreign currency are reported using the exchange rates on the date of transactions.

5.13 Earnings Per Share

Basic Earnings per share is calculated by dividing the Net profit or loss after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is determined by adjusting the Profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

5.14 Income Tax

The tax provision is considered as stipulated in IND AS 12 and includes current and deferred tax liability. The company recognizes the accumulated deferred tax liability based on accumulated time difference using current tax rate. The company as a conservative measure does not reckon deferred tax asset. Both the current tax and deferred tax liability relating to items recognized outside the profit or loss is recognized either in "other Comprehensive Income" or directly in "Equity" as the case may be.

The company has considered credit entitlement of Minimum Alternate Tax (MAT) where it is reasonably certain that the credit will be available for set-off in accordance with the provision of the Income Tax Act, 1961.

5.15 Segment Reporting

As the company has only one business segment i.e., Textile and only one geographical segment, the segment reporting requirement as per IND AS 108 is not applicable to the company.

5.16 Impairment of Non- financial Assets

- i) The carrying values of non-financial assets are reviewed for impairment at each Balance Sheet date, if there is any indication of impairment based on internal and external factors.
- ii) Non-financial assets are treated as impaired when the carrying amount of such asset exceeds its recoverable value. After recognition of impairment loss, the depreciation / amortization for the said assets is provided for remaining useful life based on the revised carrying amount, less its residual value if any, on straight line basis.
- iii) An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.
- iv) An impairment loss is reversed when there is an indication that the impairment loss may no longer exist or may have decreased.

5.17 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 assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

5.18 Financial Asset

- i) Financial assets comprise of investments in Equity, Trade Receivables, Cash and Cash Equivalents and Other Financial Assets.
- ii) Depending on the business model (i.e) nature of transactions for managing those financial assets and its contractual cash flow characteristics, the financial assets are initially measured at fair value and subsequently measured and classified at:
 - a) Amortized cost; or
 - b) Fair value through Other Comprehensive Income (FVTOCI); or
 - c) Fair value through Profit or Loss (FVTPL)
 - d) Amortized cost represents carrying amount on initial recognition at fair value plus or minus transaction cost.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

iii) The Company classifies its financial assets for measurement as below:-

Basis of Measurement	Financial Assets
Amortized cost	Trade receivables, Loan and advances given to employees and related parties, deposits and other advances recoverable in cash or kind.
FVTOCI	Investment in Equity instruments
FVTPL	Forward exchange contracts.

- iv) The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On derecognition of a financial asset or part thereof, the difference between the carrying amount measured at the date of recognition and the consideration received including any new asset obtained less any new liability assumed shall be recognized in the Statement of Profit and Loss.
- v) The company assesses at each balance sheet date whether the financial asset or group of financial assets is impaired. IND AS 109 requires expected credit losses to be measured through a loss allowance. The company recognizes lifetime expected losses for trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to 12 month expected credit losses or at an amount equal to lifetime expected losses, if the credit risk on the financial asset has increased significantly since initial recognition.

5.19 Financial Liability

i) Financial liabilities comprise of Borrowings from Banks, Trade payables, Derivative financial instruments, financial guarantee obligation and other financial liabilities.

ii) The Company measures its financial liabilities as below:

Basis of Measurement	Financial Liability
Amortised cost	Borrowings, trade payables, interest accrued, Unclaimed/ Disputed dividends, security deposits and other financial liabilities not for trading.
FVTPL	Foreign exchange Forward contracts being derivative contracts do not qualify for hedge accounting under IND AS 109.

- iii) Financial liabilities are derecognised when and only when it is extinguished (i.e) when the obligation specified in the contract is discharged or cancelled or expired.
- iv) Upon de-recognition of its financial liabilities or part thereof, the difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid including any non-cash assets transferred or liabilities assumed is recognized in the Statement of Profit and Loss.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

5.20 Fair value measurement

- i) Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- ii) The fair value of an asset or a liability is measured / disclosed using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in the economic best interest.
- iii) All assets and liabilities for which fair value is measured are disclosed in the financial statements are categorised within fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement are unobservable.

- iv) For assets and liabilities that are recognised in the Balance sheet on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period (i.e) based on the lowest level input that is significant to the fair value measurement as a whole.
- v) For the purpose of fair value disclosures, the company has determined the classes of assets and liabilities based on the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy as explained above.
- vi) The basis for fair value determination for measurement and / or disclosure purposes is detailed below:

a. Investments in Equity

The fair value is determined by reference to their quoted prices at the reporting date. In the absence of the quoted price, the fair value of the equity is measured using generally accepted valuation techniques.

b. Forward exchange contracts

The fair value of forward exchange contracts is based on the quoted price if available; otherwise it is estimated by discounting the difference between contractual forward price and current forward price for the residual maturity of the contract using government bond rates.

c. Non-derivative financial liabilities

The fair value of non-derivative financial liabilities viz, borrowings are determined for disclosure purposes calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

5.21 Significant Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision or future periods, if the revision affects both current and future years.

Accordingly, the management has applied the following estimates / assumptions / judgements in preparation and presentation of financial statements:

(i) Property, Plant and Equipment, Intangible Assets and Investment Properties

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by technical team duly reviewed by the management at each reporting date. Wherever the management believes that the assigned useful life and residual value are appropriate, such recommendations are accepted and adopted for computation of depreciation/amortisation. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

(ii) Current Taxes

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law.

(iii) Contingent Liabilities

Management judgement is exercised for estimating the possible outflow of resources, if any, in respect of contingencies / claims / litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

(iv) Impairment of Trade receivables

The impairment for financial assets are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

(v) Impairment of Non-financial assets (PPE/Intangible Assets / Investment Properties)

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

(vi) Defined Benefit Plans and Other long term benefits

The cost of the defined benefit plan and other long term benefits, and the present value of such obligation are determined by the independent actuarial valuer. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rate are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions.

(vii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model, to determine its fair value. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

NOTES FORMING PART OF BALANCE SHEET AS AT 31 ST MARCH 2020 Property, Plant, Equipment and Other Intangible Assets

For 2019-20

NOTE : 06

Amount Rs. In lakhs

Particulars	Gross Block			Accumulated Depreciation			NET BLOCK		
	Balance as at 1st April 2019	Additions	Deletions	Balance as at 31st March 2020	Depreciation charge for the year	On disposals	Balance as at 31st March 2020	WDV as on 31st March 2020	WDV as on 1st April 2019
<u>1. Property, Plant and Equipment</u>									
Land	22.87	0.00	0.00	22.87	0.00	0.00	0.00	22.87	22.87
Buildings	1131.13	13.62	0.00	1144.75	22.19	0.00	897.89	246.86	255.43
Plant and Machinery	6415.66	215.49	42.93	6588.22	99.97	41.71	5742.37	845.85	731.55
Electrical Installation	324.60	0.90	0.00	325.50	2.28	0.00	305.04	20.46	21.84
Furniture, Fixtures	165.48	0.20	0.00	165.68	1.90	0.00	155.39	10.29	11.99
Other Assets	17.17	7.17	0.00	24.34	5.10	0.00	17.17	7.17	5.10
Vehicles	141.18	0.00	7.58	133.60	10.20	7.20	108.16	25.44	36.02
Live Stock	0.84	0.00	0.00	0.84	0.00	0.00	0.00	0.84	0.84
TOTAL - CURRENT YEAR TANGIBLE ASSETS	8218.93	237.38	50.51	8405.80	141.64	48.91	7226.02	1179.78	1085.64
2 - Capital Work In Progress	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3- Intangible Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Computer Software	14.75	0.00	0.00	14.75	0.00	0.00	14.01	0.74	0.74
TOTAL - CURRENT YEAR INTANGIBLE ASSETS	14.75	0.00	0.00	14.75	0.00	0.00	14.01	0.74	0.74
Grand Total (Current year)	8233.68	237.38	50.51	8420.55	141.64	48.91	7240.03	1180.52	1086.38



Sri Lakshmi Saraswathi Textiles (Arni) Limited

Property, Plant, Equipment and Other Intangible Assets

NOTE : 06

For 2018-19

Amount Rs. In lakhs

Particulars	Gross Block			Accumulated Depreciation			NET BLOCK		
	Balance as at 1st April 2018	Additions	Deletions	Balance as at 31st March 2019	Balance as at 1st April 2018	On disposals	Balance as at 31st March 2019	WDV as on 1st April 2018	WDV as on 31st March 2019
1. Property, Plant and Equipment									
Land	22.87	0.00	0.00	22.87	0.00	0.00	0.00	22.87	22.87
Buildings	1131.13	0.00	0.00	1131.13	851.83	0.00	875.70	255.43	279.30
Plant and Machinery including Electrical Installations	6353.99	61.67	0.00	6415.66	5584.20	0.00	5684.11	731.55	769.77
Electrical Installation	323.91	0.69	0.00	324.60	299.37	0.00	302.76	21.84	24.54
Furniture, Fixtures	164.08	1.40	0.00	165.48	150.53	0.00	153.49	11.99	13.55
Other Assets	13.03	4.14	0.00	17.17	11.62	0.00	12.07	5.10	1.41
Vehicles	141.18	0.00	0.00	141.18	90.31	0.00	105.16	36.02	50.87
Live Stock	0.84	0.00	0.00	0.84	0.00	0.00	0.00	0.84	0.84
TOTAL - CURRENT YEAR TANGIBLE ASSETS	8151.03	67.90	0.00	8218.93	6987.86	145.43	7133.29	1085.64	1163.17
2 - Capital Work In Progress	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3- Intangible Assets									
Computer Software	14.75	0.00	0.00	14.75	14.01	0.00	14.01	0.74	0.74
TOTAL - CURRENT YEAR INTANGIBLE ASSETS	14.75	0.00	0.00	14.75	14.01	0.00	14.01	0.74	0.74
Grand Total (Current year)	8165.78	67.90	0.00	8233.68	7001.87	145.43	7147.30	1086.38	1163.91



Sri Lakshmi Saraswathi Textiles (Arni) Limited

NON CURRENT ASSETS

7 INVESTMENT	Amount Rs. in lakhs	
Name of the Company	As at 31st Mar 2020	As at 31st Mar 2019
INVESTMENT IN EQUITY INSTRUMENT		
<u>Non Current Investments</u>		
Quoted Investment carried at FVTOCI	0.00	0.06
(i) 5000(5000 shares as on 1st April 2019) Equity shares of Empee Sugars and Chemicals Ltd. (Quoted investment cost Rs.35,000) (Quoted investment Market Value Rs. 0)		
Sub Total (a)	0.00	0.06
Unquoted Investment carried at FVTOCI		
(i) 359563 (359563 shares as on 1st April 2019) Equity shares of Gamma Green Power Pvt. Ltd. (Cost Rs.3595630)	35.96	35.96
(ii) 100 (100 shares as on 1st April 2019) Equity shares of TCP Power Ltd. (Cost Rs.47000)	0.83	0.81
(iii) 50000 (50000 shares as on 1st april 2019) shares at Rs.10 each Equity shares of Dhanalakshmi Srinivasan Sugars Pvt. Ltd.(Cost Rs.500000)	5.00	5.00
Sub Total (b)	41.79	41.77
Total Carrying Value	41.79	41.83

8 OTHER NON CURRENT ASSETS

Amount Rs. in lakhs		
Particulars	As at 31st Mar 2020	As at 31st Mar 2019
(i) MAT credit Entitlement	105.95	105.95
(ii) Capital Advances	21.40	21.40
Total	127.35	127.35



Sri Lakshmi Saraswathi Textiles (Arni) Limited

CURRENT ASSETS

9 INVENTORIES

Amount Rs. in lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
(a) Raw Materials		
(i) Cotton	154.15	184.75
(ii) Polyester Staple Fibre	72.06	82.01
	226.21	266.76
(b) Stock-in-Process	248.60	262.51
(c) Finished Goods		
(i) Yarn	373.47	255.93
(ii) Saleable waste	8.73	8.70
	382.20	264.63
(d) Stock-in-trade	0.00	0.00
(e) Stores and Spares	53.67	41.79
Total	910.68	835.69

The mode of valuation of inventories disclosed in Note No. 5.4

10 TRADE RECEIVABLES

Amount Rs. in lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
<u>Current</u>		
Trade Receivables		
(a) Secured, considered good	0.00	0.00
(b) Unsecured considered good	84.26	307.86
(c) Receivable with significant increase in credit risk	0.00	0.00
(d) Receivable which are credit impaired	0.00	0.00
Total	84.26	307.86

11 CASH AND CASH EQUIVALENTS

Amount Rs. in lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
(a) Cash on hand	1.38	39.60
(b) Balances with Banks	12.10	6.36
Total	13.48	45.96

12 BANK BALANCES OTHER THAN (11) ABOVE

Amount Rs. in lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
(a) Others		
(i) Term deposits with bank held by banks as margin money	66.82	44.83
(ii) Deposit in Unpaid Dividend Account	1.40	1.40
Total	68.22	46.23



Sri Lakshmi Saraswathi Textiles (Arni) Limited

13 SECURITY DEPOSITS

Amount Rs. in lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
Current Security Deposits	156.64	246.10
Total	156.64	246.10

14 CURRENT TAX ASSETS (Net)

Amount Rs. in lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
(a) Provision for current tax unpaid	0.00	0.00
(b) Less: Tax paid pending adjustment	9.70	7.81
Total	9.70	7.81

15 OTHER CURRENT TAX ASSETS

Amount Rs. in lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
(i) Advances to Supplier/Contractors	195.75	110.78
(ii) Prepaid Expenses	11.25	30.07
(iii) CGST Input Credit	17.91	0.00
(iv) CST Advance paid	0.00	15.00
(v) VAT Advance Paid	0.10	0.10
(vi) SGST Input Credit / RCM March 20	0.32	10.50
(vii) Traveling and Wages Advances	23.86	8.67
(viii) Interest Accrued and Receivable	0.62	0.38
(ix) Duty Drawback Claim Receivable	0.39	2.38
Total	250.20	177.88



Sri Lakshmi Saraswathi Textiles (Arni) Limited

16 - EQUITY SHARE CAPITAL

Particulars	31st March 2020		31st March 2019	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
Authorised				
Equity Shares of Rs.10 each	1,50,00,000	15,00,00,000	1,50,00,000	15,00,00,000
Preference share of Rs. 10 each	50,00,000	5,00,00,000	50,00,000	5,00,00,000
Total Authorised Share Capital	2,00,00,000	20,00,00,000	2,00,00,000	20,00,00,000
Issued,Subscribed and fully paid up				
Equity shares of Rs.10 each	33,32,750	3,33,27,500	33,32,750	3,33,27,500

Note: A

Terms / Rights attached to Equity Shares

The company has only one class of equity shares having a par value of Rs 10/- Per share. Each Holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. 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 in the proportion to the number of equity shares held by the shareholders.

Note: B Reconciliation of No. of shares outstanding

During the year the company has neither issued any shares nor bought back any shares.

Reconciliation of the shares outstanding at the beginning and at end of the year	As at 31st March 2020		31st March 2019	
	No. of shares	Value Rs.	No. of shares	Value Rs.
	33,32,750	3,33,27,500	33,32,750	3,33,27,500

Note: C Shareholders holding more than 5% of the shares

Name of Shareholders	As at 31st March 2020		31st March 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
S. BALAKRISHNA	7,84,650	23.54	7,84,650	23.54
R. THIRUMALAI	2,26,003	6.78	2,26,003	6.78
R. PADMANABHAN	2,23,900	6.72	2,23,900	6.72
R. RAJAGOPAL	2,20,800	6.63	2,20,800	6.63
R. PADMINI	2,10,600	6.32	2,10,600	6.32
ANIL KUMAR GOEL	1,84,100	5.52	1,84,100	5.52
SHANTHA SRIHARI	—	—	1,70,000	5.10
SRISH JAYENDER BALAKRISHNA	1,70,000	5.10	—	—

Note: D

The company during the period of five years immediately preceeding 31st March 2020, has not issued any bonus shares, shares for consideration other than cash and has not bought back its shares. Further the company does not have any outstanding shares issued under options as on 31-03-2020



Sri Lakshmi Saraswathi Textiles (Arni) Limited

17 - OTHER EQUITIES RESERVES AND SURPLUS

Amount Rs. in lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
a) General reserve	1560.57	1560.57
b) Securities Premium Reserve	443.42	443.42
c) FTVOCI Reserve	0.01	0.05
d) Retained earnings	-3415.49	-2294.21
Total	-1411.49	-290.17

GENERAL RESERVE

The General Reserve is the profit transferred from retained earnings from time to time. There is no policy of regular transfer

SECURITIES PREMIUM RESERVE

Represents excess of share subscription money received over par value of shares issued.

FVTOCI RESERVE

Fair value through other comprehensive income reserve represents the balance in equity for items to be accounted in other comprehensive income (OCI). The company has opted to recognize the changes in the fair value of certain investments in equity instruments. The company transfers amount from this reserve to retained earnings in case of loss / gain on actual sale.

RETAINED EARNINGS

Represents the portion of net income / (loss) of the company that has been retained / carried over by the company.

18 BORROWINGS

Amount Rs. in lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
Non-Current Secured		
Note (a)		
Vehicle Loan from IOB	11.96	19.85
Note (b)		
Term Loan from NBFC	200.00	—
TOTAL	211.96	19.85

Note: a) The Vehicle Loan from IOB is secured by exclusive first charge by hypothecation of vehicles purchased out of the loans and personal guarantee of promoter directors

b) Term Loan from NBFC is secured by exclusive first charge on the Windmill assets located at Udayathoor village, Radhapuram taluk, Tirunelveli district, Tamil Nadu comprising land measuring 2 acres, Building and Windmill Machinery by way of Equitable Mortgage of Land and Building and Hypothecation of machinery

19 DEFERRED TAX LIABILITIES/(ASSETS)

Amount Rs. in lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
Deferred tax liability at the beginning of the year	0.00	0.00
Add/ Loss Transfer from / To Profit and loss account during the year	0.00	0.00
Closing Balance Deferred Tax liability	0.00	0.00



Sri Lakshmi Saraswathi Textiles (Arni) Limited

Break up Details	Amount Rs. in lakhs	
	As at 31st Mar 2020	As at 31st Mar 2019
Deferred Tax Liability i) Tax Liability on difference between book depreciation and depreciation under the Income Tax Act 1961.	105.08	110.87
Deferred Tax Assets i) Tax effect on timing differences of certain expenses	-1176.29	-818.54
Deferred Tax Liability/(assets)	-1071.21	-707.67

THE COMPANY DOES NOT RECKON DEFERRED TAX ASSET

20- CURRENT BORROWINGS

Particulars	Amount Rs. in lakhs	
	As at 31st Mar 2020	As at 31st Mar 2019
Borrowings Secured		
-From banks		
(a) Indian Overseas Bank		
(i) Open Loan	0.00	0.00
(ii) Packing Credit	0.00	0.00
(b) State Bank of India		
(i) Open Loan	0.00	0.00
(ii) Packing Credit	0.00	0.00
Total	0.00	0.00

Note on Security Created

The open loan, Packing Credit, Bills discounting **, and letter of Credit limits for Working Capital** from Indian Overseas Bank, Esplanade Branch, Chennai - 600 108 and open Loan, Packing Credit Bills discounting** and letter of Credit Limits for working capital** from State Bank of India, Leather and International Branch, Chennai - 600 010 are secured as under:

1. Primary Security:

Hypothecation on entire Current assets, both present and future, which include raw materials, stock in process, finished goods, consumables etc., book debts on first pari passu basis and bills discounting limits are additionally secured by documents of title to goods.

2. Collateral Security

a) Equitable Mortgage on first pari passu basis of company's factory land and buildings in Arni Taluk, Tamilnadu and Registered Office land and building in Chennai.

b) Hypothecation on first pari passu basis of all movable fixed assets, excluding assets which are charged on exclusive basis.

and

3) Personal Guarantee

Personal Guarantee of Promoter Directors Sri Balakrishna S, Managing Director and Sri.R.Padmanaban, Joint Managing Director.

** Details of Bills discounted but not realized and letters of credits issued not crystallized are disclosed under NOTE NO. 36 (i).



Sri Lakshmi Saraswathi Textiles (Arni) Limited

21 -BORROWINGS - UNSECURED

Amount Rs. in lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
(i) Loan from related parties repayable on demand	506.70	234.20
(ii) Deposits from Consignment Agents	1.00	1.00
Total	507.70	235.20

22 -TRADE PAYABLES

Amount Rs. in lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
Due to micro and small enterprises	14.20	8.78
Due to other than micro and small enterprises	2123.75	1671.49
Total	2137.95	1680.27

23 - OTHER FINANCIAL LIABILITIES

Amount Rs. in lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
(a) Current maturity of Vehicle Loan (Secured)	11.32	11.32
(b) Advance from buyers and other Credits	9.34	4.21
(c) Un-paid dividends	1.40	1.40
(d) Interest accrued and due on borrowings	66.66	30.08
(e) Disputed deemed Demand charges	11.31	6.84
(f) Creditors for expenses	275.15	279.18
Total	375.18	333.03

24 - PROVISIONS

Amount Rs. in lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
<u>Current</u>		
a) Provision for Employee Benefits	675.48	597.15
b) Provision for Expenses	0.20	1.12
c) Provision for TDS	8.21	12.85
d) Provision for GST/VAT	4.37	0.51
Total	688.26	611.63

25 - CURRENT TAX LIABILITIES (Net)

Amount Rs. in lakhs

Particulars	As at 31st Mar 2020	As at 31st Mar 2019
<u>Current Tax Liabilities</u>		
(a) Current year Tax Expenses		
(b) Less: Tax paid pending adjustment		
Current Tax Liability (NET)	0.00	0.00



Sri Lakshmi Saraswathi Textiles (Arni) Limited

26 - REVENUE FROM OPERATION

PARTICULARS	Amount Rs. in lakhs	
	2019-20	2018-19
(a) Sales of Products		
i) Yarn Sales	9978.45	11971.76
ii) Waste Sales	77.69	104.03
iii) Miscellaneous Sales	3.48	5.01
Subtotal Inclusive of GST	10059.62	12080.80
Less : GST	812.93	929.77
Subtotal (a)	9246.69	11151.03
(b) Other Operating Revenues		
(i) Duty drawback claim received	7.12	13.61
Subtotal (b)	7.12	13.61
REVENUE FROM OPERATION (a+b)	9253.81	11164.64

27 - OTHER INCOME

PARTICULARS	Amount Rs. in lakhs	
	2019-20	2018-19
(i) Interest income	11.73	18.58
(ii) Rent from Employees Quarters	0.65	0.43
(iii) Insurance claim Received	0.83	1.25
(iv) Job work charges	0.05	1.77
(v) Profit on Sale of Fixed Assets	3.85	0.00
Total	17.11	22.03

28 - COST OF MATERIALS CONSUMED

	Amount Rs. in lakhs	
	2019-20	2018-19
Opening Stock		
Cotton stock	184.75	138.37
Polyester Staple Fibre	82.01	93.59
	266.76	231.96
Add: Purchases		
Cotton	3665.05	4331.75
Polyester Staple Fibre	2462.03	2947.62
	6127.08	7279.37
Less: Closing Stock		
Cotton	154.15	184.75
Polyester Staple Fibre	72.06	82.01
	226.21	266.76
Raw Material Consumed	6167.63	7244.57
Packing Materials Consumed	130.61	151.81
Cost of materials consumed	6298.24	7396.38



Sri Lakshmi Saraswathi Textiles (Arni) Limited

29 - PURCHASE OF STOCK- IN-TRADE		Amount Rs. in lakhs	
PARTICULARS	2019-20	2018-19	
Yarn purchase	51.58	126.73	
Total	51.58	126.73	

30 - CHANGES IN INVENTORIES OF WORK-IN-PROCESS		Amount Rs. in lakhs	
PARTICULARS	2019-20	2018-19	
Work-in-Process - Opening stock	262.51	229.76	
Work-in-Process - Closing stock	248.60	262.51	
Sub Total	13.91	-32.75	

31 - CHANGES IN INVENTORIES OF FINISHED GOODS		Amount Rs. in lakhs	
PARTICULARS	2019-20	2018-19	
Finished Goods - Opening stock	264.63	445.17	
Finished Goods - Closing stock	382.19	264.63	
Sub Total	-117.56	180.54	

32 - EMPLOYEE BENEFITS EXPENSE		Amount Rs. in lakhs	
PARTICULARS	2019-20	2018-19	
(i) Salaries Wages and Bonus	1219.75	1164.88	
(ii) Contribution to Employees PF & Family Pension Fund	81.28	86.14	
(iii) Provision for contribution to Gratuity Fund	93.79	61.75	
(iv) Workmen & Staff Welfare Expenses	84.37	78.70	
(v) Managerial Remuneration (Ref. Annex.I)	61.35	54.49	
Total	1540.54	1445.96	

Annx.I

Managerial Remuneration		Amount Rs. in lakhs	
PARTICULARS	2019-20	2018-19	
(a) Salary	43.53	40.20	
(b) Contribution to PF	3.12	2.89	
(c) Provision for Bonus	2.19	2.16	
(d) Medical Reimbursement	1.77	1.39	
(e) Provision for Gratuity	5.78	4.05	
(f) Directors Sitting Fees	4.95	3.80	
	61.34	54.49	

33 - FINANCE COSTS		Amount Rs. in lakhs	
PARTICULARS	2019-20	2018-19	
Finance Expenses			
(a) Interest on Term Loan from Banks	2.49	3.26	
(b) Interest on Term Loan from NBFC	7.00	0.00	
(c) Interest on working capital borrowing from banks	27.67	20.36	
(d) Interest- others	110.88	126.38	
(e) Interest- MSME	1.48	1.06	
(f) Bank Charges	23.58	16.29	
(g) Foreign Exchange Rate Fluctuation	-2.99	-2.16	
Total	170.11	165.19	



Sri Lakshmi Saraswathi Textiles (Arni) Limited

34 - OTHER EXPENSES

PARTICULARS	Amount Rs. in lakhs	
	2019-20	2018-19
MANUFACTURING AND OTHER OPERATING EXPENSES		
i) Power and fuel	1578.18	1740.99
ii) Repairs & Maintenance		
(a) Building	26.84	33.39
(b) Machinery	284.71	262.93
(c) Others	7.05	8.46
Total (a)	1896.78	2045.77
ADMINISTRATION AND OTHER CHARGES		
(a) Insurance	11.30	13.51
(b) Vehicle Maintenance	46.02	42.37
(c) Rates, Renewal & Taxes	9.31	12.74
(d) Other Administrative Expenses	116.37	112.44
Total (b)	183.00	181.06
Selling Expenses		
(a) Commission & Brokerage on Yarn Sales	48.46	60.13
(b) Godown Rent	0.00	0.00
(c) Freight & Other selling expenses	165.50	203.57
Total (c)	213.96	263.70
GRAND TOTAL (a+b+c)	2293.74	2490.53

35 - EXCEPTIONAL ITEMS

PARTICULARS	Amount Rs. in lakhs	
	2019-20	2018-19
Certain expenses creditors which are no longer payable written back (Exceptional Income)	0.00	24.24
	0.00	24.24



Sri Lakshmi Saraswathi Textiles (Arni) Limited

NOTE NO. 36

DISCLOSURES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2020.

i) Contingent Liabilities and Commitments not provided for

Details	(Rs.in lakhs)	
	As at 31.03.2020	As at 31.03.2019
a) Contingent Liabilities		
Contingent Liabilities not provided for in respect of		
1. Export Bills Discounted under irrevocable Letters of Credit issued by Foreign Banks	0.00	98.36
2. Disputed Income Tax Liabilities	0.00	0.00
3. Disputed Contribution to Employees State Insurance Corporation	0.00	0.00
b) Commitments		
1. Estimated amounts of contracts remaining to be executed on capital accounts not provided for	0.00	0.00
2. Other commitments:		
Liabilities on Letters of Credit issued for capital goods.	0.00	0.00
Liabilities on Letters of Credit issued for others	0.00	0.00

ii) Gratuity

The company has not funded gratuity liability to Employees Gratuity Fund as per actuarial valuation for the last 10 years and the total amount to be funded is Rs.487.51 Lakhs. (As on 31.03.2019 Rs.400.25 Lakhs).

iii) Details relating to micro and small enterprises is as follows:

S.No	Particulars	(Rs. in Lakhs)	
		31-03-2020	31-03-2019
(a)	The principal amount	12.01	7.83
(b)	The interest due thereon remaining unpaid	2.19	0.95
(c)	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006(27 of 2006) along with the amount of the payment made to suppliers beyond the appointed day during accounting year	29.95	41.62
(d)	The amount of interest due and payable for the period of delay in making payment (paid beyond the appointed date) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	1.48	0.90
(e)	The amount of interest accrued and remaining unpaid at the end of accounting year	2.19	0.95
(f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act,2006	0.95	2.15



Sri Lakshmi Saraswathi Textiles (Arni) Limited

iv) Deposit received from Director

Particulars	(Rs.in Lakhs)	
	2019-20	2018-19
Opening balance	234.20	319.20
Received During the year	302.50	25.00
Re-paid during the Year	30.00	110.00
Closing Balance	506.70	234.20

v) Details of Auditors' Remuneration:

Details	2019-20 Rs.in lakhs	2018-19 Rs.in lakhs
Statutory Audit	2.50	2.50
Total	2.50	2.50

vi) Confirmation of balances from Debtors and Creditors have not been received in certain cases.

vii) Items of revenue / expense amounting to more than 1% of total value has been disclosed separately.

viii) Previous year's figures have been re-grouped wherever necessary to conform to this year's classification.

ix) As per IND AS 19, Employees Benefit, the disclosure of employees benefits as defined in the Accounting standard are given below:

Details	31/03/2020 Rs.in lakhs	31/03/2019 Rs.in lakhs
a) Defined Contribution Plan Employers Contribution to provident Fund	68.76	68.15
b) Gratuity Plan (funded)		
Present value of the obligation at the beginning of the period	421.75	430.67
Interest Cost	31.58	30.35
Current service cost	20.90	20.99
Past Service Cost	0.00	0.00
Less: Benefits paid (if any)	(12.38)	(72.08)
Actuarial (gain)/loss	36.83	11.83
Present value of the obligation at the end of the period	498.68	421.75
Actuarial Assumptions		
Discount Rate (per annum)	6.59%	7.60%
Rate of increase in compensation levels	5.00%	5.00%
Attrition rate	2.00%	2.00%
Expected rate of return on plan Assets	6.59%	7.60%



Sri Lakshmi Saraswathi Textiles (Arni) Limited

ix) Earning Per Share:

Details	2019-20 Rs.in lakhs	2018-19 Rs.in lakhs
Net Profit/ Loss for the period (A)	-1121.28	-711.91
Adjusted weighted average number of equity shares (B)	33,32,750	33,32,750
Basic and diluted earning per share of Rs.10 each in Rs. (A)/(B)	-33.65	-21.36
Reconciliation of weighted average number of equity shares		
No.of shares at the beginning of the year	33,32,750	33,32,750
No.of shares at the end of the year	33,32,750	33,32,750
Adjusted weighted average		
No.of equity shares	33,32,750	33,32,750

x) Related party transactions:

As per the IND AS 24 – Related party transactions, the company's related party and the details of transactions the company had with them are given below:

a) Key Managerial Personnel and relatives of Key Managerial Personnel

	Name of the Key Managerial personnel	Designation
1.	Sri. Balakrishna S	Managing Director and CEO
2.	Sri. R. Padmanaban	Joint Managing Director and CFO
3.	Smt. Geetha Sundararaghavan	Company Secretary
4.	Sri J.M.Grover	Independent Director
5.	Sri. R. Sambasivan	Independent Director
6.	Smt. Sivarani J	Director

b) Relatives of Key Managerial Personnel

	Name of the Key Managerial personnel	Relationship
1.	Sri. R.Thirumalai	Brother of Sri. R. Padmanaban, JMD and CFO
2.	Sri. R.Rajagopal	Brother of Sri. R. Padmanaban, JMD and CFO
3.	Sri. Srish Jayender Balakrishna	Son of Sri. Balakrishna S, MD and CEO

c) Companies over which KMP/Relatives of KMP exercise significant influence:

1. Sherhood Properties Private Limited
2. Masterjee Institute of Studies Pvt. Ltd
3. SLST Industries Ltd.

d) Other entities over which there is a significant influence is NIL.



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e) Disclosure in respect of related party transactions(excluding Reimbursement) during the year and outstanding balances including commitments as at the reporting date:

i) Payments made to Directors

Key Managerial personnel	2019-20 Rs.in lakhs	2018-19 Rs.in lakhs
Sri. J.M.Grover	2.10	1.30
Sri. R. Sambasivan	1.95	1.30
Smt. Sivarani J	0.90	1.20

ii) Remuneration to Key Management Personnel

Key Managerial personnel	2019-20 Rs.in lakhs	2018-19 Rs.in lakhs
Sri.Balakrishna S, Managing Director & CEO	33.31	30.14
Sri.R.Padmanaban, Joint Managing Director & CFO	23.09	20.55
Smt.Geetha Sundaraghavan, Company Secretary	15.33	13.65
Relatives of KMP		
Sri. R.Thirumalai, Production Manager	16.05	14.80
Sri. R.Rajagopal, Administrative Manager	6.57	6.28
Sri. Srish Jayender Balakrishna, General Manager - Marketing	6.52	6.32

iii) Loan and advances (borrowings) from Key Management Personnel:

Amount taken from Key Management Personnel

Particulars	2019-20 Rs.in lakhs	2018-19 Rs.in lakhs
i) Amount taken from Sri. R.Padmanaban, Joint Managing Director / Chief Financial Officer.		
a) Outstanding as on 31 st March	(506.70)	(234.20)
b) Maximum amount outstanding during the year	(506.70)	(319.20)
c) Rate of Interest – Payable	11.00%	11.00%
d) Interest	40.58	27.43



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iv) Disclosure of key Management Personnel compensation in total and for each of the following categories:

Key managerial personnel	For 2019-20				For 2018-19			
	Short term benefits Rs.in lakhs	Defined contribution Rs.in lakhs	Defined benefit plans (provision) Rs.in lakhs	Total Rs.in lakhs	Short term benefits Rs.in lakhs	Defined contribution Rs.in lakhs	Defined benefit plans (provision) Rs.in lakhs	Total Rs.in lakhs
Sri. Balakrishna S, Managing Director & CEO	28.08	1.86	3.37	33.31	25.86	1.73	2.55	30.14
Sri. R. Padmanaban Joint Managing Director & CFO	19.41	1.26	2.42	23.09	17.88	1.17	1.50	20.55
Smt.Geetha Sundararaghavan, Company Secretary	14.33	1.01	Note No.3	15.34	12.75	0.90	Note No.3	13.65

NOTE:

1. Short term benefits includes bonus, and value of perquisites.
2. Defined contribution includes contribution to Provident fund and Superannuation fund.
3. As the liability for gratuity are provided on actuarial basis for the company as a whole, amounts accrued pertaining to key managerial personnel are not included above.

xi) Disclosure of Fair value measurements

(a) Financial Instruments by category:-

The following table provides categorization of all financial instruments

Particulars	Amortised Cost Rs.in lakhs	FVTPL	FVTOCI Rs.in lakhs	Carrying Amount Rs.in lakhs	Fair Value Rs.in lakhs
As at 31-03-2020					
Financial Assets					
Investments	41.78	-	0.01	41.79	41.79
Trade Receivables	84.26	-	-	84.26	84.26
Cash and Cash Equivalents	81.70	-	-	81.70	81.70
Other Financial Assets	156.64	-	-	156.64	156.64
Financial Liabilities					
Borrowings	719.66	-	-	719.66	719.66
Trade Payables	2137.95	-	-	2137.95	2137.95
Other financial liabilities	375.18	-	-	375.18	375.18
As at 31-03-2019					
Financial Assets					
Investments	40.96	-	0.87	41.83	41.83
Trade Receivables	307.86	-	-	307.86	307.86
Cash and Cash Equivalents	92.19	-	-	92.19	92.19
Other Financial Assets	246.10	-	-	246.10	246.10
Financial Liabilities					
Borrowings	255.05	-	-	255.05	255.05
Trade Payables	1680.27	-	-	1680.27	1680.27
Other financial liabilities	333.03	-	-	333.03	333.03



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(b) Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by Valuation technique:

Level 1: Quoted (Unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The details of financial instruments that are measured at fair value on recurring basis are given below:

Particulars	Level 1 (Rs.in lakhs)	Level 2 (Rs.in lakhs)	Level 3 (Rs.in lakhs)	Total (Rs.in lakhs)
Financial Instruments at FVTOCI				
Investment in listed equity securities				
As at 31-03-2020	0.00	-	-	0.00
As at 31-03-2019	0.06	-	-	0.06
Investment in unlisted equity securities				
As at 31-03-2020	-	-	41.79	41.79
As at 31-03-2019	-	-	41.77	41.77

Valuation technique used to determine the fair value

The significant inputs used in the fair value measurement categorized within the fair value hierarchy are given below:

Nature of Financial Instruments	Valuation technique	Remarks
Investment in Listed securities	Market Value	Closing Price as at 31st March in stock Exchange
Investment in Unlisted securities	Discounted Cash flow Analysis	Nil

xii) Financial Risk Management

The Board of Directors (BOD) has overall responsibility for the establishment and oversight of the Company's risk management framework and thus established a risk management policy to identify and analyse the risk faced by the Company. Risk Management systems are reviewed by the BOD periodically to reflect changes in market conditions and the Company's activities. The Company through its training and management standards and procedures develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the risk management framework. The Audit committee is assisted in the oversight role by Internal Audit. Internal Audit undertakes reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

The company has the following financial risks:

Categories of Risk	Nature of Risk
Credit Risk	Receivables
	Financial Instruments and cash deposits
Liquidity Risk	Fund Management
Market Risk	Foreign Currency Risk
	Cash flow and fair value interest rate risk



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The Board of Directors regularly reviews these risks and approves the risk management policies, which covers the management of these risks.

Credit Risk

Credit Risk is the risk of financial loss to the Company if the customer or counterparty to the financial instruments fails to meet its contractual obligations and arises principally from the Company's receivables, treasury operations and other operations that are in the nature of lease.

Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer. The Company extends credit to its customers in the normal course of business by considering the factors such as financial reliability of customers. The Company evaluates the concentration of the risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets. In case of Corporate / Export Customer, credit risks are mitigated by way of enforceable securities. However, unsecured credits are extended based on creditworthiness of the customers on case to case basis. Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company and where there is a probability of default, the company creates a provision based on Expected Credit Loss.

Financial Instruments and Cash deposits

Investments of surplus funds are made only with the approved counterparties. The Company is presently exposed to counter party risk relating to short term and medium term deposits placed with Banks for margin money held for purpose of LC. The Company places its cash equivalents based on the creditworthiness of the financial institutions.

Liquidity Risk

Liquidity Risks are those risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available. The Company has laid well defined policies and procedures facilitated by robust information system for timely and qualitative decision making by the management including its day to day operations.

Financial arrangements

The company has access to the following undrawn borrowing facilities:

Particulars	(Rs.in lakhs)	
	31-03-2020	31-03-2019
Working capital and other facilities		
Expiring within one year	Nil	Nil
Expiring beyond year	Nil	Nil



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Maturities of Financial Liabilities

Nature of Financial Liability	< 1 Year (Rs.in lakhs)	1-5 Years (Rs.in lakhs)	> 5 Years (Rs.in lakhs)	Total (Rs.in lakhs)
As at 31-03-2020				
Borrowing from Banks & NBFC	11.31	211.96	Nil	223.27
Trade payable	2137.95	Nil	Nil	2137.95
Other financial Liability	363.86	Nil	Nil	363.86
Unsecured Borrowing	507.70	Nil	Nil	507.70
As at 31-03-2019				
Borrowing from Banks	11.31	19.85	Nil	31.16
Trade payable	1680.27	Nil	Nil	1680.27
Other financial Liability	321.73	Nil	Nil	321.73
Unsecured Borrowing	235.20	Nil	Nil	235.20

Foreign Currency Risk

The Company's exposure in USD and other foreign currency denominated transactions in connection with import of cotton, capital goods & spares, besides exports of finished goods in foreign currency, gives rise to exchange rate fluctuation risk. The Company has following policies to mitigate this risk.

Decisions regarding borrowing in Foreign Currency and hedging thereof, and the quantum of coverage is driven by the necessity to keep the cost comparable. Foreign Currency loans, imports and exports transactions are hedged by way of forward contract after taking into consideration the anticipated Foreign exchange inflows/ outflows, timing of cash flows, tenure of the forward contract and prevailing Foreign exchange market conditions.

The company's exposure to foreign currency risk (Un –hedged) as detailed below:

Currency	Trade Payables	Trade and other Receivables	Balance with Banks
In USD			
As at 31-03-2020	Nil	Nil	Nil
As at 31-03-2019	Nil	Nil	Nil
In EURO			
As at 31-03-2020	Nil	Nil	Nil
As at 31-03-2019	Nil	Nil	Nil

Risk sensitivity on foreign currency fluctuation

Foreign Currency	31-03-2020		31-03-2019	
	1% Increase	1% Decrease	1% Increase	1% Decrease
USD	Nil	Nil	Nil	Nil
EURO	Nil	Nil	Nil	Nil

Cash flow and fair value interest rate risk

Interest rate risk arises from short term borrowings with variable rates which exposed the Company to cash flow interest rate risk. The Company is exposed to the evolution of interest rates and credit markets for its future refinancing, which may result in a lower or higher cost of financing, which is mainly addressed through the management of the fixed/floating ratio of financial liabilities. The Company constantly monitors credit markets to strategize a well-balanced maturity profile in order to reduce both the risk of refinancing and large fluctuations of its financing cost.



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The Company believes that it can source funds for both short term and long term at a competitive rate considering its strong fundamentals on its financial position.

Particulars	31-03-2020 Rs.in Lakhs	31-03-2019 Rs.in Lakhs
Variable rate Borrowings	Nil	Nil

Sensitivity on Interest rate fluctuation

Incremental Interest Cost works out to	31-03-2020 Rs.in Lakhs	31-03-2019 Rs.in Lakhs
1% Increase in Interest rate	Nil	Nil
1% Decrease in Interest rate	Nil	Nil

xiii) Capital Management

For the purpose of the Company's capital management, capital includes issued equity share capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the Shareholders' wealth. The Company manages its capital structure and makes adjustments in the light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus debt.

Particulars	31-03-2020 Rs.in Lakhs	31-03-2019 Rs.in Lakhs
Short Term Borrowings	519.02	246.52
Less:- Cash and Cash Equivalents	81.70	92.19
Net Debt(A)	437.32	154.33
Equity Share Capital	333.28	333.28
Other Equity	(1411.48)	(290.17)
Total Equity (B)	(1078.20)	43.11
Total Capital Employed(C)= (A)+(B)	(640.88)	197.44
Capital Gearing Ratio (A)/ (C)	-NA	78.16%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. There have been no breaches in the financial covenants of any interest-bearing loans / borrowing. There are no significant changes in the objectives, policies or processes for managing capital during the years ended 31-03-2020 and 31-03-2019.



Sri Lakshmi Saraswathi Textiles (Arni) Limited

Note No. 37

Impact of Lockdown imposed to contain spread of COVID-19

- i) To control the spread of COVID-19. National Lockdown was imposed on 24th March 2020. The production in the Mills was stopped forthwith. The operation of the Mills was stopped only for 7 days in the year 2019-20. The adverse impact during this year was minimal only.
- ii) After easing the conditions of Lockdown, production was commenced in the Mills from 1st June 2020. There are initial constraints like non-availability of work force, sluggish demand for yarn and shortage of funds for working capital. The prices of raw materials have come down. The utilization level is improving slowly. Recovery to the normal level depends upon the improvement in the value chain in the textile sector.
- iii) The financial impact cannot be quantified immediately. However, there is no significant adverse impact on the carrying value of any of the assets of the company. The Company has not incurred any significant amount to restart the operation.

/ BY ORDER OF THE BOARD /

BALAKRISHNA S
Managing Director &
Chief Executive Officer

GEETHA SUNDARARAGHAVAN
Company Secretary

R.PADMANABAN
Joint Managing Director &
Chief Financial Officer

As per our report annexed
For **M/s.B.Purushottam & Co**
Chartered Accountants
Regn No:002808S

(B.S. PURSHOTHAM)
Partner
M.No.26785

Place: Chennai
Date : September 4, 2020

If undelivered please return to



Sri Lakshmi Saraswathi Textiles (Arni) Limited
New No.16, Krishnama Road,
Nungambakkam, Chennai - 600 034.