

Date: August 30, 2023

To,  
The Manager,  
Listing Department,  
National Stock Exchange of India Ltd.,  
Exchange Plaza,  
Bandra Kurla Complex, Bandra (East),  
Mumbai - 400051

Corporate Services Department  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street  
Mumbai - 400001

**Symbol: SARLAPOLY**

**Security Code: 526885**

**Sub: Submission of Annual Report for the FY 2022-23 and Notice of 30<sup>th</sup> Annual General Meeting**

**Ref: Regulations 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations')**

Dear Sir/ Madam,

Pursuant to Regulation 30 and 34 of SEBI Listing Regulations, please find enclosed a copy of the Annual Report for the FY 2022-23 of Sarla Performance Fibers Limited ("the Company") along with Notice of 30<sup>th</sup> Annual General Meeting (AGM) of the Company schedule to be held on Thursday, September 21, 2023 at 03.00 p.m. (IST) through Video Conferencing (VC)/ Other Audio Visual Means (OAVM). The said notice forms part of the Annual Report of the Company for the FY 2022-23 and the same are being sent to the Members through electronic mode at their registered e-mail addresses.

Please note that, a copy of the Annual Report for the FY 2022-23 and Notice of 30<sup>th</sup> AGM is also being made available on website of the Company at [www.sarlafibers.com](http://www.sarlafibers.com).

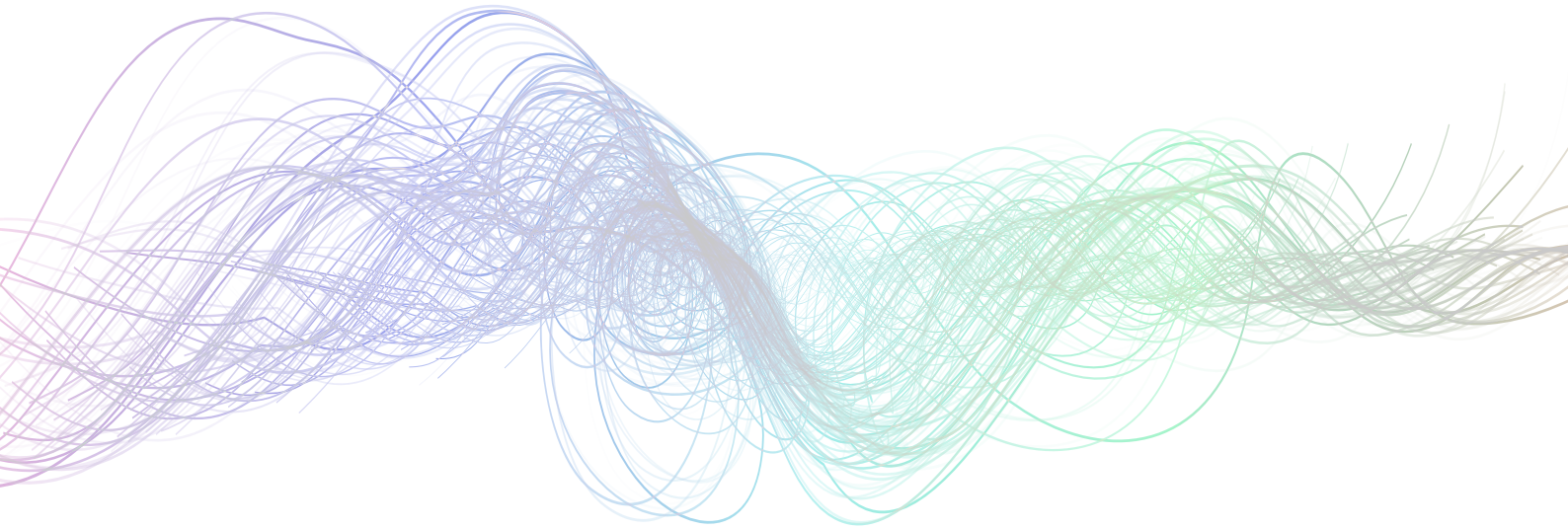
Kindly take the same on record.

For Sarla Performance Fibers Limited

(Neha Somani)  
Company Secretary & Compliance officer

Encl.: As above

# SARLA PERFORMANCE FIBERS LIMITED



## Redefining Value A Journey of Threading Excellence



ANNUAL REPORT  
2022-23

## CONTENTS

Corporate snapshot	02
Chairman's Speech	07
Company at a Glance	08
Awards and accolades	09
Our Journey of Transformation	10
Our global presence	12
Sarla's diversified product portfolio	16
Our Clientele	20
Financial Health of the Business	22
Story in Charts	23
Sarla's Green Policy	24
Our Key value and resources	26
Management Discussion and Analysis	28
Notice of Thirtieth Annual General Meeting	38
Board's Report	51
Corporate Governance Report	71
Standalone Financial Statements	95
Consolidated Financial Statements	160

### Forward-looking Statement

The report contains information that includes forward-looking statements. These statements pertain to the Company's anticipated financial position, operational results, business plans, and potential opportunities. They are commonly recognized by words such as "believe," "plan," "anticipate," "estimate," "expect," "may," "will," or similar terms. These forward-looking statements are based on certain assumptions or foundations. We have selected these assumptions or foundations in good faith, believing them to be reasonably valid in significant aspects. Nevertheless, it's important to note that actual results, performances, or accomplishments might differ significantly from what is suggested or implied in these forward-looking statements. We want to emphasize that we are not obligated to constantly update or revise these forward-looking statements, regardless of whether new information, future events, or other factors emerge.

UNTEXTILE



# CORPORATE DETAILS

## Board of Directors

Mr. Krishnakumar Jhunjunwala  
*Chairman and Managing Director*

Mr. Parantap Dave  
*Non - Executive Independent Director*

Mrs. Shreya Desai  
*Non - Executive Independent Director*

Mr. Paulo Manuel Ferreira Moura De Castro  
*Non - Executive Independent Director*

Ms. Neha Jhunjunwala  
*Executive Director*

Mr. Kanav Jhunjunwala  
*Executive Director*

Mr. Sachin Abhyankar  
*Non-Executive Director (w.e.f. August 10, 2023)*

Mr. Bharat K. Jhamvar  
*Non-Executive Independent Director (w.e.f. August 10, 2023)*

## Chief Financial Officer

Mr. Mukesh Deopura

## Company Secretary

Ms. Neha Somani

## Auditors

### Statutory Auditors

C N K & Associates LLP,  
Chartered Accountants, Mumbai

### Secretarial Auditors

M/s. Mayank Arora & Co.  
Practising Company Secretaries

## Registrars & Transfer agents

Link Intime India Pvt. Ltd.  
C 101, 247 Park, L B S Marg,  
Vikhroli West, Mumbai - 400083  
Ph.: +91-22 - 49186000; Fax: 49186060;  
email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## Bankers

Standard Chartered Bank

Citibank N.A.

DBS Bank India Ltd.

HDFC Bank Ltd.

IndusInd Bank Ltd.

P T Bank Maybank Indonesia

Bank of Bahrain & Kuwait, B.S.C.

## Registered office

Survey No. 59/1/4, Amlipiparia Industrial Estate,  
Silvassa - 396 230, U.T. of Dadra & Nagar Haveli  
CIN: L31909DN1993PLC000056

## Corporate office

304, Arcadia, 195, NCPA Marg,  
Nariman Point,  
Mumbai - 400 021.  
Ph.: +91-22-22834116; Fax: + 91-22-66324038;  
email: [investors@sarlafibers.com](mailto:investors@sarlafibers.com);  
Website: [www.sarlafibers.com](http://www.sarlafibers.com)

## Plants

- i. Survey No. 59/1/4, Amlipiparia Industrial Estate,  
Silvassa - 396 230
- ii. Survey No. 64/2/3/4, 61/2, 62/5, 63/5, 63/7,  
Amlipiparia Industrial Estate, Silvassa - 396 230,  
U.T. of Dadra & Nagra Haveli
- iii. Plot No. 11 & 12, Survey No 213P, Near Dadra Check  
Post, Dadra, U.T. of Dadra & Nagar Haveli, 396195
- iv. Shed No. A1/48, 100 Sheds Area, GIDC,  
Vapi - 396 195
- v. Survey No. 66/1/55-A, Village - Amlipiparia,  
Silvassa-396230 Ut Of Dadra And Nagar Haveli



MADHUSUDAN JHUNJHUNWALA  
1941 - 2021

As we mark the second year since Mr. Madhusudan Jhunjunwala's (founder and ex-chairman) passing, we find solace in the memories we shared, the lessons we learned, and the vision he instilled within us over last 28 years. He departed from this world on July 19, 2021. We reflect on the profound impact he had on our lives, on our organisation, and on the legacy he left behind.

In his role as the foundation stone of our company, he laid the groundwork for growth, innovation, and transformation. His visionary leadership, his wisdom, and his commitment were instrumental in guiding us through a journey of change and progress. His thought process and insights have become an integral part of each employee, illuminating our path and shaping our collective mindset. We remember how his ideas and values inspired us to transcend the boundaries of tradition, propelling us from humble yarn producers to a renowned name in the yarn manufacturing industry. His legacy lives on in every thread of innovation, in every milestone achieved, and in the unity of purpose that binds us as a team. May his legacy forever remain a beacon of inspiration, reminding us that with determination, vision, and passion, we can achieve greatness. We carry his memory in our hearts as we honor his contributions to our company and our lives.

*In a world that seeks the short cut,  
he advocated integrity and perseverance.  
In a world that champions aggressive growth,  
he recommended a blend of speed and caution.  
In a world that trusts safety and convention,  
he inspired us to think different and embrace change.*

### Redefining Value

#### A Journey of Threading Excellence

Amidst the dynamic tapestry of India's textile industry, where competition is relentless and consumer expectations ever evolving, our voyage to redefine value stands as a beacon. This narrative encapsulates our transformative journey - an odyssey marked by innovation, strategic realignment, and an unwavering commitment to unwrapping the highest levels of excellence. As we chart uncharted waters, innovation becomes our guiding light, promoting pioneering products and strategies that challenge the norm and elevate our industry stance.

Through strategic evolution, we carve a distinct identity, embracing diversification and intensified customer engagement. Operational finesse ensures flawless execution, while our customer-centric approach weaves purpose into our endeavours. Sustainability and ethical responsibility shape our narrative, stitching a fabric of responsibility for the industry's future. As our voyage progresses, tangible successes unfold - market expansion, revenue augmentation, and industry acclaim - all testament to our dedication to redefine value.

### Performance highlights

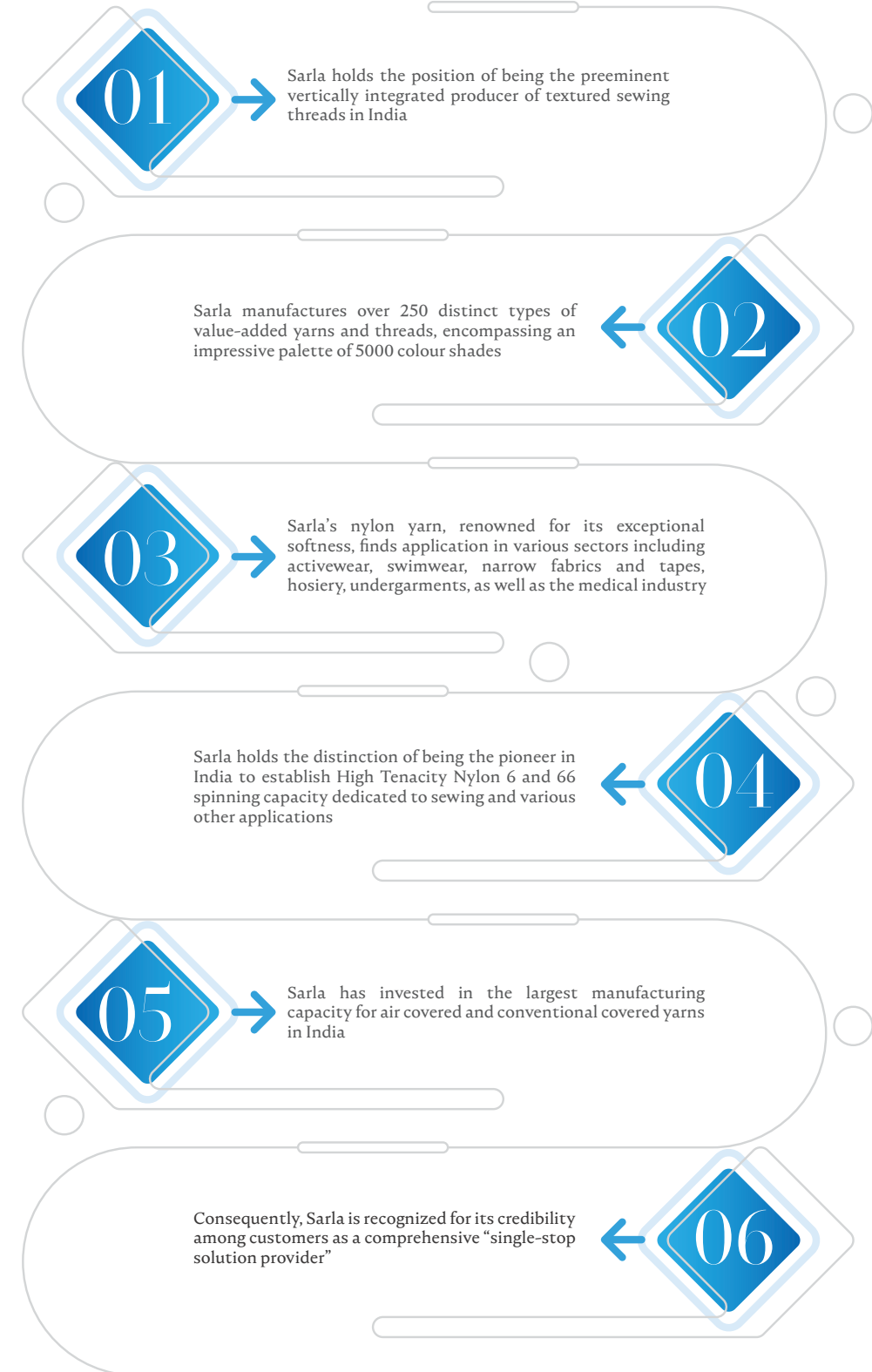
Revenue from operations - ₹38,740.0 lakhs

EBITDA - ₹6,670.6 lakhs

PAT - ₹2,138.2 lakhs

EPS - ₹3.45 per share

## Distinguishing Ourselves through Unparalleled Innovation Commitment



### Fostering Comprehensive Value Creation Across the Organization

At Sarla, we create value using a well-rounded approach that includes strong efforts to transform our business. We're firmly dedicated to achieving excellence in everything we do. Our strong commitment to steering our entire business is clear from our proactive drive for innovation and our smooth adoption of new technologies. A core part of our mission is to offer complete solutions to our valued clients.



### Our Mission: Providing Tailored Solutions and Unique Products with Client-Centric Focus

At Sarla, our mission is to uphold the essence of purity in all that we do. With unwavering dedication, we strive to deliver the finest 100% Nylon and Polyester filament yarns and threads, empowered by cutting-edge technologies and a spirit of collaboration. Our operations are grounded in a deeply embedded culture of quality and authenticity, reflecting our commitment to excellence at every step. Through consistent communication and a distinctive brand identity, we aim to stand apart as a beacon of integrity and innovation in the industry.



### Our Vision: Embarking on Excellence:

Our vision at Sarla is to be the beacon of purity and excellence in the global textile industry. We aspire to set new benchmarks by continuously pushing the boundaries of innovation, creating yarns and threads that not only meet but surpass customer expectations. We envision a future where our commitment to quality, ethical practices, and collaborative spirit propels us to be the preferred growth partner for businesses seeking exceptional textile solutions. By upholding our values, we strive to inspire trust, foster growth, and redefine industry standards



## Embracing Our Core Competencies for Unrivalled Impact

### Marketing Excellence

- Developing and executing effective marketing strategies.
- Building brand awareness and customer engagement.
- Creating targeted campaigns to reach niche markets.

### Product Customisation Mastery

- Tailoring products to meet individual customer needs.
- Adapting offerings to match unique preferences.
- Delivering personalised solutions that add value.

### Relationship Building Proficiency

- Nurturing strong and lasting customer relationships.
- Enhancing customer satisfaction through personalized interactions.
- Establishing trust and loyalty for repeat business.

### Operational Efficiency

- Optimising resource allocation and utilization.
- Streamlining processes to reduce waste and costs.
- Ensuring smooth operations with minimal disruptions.

### Strategic Agility

- Adapting to changing market dynamics and trends.
- Identifying new opportunities and adjusting strategies accordingly.
- Swiftly responding to competitive challenges and industry shifts.

### Innovation and Creativity

- Continuously developing novel solutions and ideas.
- Fostering a culture of innovation within the organization.
- Introducing unique products, services, and approaches.

### Financial Acumen

- Managing finances with a focus on profitability and growth.
- Making informed financial decisions to maximize returns.
- Achieving strong financial performance and stability.

### Market Insight and Analysis

- Understanding market trends, customer behaviours, and preferences.
- Conducting thorough market research to make informed decisions.
- Using data driven insights to anticipate market changes.

### Team Collaboration

- Fostering a collaborative work environment.
- Leveraging diverse skills and talents for collective success.
- Encouraging open communication and knowledge sharing.

## Chairman's Speech

With immense pleasure I present to you our Company's 30<sup>th</sup> Annual report. This report encapsulates the performance of our Company throughout the fiscal year 2022-2023. A year that brought both challenges and opportunities, and a year that truly tested our resilience and determination.

In a dynamic and ever-evolving business landscape, we navigated through various challenges that impacted our industry. From geopolitical tensions to rising energy costs, inflationary pressures, and disruptions in global supply chains, we encountered numerous obstacles. Despite these hurdles, I am proud to announce that our company emerged stronger and more resilient. The past fiscal year demanded solid commitment and a steadfast approach. Our team exhibited unparalleled dedication, enabling us not only to weather the storm but also to thrive amidst challenges.

When evaluating the performance of fiscal year 2022-2023, it is crucial to consider it in the context of the preceding fiscal year, 2021-2022. The latter period witnessed substantial revenue growth due to unique circumstances following the aftermath of COVID-19 restrictions. This growth resulted from increased sales volume due to pent up demand from the market and precautionary stockpiling by buyers. The subsequent stabilisation coupled with escalating energy costs in the global market, notably in Europe, led to a slowdown in sales and destocking of inventory in the global textile market.

In this fiscal year, our Company experienced a 10% decrease in revenue, totalling INR 387 Crore, owing to lower realisation on the back of correction in key raw material prices. The EBITDA margin also contracted from 21% to 17%, mainly due to high-cost inventory affecting our profitability. Despite the aforementioned challenges, it's noteworthy that our company managed to deliver industry leading margins. Our company remains committed to deliver operating margins exceeding 20%, driven by higher share of value added products, which currently stands at 50%. Our financial resilience is evident in our prudent approach to capital allocation. In the past year, our

debt-to-equity ratio decreased to 0.24 from 0.31 in FY21-22. As a net cash company, we are dedicated to achieving the status of a gross debt-free entity in the years to come. Moreover, our Company has achieved a remarkable feat by maintaining a 100% customer retention rate, and even successfully acquiring new customers throughout the year. This impressive accomplishment can be largely attributed to our company's strong dedication to a customer-centric philosophy, which has enabled us to build strong relationships and ensure satisfaction among our clientele.

Our Company executed its expansion strategy within the existing facility, enhancing high tenancy yarn capacity. Noteworthy advancements include increasing Nylon 66 capacity from 1 TPD to 3 TPD and Nylon 6 capacity from 3 TPD to 8 TPD. A total of INR 57 Crore was strategically invested in capacity expansion and plant modernisation. These strategic investments in high-demand product categories are anticipated to increase sales volumes, realisations, and margins, consequently driving revenue to surpass INR 600 Crore in peak utilisation. These product categories, in high demand and requiring reliable supply chains, feature our Company as a trusted brand in this field. We anticipate minimal or negligible gestation period between the commissioning of these expanded capacities and their attainment of rated capacity utilisation. Notably, the funding for these strategic investments will be derived from internal accruals. We anticipate this approach will facilitate favorable margins, thereby rendering the investment proposition quite appealing. This cyclical process is envisioned to establish a sustainable and perpetuating cycle of value generation for our Company.

Our outlook for the future is characterised by a strong sense of optimism, bolstered by the ongoing encouraging trends in our product inquiries. Even though buyers preferred purchasing product volumes in line with demand quantities rather than stockpiling, our Company has seen continued interest in its products throughout the year. The support from our customers has boosted our confidence, especially as we look ahead to a strong recovery



in the latter part of FY24. It's worth noting that both our domestic and export markets are experiencing favorable traction, indicating a rising demand for our products. We are also committed to enhancing our brand visibility through active participation in various events and exhibitions. These efforts aim to increase awareness and recognition of our products in the broader market. A significant focus is on the changing trends in the Indian market. We have strategically realigned our focus to adapt to these shifts, which is expected to open up substantial growth opportunities within the domestic market. This strategic shift is poised to act as a catalyst for our overall growth trajectory. As we look forward, optimism courses through our veins. The challenges we have overcome have not only fortified us but also illuminated the path forward. Our commitment to excellence, combined with our ability to adapt swiftly, will continue to be our guiding stars. Our focus remains firmly fixed on seizing emerging opportunities, harnessing technological advancements, and aligning with sustainable practices.

I would like to extend my heartfelt gratitude to our stakeholders i.e. our valued investors, loyal customers, dedicated employees, and supportive partners. Your consistent trust in our vision and mission has been the cornerstone of our achievements. This journey wouldn't have been possible without your continuous support. Thank you for being an integral part of our success. I eagerly anticipate another year of collaboration, growth, and accomplishments together.

- KRISHNA JHUNJHWALA  
Chairman & Managing Director



## COMPANY AT A GLANCE



An ISO 9001:2015 certified company, Sarla Performance Fibers Limited stands as a pinnacle in the textile domain. Being a dedicated 100% export-oriented unit, we specialise in the production and global export of polyester and nylon textured, twisted, and dyed yarns, along with covered yarns, high tenacity yarns, and sewing thread. Our inception as a manufacturer of basic yarns has evolved into a strategic shift, establishing us as a supplier of intricate, high-value yarns. Our forte lies in tailoring products to meet each customer's unique requirements, epitomizing customization at its finest.

**Promoter**

Founded on the ethos of a closely-knit family-run enterprise, our operations are infused with a professional outlook across all business facets. This ethos is further bolstered by our enduring market presence and the profound expertise of our promoters. Sarla not only embodies credibility and sustainability but also thrives in the realm of continuous growth. At Present, Mr. Krishna Jhunjhunwala is holding the position of Chairman and Managing Director.

**Manufacturing Facilities and Process**

Benefitting from our cutting-edge infrastructure, we possess the capability to fulfil tailored orders spanning from hundreds to thousands of kilograms. Operating our corporate headquarters from Mumbai, India's commercial hub, our manufacturing prowess thrives at strategically situated facilities in Silvassa, Dadra, and Vapi - situated approximately 160 km north of Mumbai. Silvassa houses our prime manufacturing units, positioned in close proximity, with a supplementary unit in Dadra, just 10 km away. These vertically integrated facilities span the spectrum from spinning to advanced technology for high bulk high stretch polyester and nylon muffs and hanks. Our in-house bonding and kingspool winding amplify our prowess, yielding an impressive array of over 250 distinct value-added yarns and threads - tailored to niche and individual customer needs.

Today, Sarla boasts India's most extensive capacity in air covering, single and double conventional covering. Our revamped dyeing

facilities in Vapi, within the Gujrat Industrial Development Corporation, are armed with state-of-the-art technology capable of dyeing any fiber, from stretch nylon to textured sewing thread and high tenacity yarns. Boasting a Colour Bank comprising over 5000 shades, our laboratory conjures an average of 8 new colours daily. Digital colour matching, guided by certified technicians, ensures precise shade replication.

Our automated dyeing vessels and systems, accommodating batch sizes of 1 kg to 500 kgs, guarantee consistent execution, promising the perfect shade in every order. Each of our facilities bears ISO 9001:2015 certification, underlining our meticulous management standards. At Sarla, we uphold a creed of constant innovation and technological advancement. With an average machine age under 5 years, one of the industry's shortest, we deliver quality products at competitive prices - a testament to our commitment to excellence.

**Product Portfolio**

**Yarn products:** Continuous filament yarns, high tenacity yarns and threads, dyed yarns covered spandex and lycra yarns

**Threads:** Applications in automobiles, premium footwear, high-end apparel, and embroidery

**Applications:** Narrow fabrics, hosiery applications, medical bandages, knitted and denim fabrics, leather goods, soft luggage, automotive seat belts and trims, mops, towels, shoe uppers, automotive air bags, and upholstery, among other products.

**Global Presence**

The Company's main office is situated in Mumbai, India. Its manufacturing plants are positioned in Silvassa, Dadra, and Vapi, approximately 160 kms away from the headquarters. Additionally, the Company has a step-down subsidiary named Sarla Europe, LDA, based in Portugal, which serves the European and South American markets.

Throughout our journey, Sarla has expanded its footprint through enhancing existing facilities in India and venturing into new overseas installations. This expansionary drive serves our core aim - to be close to our customers, ensuring swift and efficient service delivery. Our global presence spans across key international destinations, bolstered by a robust clientele hailing from major countries worldwide.

**Credentials**

The Company holds a reputable position as a global brand, and its processes and discipline are aligned and measured against the following standards.



## Awards and accolades

2018

**Business Excellence Award**

SPFL won the award in the Textiles & Garments - Mid Corporate Sector

2015

**Business Excellence Award**

SPFL won the award in the Textiles & Garments- Mid Corporate Sector for 2015 at the Dun & Bradstreet (D&B) SME Excellence Awards in New Delhi

2015

**Best Export Oriented Unit**

(SSI Category - Textile & Textile Product) by Export Promotion Council for EOU & SEZ Units.

2014

**Best Global Business Award**

Sarla was felicitated as the Best Global Business 2014 at the SME Business Excellence Awards in New Delhi.

2012

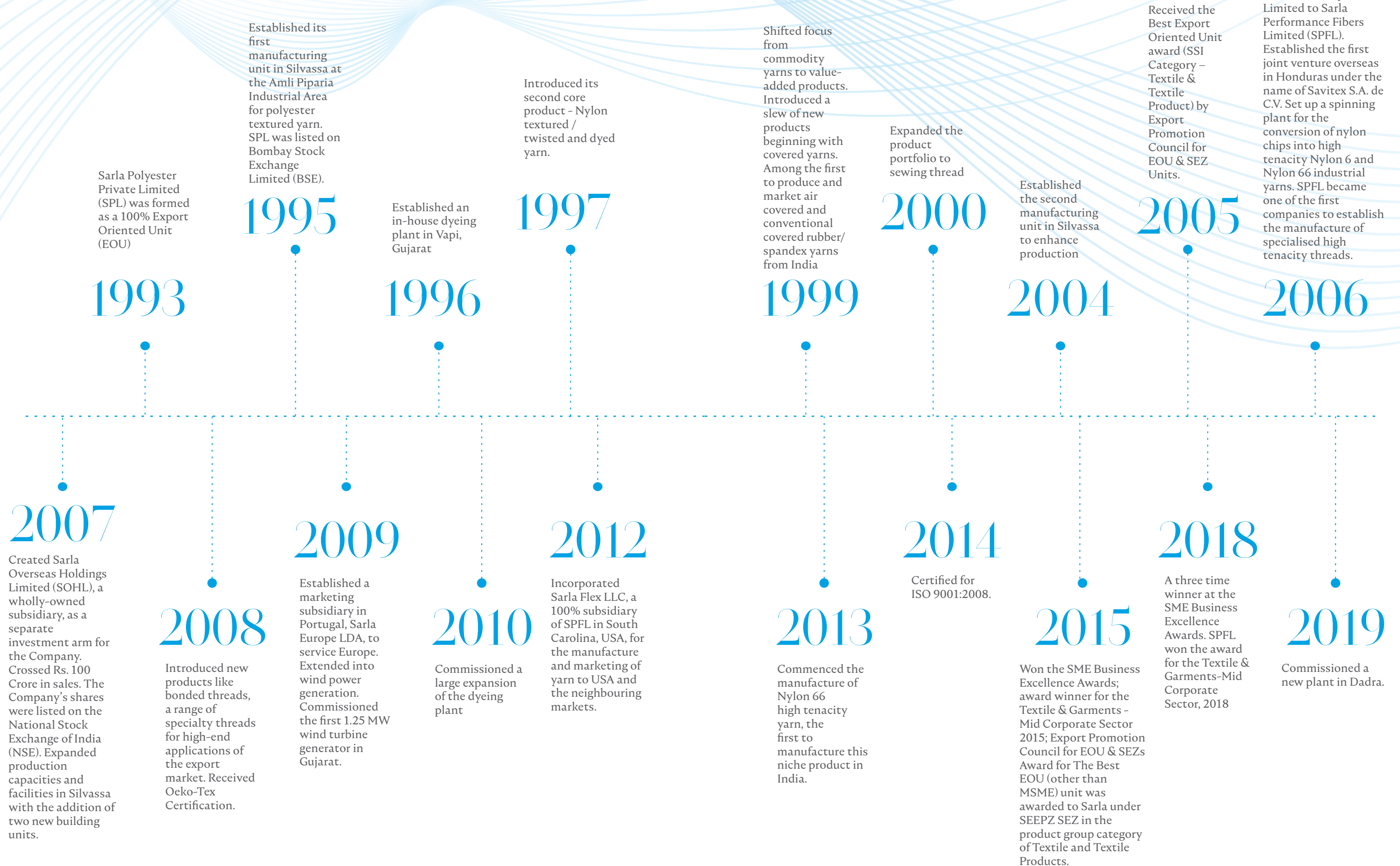
**Best Export Oriented Unit**

(SSI Category - Textile & Textile Product) by Export Promotion Council for EOU & SEZ units.



## OUR JOURNEY OF TRANSFORMATION

## AND EXCELLENCE





# Geographical Footprint

**SARLA  
A RELIABLE  
BRAND  
ESTABLISHED  
IN OVER 60  
NATIONS**

The Company is a reputable provider of yarns to some of the world's most renowned brands, whether through direct transactions or indirectly. In the fiscal year 2022-23, approximately 65% of the Company's revenue originated from clients with a history of five or more years.

The Company predominantly promotes its yarns directly and also employs trade intermediaries.

The Sarla brand is highly regarded for its reliability, consistent results, and an excellent balance of price and value.



📍 Represents customers



**Revenues by geography**  
FY 2021-22  
48.27% Domestic  
51.73% International



**Revenues by geography**  
FY 2022-23  
47.38% Domestic  
51.62% International

The Colourful Threads of Our Yarn

Intertwine with and Touch Everyone's Life



With towel in hand, your face you dry,  
A snug brief snugly finds its place,  
An alluring T-shirt, colors interlace,  
Socks embrace warmth, under sky's high.

Gloves guard against the cold's harsh sting  
In athleisure's grace, freedom's wing  
Shoes adorned, adventures unfold  
In the car's embrace, adventure's fling.  
Seat belt's embrace, safety's strong tether  
On mattress soft, dreams dance together  
Beneath quilt's cocoon, you gently weather  
A face mask shields, pandemic's feather

Bandage wraps, a healing grace,  
From medical touch to warm embrace.  
And as you mop, each floor's new face.  
Life's tapestry woven, in every space





## Sarla's Comprehensive Product Line Offers One Stop Solutions. The Company's Assortment of Specialized Yarns Caters to a Wide Range of Complex and Stringent Applications.

### NYLON



- ✓ Solution dyed nylons
- ✓ Hank dyed nylon
- ✓ Fine deniers
- ✓ Vertically integrated
- ✓ Micro-filaments
- ✓ Recycled
- ✓ SPFL's hank dyed nylon is known for its unique stretch
- ✓ SPFL-dyed textured nylon has a higher crimp rigidity
- ✓ Yarn stretch properties endure across garment life
- ✓ Custom dye matching for providing the exact colour requirement
- ✓ Superior colour retention
- ✓ Oeko-Tex-certified 100 for baby wear
- ✓ Resistant to commercial laundering
- ✓ High resistance to ultra-violet light
- ✓ Superior abrasive properties for knitted and fabric products
- ✓ Available in a ready-to-dye form

#### Characteristics

Sarla's nylon yarn is respected for its softness and used in downstream skin-touching products where this feature is a necessity. The Company's solution dyed nylons and hank dyed nylon are popular and respected the world over.

#### Applications

Our textured nylon is an integral part of attractive active wear, swim wear, narrow fabrics & tapes, hosiery, undergarments, furniture upholstery and automotive upholstery. We don't just make products more colourful; we also make them more enduring.

- ✓ Available in a ready-to-dye form for the customer's dye house
- ✓ Custom dye-matching; provides precise colour requirements
- ✓ Superior bulk properties
- ✓ Low shrinkage
- ✓ Counter-abrasive properties, extending fabric life
- ✓ Oeko-Tex certified 100 CLASS 1 for baby wear
- ✓ High colour fastness; resistance to extensive washing
- ✓ Superior yarn evenness for weaving and knitting applications

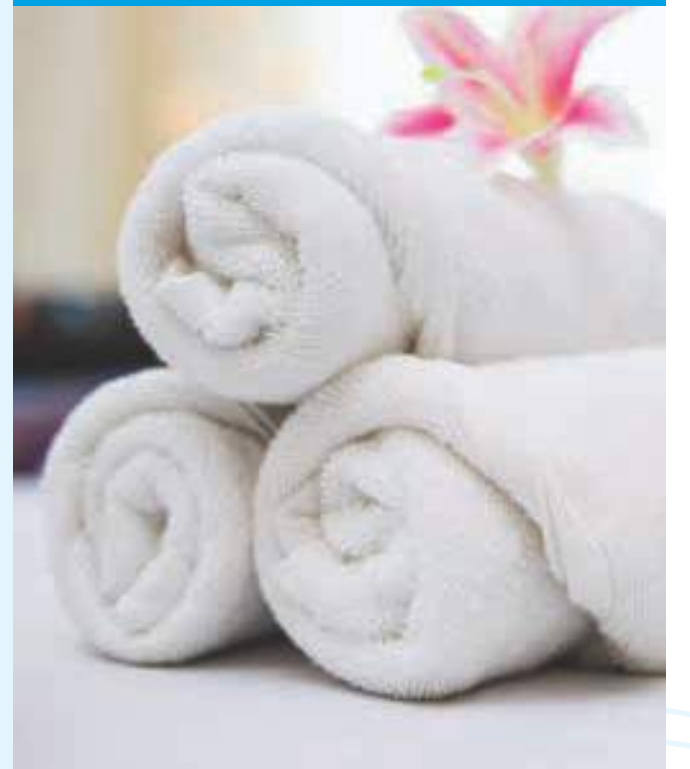
#### Characteristics

Sarla produces more than 250 varieties of valueadded yarns and threads.

#### Applications

The value of our product is most visible in the colour, strength and durability of sewing threads furniture upholstery, automotive upholstery, narrow fabrics cum tapes, as well as circular and flat knitted products. The result is positive feedback from the customers of our consumers, making us a go-to brand.

### TEXTURED POLYESTER



### TEXTURED SEWING THREAD



- ✓ Provide sewing thread on finished cones
- ✓ Provide excellent seam cover and softness
- ✓ Ensure good seam strength and seam security
- ✓ Custom dye matching for precise colour matching
- ✓ Excellent colour fastness withstanding extensive washes
- ✓ Resistance to bleach/solvents and chemicals
- ✓ Low shrinkage; no seam distortion after washing and drying

#### Characteristics

Sarla is the most vertically integrated textured sewing thread manufacturer in India. Sarla's speciality sewing thread portfolio comprises popular and fast moving products like embroidery thread, mattress thread, bonded thread and denim thread. Textured polyester sewing thread on dye tubes is Sarla's strongest product in terms of volume sold and value. Sarla comprises more than 60 different developed dye tube moulds, empowering the Company to service the needs of any global dye house.

#### Applications

Our sewing thread caters to visible applications comprising apparel, swim wear, lingerie, fleece goods, towels cum washcloths, tablecloths cum placemats, sheets and pillowcases. The result is that the visibility, attractiveness and durability of these products is derived from the competence of our yarn.



- ✓ excellent bulk
- ✓ Custom dye matching, providing the precise colour requirement
- ✓ Good colour retention
- ✓ Oeko-Tex certified 100 for baby wear
- ✓ Endures commercial laundering
- ✓ Excellent abrasive properties for knitted and fabric products
- ✓ Products maximise stretch and recovery

#### Characteristics

Our unique products possess the softness and feel of nylon, unlike what most competitors can deliver

#### Applications

Bulklon (high bulk textured polyester), a potential substitute for nylon, is used in narrow fabrics and hosiery applications, enhancing customer and consumer delight.

## HIGH BULK HIGH STRETCH POLYESTER



- ✓ Nylon or polyester yarns covered with lycra, spandex or rubber available in air covered, single covered, double covered and dyed in any colour
- ✓ Provides product stretch and elasticity as per end use requirements
- ✓ Yarn stretch properties retained across garment life
- ✓ Withstands commercial laundering
- ✓ High colour retention
- ✓ Custom dye matching; addresses precise colour requirements

#### Characteristics

Sarla has invested in the largest manufacturing capacity for air covered and conventional covered yarns in India

#### Applications

Our products go into the manufacture of a range of everyday use products: narrow tapes, hosiery, lingerie, seamless knit wear, medical bandages, knitted and denim fabrics – products where attractiveness needs to be blended with durability and functional ease.

## COVERED YARNS



## HIGH TENACITY YARNS



- ✓ Polyester HT twisted yarns
- ✓ Nylon 6 flat & twisted yarns
- ✓ Nylon 6.6 flat & twisted yarns
- ✓ Special lubrication to ensure smooth sewing on high speed machines
- ✓ Bonding technology to deliver superior abrasion resistance bonded thread
- ✓ Unique bond to prevent filamentation and ply separation during fast sewing operations
- ✓ Ability to deliver exceedingly strong seams
- ✓ Good resistance to high heat
- ✓ Good resistance to acids and alkalis

#### Characteristics

First company in India to set up HT nylon 6 and 6.6 (flat and twisted yarns) spinning for sewing and other applications. These products are prominent and enjoy robust demand for their attributes.

#### Applications

Our high tenacity yarns are integral to the everyday lives of people. They are found in automotive seat belts and trims, automotive air bags, upholstery, dress, casual & athletic footwear, leather goods, soft luggage and saddlery.

## DID YOU KNOW?

Based on our experience and conversations with customers in the last many years, customers the world over seek to source yarn from Sarla year after year for the following reasons. One, Sarla is a specialist that does not just focus on selling yarn; it focuses on advising customers on what yarn application would be best placed to take their business ahead. Two, Sarla is not focused on marketing what it has in stock; it is focused on marketing and customising yarns in line with what customers need. Three, does not merely manufacture; it delivers in time to match the inventory needs of its customers. The bottomline: Sarla does not manufacture and market; the Company delivers an end-to-end solution that starts from product design and ends at timely product delivery.





# Our Clientele

## Nurturing Cherished Brands: The Inseparable Bond with Our Valued Customers



### Nike

Nike is a global iconic sportswear brand comprising the Nike, Jordan and Converse brands steered by a shared purpose to leave an everlasting impression

### PRADA

#### Prada

Prada designs, manufactures and distributes ready-to-wear collections, leather goods and footwear in more than 70 countries

### amanté

#### Amante Lingerie

The driving force behind the creation of fashionable, yet functional, lingerie crafted around a woman's needs. Amante is available in over 2,500+ outlets across India.



### Adidas

Adidas is the largest sportswear manufacturer in Europe and second only to Nike worldwide.



### JW Marriott

JW Marriott has evolved to own a desirable opportunity in the growing luxury tier within Marriott International's vast lodging portfolio.

### GOLDTOE

#### Gold Toe

The Company's products include socks and support socks for men, women and kids.



### Fruit of the Loom

Fruit of the Loom is a leader in family apparel and sporting goods, ranging from lingerie, sports equipment and athletic wear.



### Disney

American iconic multinational mass media and entertainment conglomerate headquartered at the Walt Disney Studios complex in California.

### Calvin Klein

#### Calvin Klein

Calvin Klein in New York, USA, is a global lifestyle brand that exemplifies bold, progressive ideals and a seductive aesthetic and innovative designs.



### Walmart

Walmart is the world's largest physical retailer whose size is larger than the GDP of a number of countries combined.



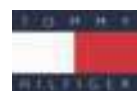
### Decathlon

Decathlon from France is a family-owned company, founded around the belief that the best sports products should be accessible to everyone.



### MAS Fabrics

MAS Fabrics is engaged in the manufacture of fabrics in Sri Lanka and belongs to a prominent group engaged in the commissioning of fabric parks.



### Tommy Hilfiger

Tommy Hilfiger is a global apparel and retail company with a distribution network in over 100 countries and more than 2,000 retail stores throughout North America, Europe, Latin America and the Asia-Pacific region.



### Warner Brothers

The Company is known for its film studio division the Warner Bros. Pictures Group, which includes Warner Bros, Pictures, New Line Cinema, the Warner Animation Group, Castle Rock Entertainment and DC Films.



### Target

Target is a general commodity retailer with stores in all 50 U.S. states and the district of Columbia. Target Corp. has evolved from a pure brick-&-mortar retailer to a multichannel entity.



### Hanes

Hanes has built a strong reputation for T-shirts, socks, women's innerwear, shapewear, men's innerwear, children's innerwear, socks, hosiery and activewear produced in the Company's low-cost global supply chain.



*Disclaimer. The list comprises Sarla's direct and indirect customers. The information has been extracted from their respective websites.*

## THE FINANCIAL HEALTH OF OUR BUSINESS

## REVENUES (RS. CRORE)

Financial Year 2019	Financial Year 2020	Financial Year 2021	Financial Year 2022	Financial Year 2023
324	311	258	431	387

## EBITDA (RS. CRORE)

Financial Year 2019	Financial Year 2020	Financial Year 2021	Financial Year 2022	Financial Year 2023
69	67	73	95	67

## NET PROFIT (RS. CRORE)

Financial Year 2019	Financial Year 2020	Financial Year 2021	Financial Year 2022	Financial Year 2023
26	29	27	46	21

## EBITDA MARGIN (%)

Financial Year 2019	Financial Year 2020	Financial Year 2021	Financial Year 2022	Financial Year 2023
20	21	26	21	17

## EPS

Financial Year 2019	Financial Year 2020	Financial Year 2021	Financial Year 2022	Financial Year 2023
3.04	3.52	3.14	5.54	2.56

## NET WORTH (RS. CRORE)

Financial Year 2019	Financial Year 2020	Financial Year 2021	Financial Year 2022	Financial Year 2023
292	318	342	389	395

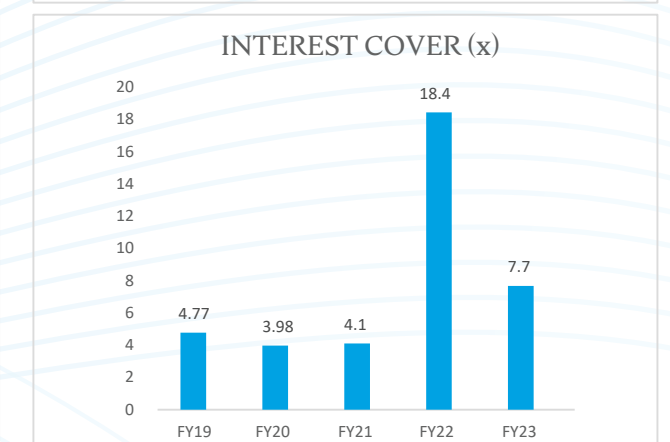
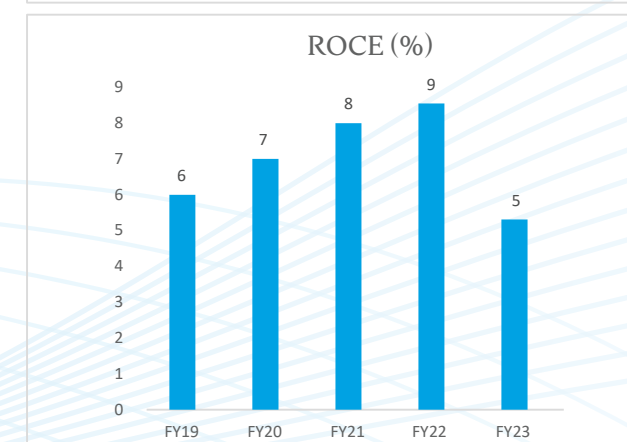
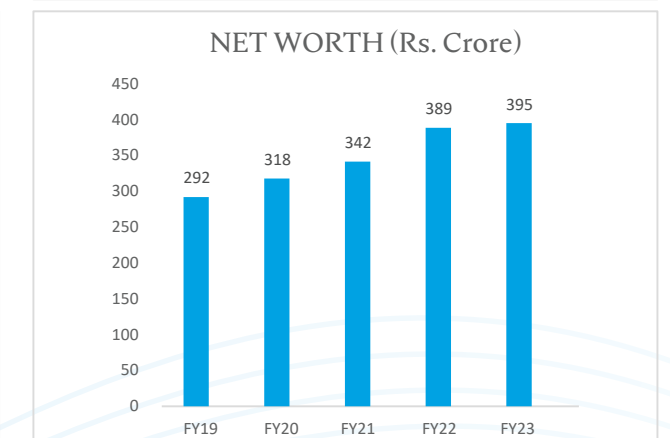
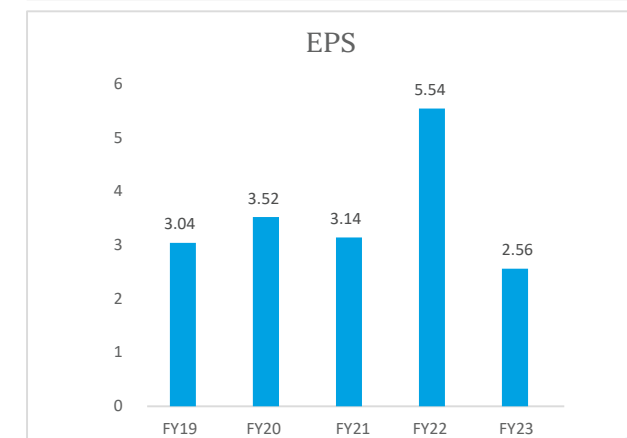
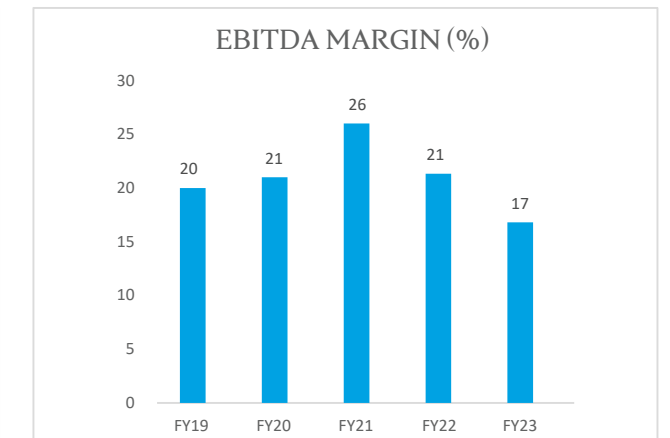
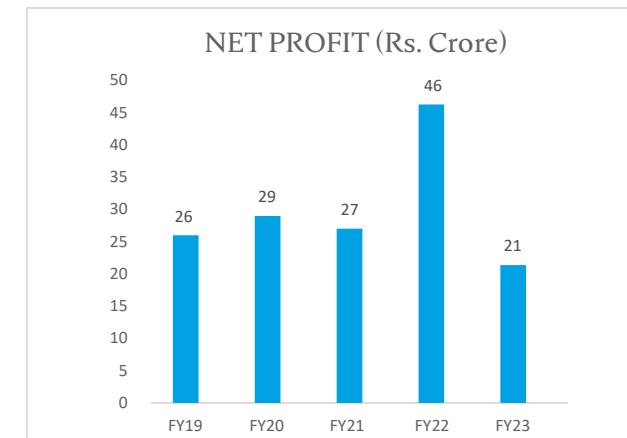
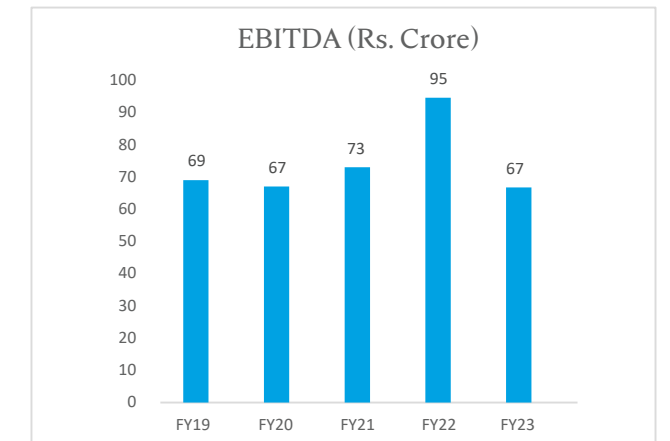
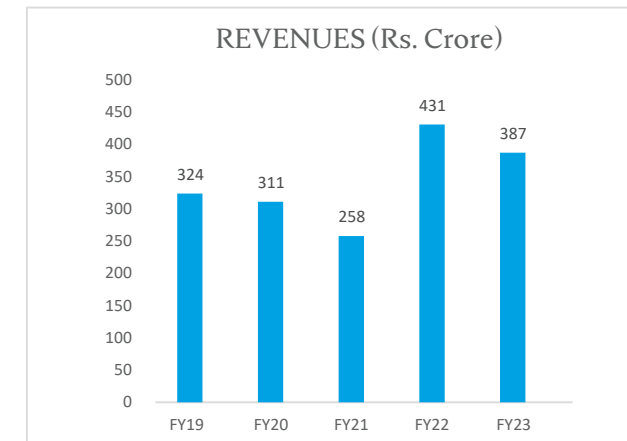
## ROCE (%)

Financial Year 2019	Financial Year 2020	Financial Year 2021	Financial Year 2022	Financial Year 2023
6	7	8	9	5

## INTEREST COVER (x)

Financial Year 2019	Financial Year 2020	Financial Year 2021	Financial Year 2022	Financial Year 2023
4.77	3.98	4.1	18.4	7.7

## STORY IN CHARTS





# Sarla's Green Policy

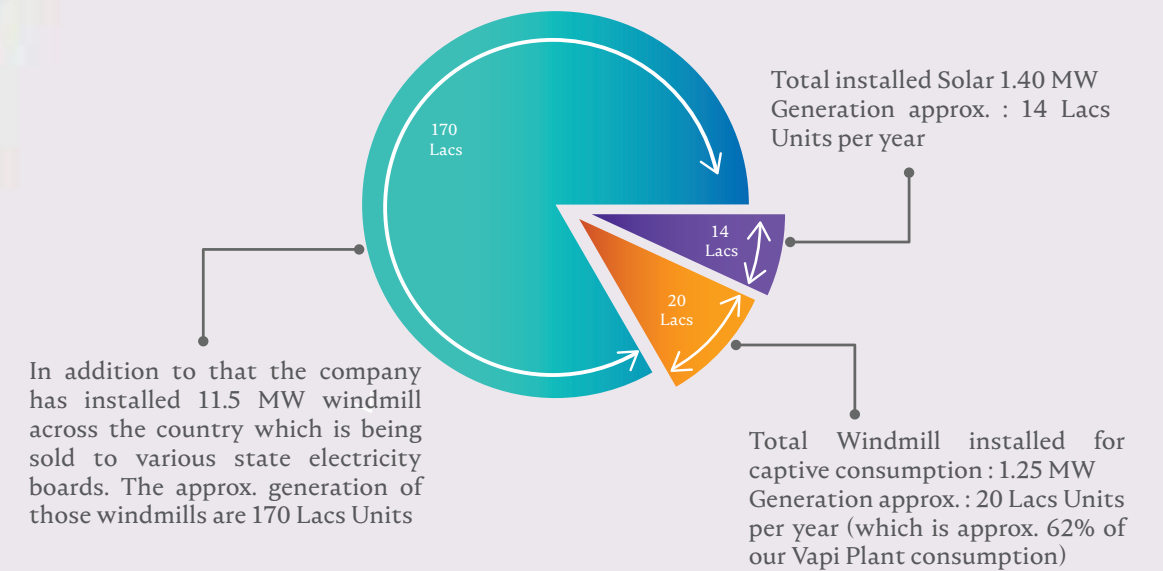
"SPFL will pursue knowledge, practices, and decisions encouraging environmentally friendly and ecologically responsible manufacturing operations which will help protect the environment and sustain its natural resources for current and future generations."

- **Krishna Jhunjhunwala,**  
Chairman and Managing Director



**SARLA** places a strong emphasis on its green policy by investing significantly in windmill and solar plant technologies. These renewable energy initiatives align with the company's commitment to sustainable practices. The establishment of windmill plants allow the company to generate clean electricity using natural resources, reducing both carbon emissions and reliance on non-renewable energy sources. Similarly, the incorporation of solar plants harnesses the power of the sun, showcasing the company's dedication to minimising its environmental impact. These initiatives not only contribute to a greener planet but also set a positive example for the industry, highlighting the compatibility of business growth with environmental responsibility.

The company has taken significant strides in its commitment to green energy solutions, evident through its installed solar and windmill capacities. With a total installed solar capacity of 1.40 MW, the company is able to generate approximately 14 Lacs Units of clean electricity per year. Complementing this, the incorporation of windmill technology further enhances its sustainable energy efforts. The company has harnessed wind energy with a total installed capacity of 1.25 MW, yielding an approximate annual generation of 20 Lacs Units. Impressively, this wind energy output accounts for approximately 62% of the energy consumption at its Vapi Plant. Expanding its impact, the company has also contributed to the broader energy landscape with an additional 11.5 MW of windmill capacity across various locations in the country. This clean energy, amounting to an estimated generation of 170 Lacs Units, is supplied to various state electricity boards. Through these endeavours, the company not only ensures its own environmentally responsible operations but also plays a vital role in advancing clean energy availability for the nation.



# Our Key Values and Resources

## Financial Capital

✓ We seek financial resources through investments from various sources, including investors, promoters, banks, and financial institutions. These funds are acquired in the form of debt, net worth, or earnings by Sarla. As of March 31, 2023, the Company had a total employed capital of Rs. 500.28 Crore.

## Manufactured Capital

✓ Our manufactured capital consists of our manufacturing infrastructure, technologies, and equipment. The efficient transfer of raw materials and finished goods is a crucial part of our manufacturing capabilities. The Company reported a gross block of Rs. 431.37 Crore on its balance sheet as of March 31, 2023.

## Human Capital

✓ Our workforce includes management, employees, and contract workers who collectively bring valuable experience and expertise. As of March 31, 2023, the Company's total workforce, including contractual staff, numbered 1,162.

## Natural Capital

✓ Our production process indirectly consumes raw materials sourced from nature, such as crude oil, which is transformed into naphtha and then polyester. This process has a moderate impact on the natural environment. Additionally, 70% of our energy is derived from non-renewable sources linked to coal.

## Intellectual Capital

✓ With 28 years of business experience, serving 298 customers across 60 countries by March 31, 2023, we have amassed proprietary knowledge that contributes to our operational excellence and competitive edge.

## Social and Relationship Capital

✓ Our responsible corporate citizenship is defined by our relationships with communities and partners, including vendors, suppliers, and customers. As of March 31, 2023, the Company had 18 equipment vendors, 93 raw material suppliers, and approximately 283 customers.

## Defining Value at Sarla: Our Approach to Measuring and Delivering Excellence:

We firmly hold the conviction that within the organisational framework, true value is generated through a concerted endeavour to cater to the diverse needs of all stakeholders. This principle is in line with our fundamental belief that the essence of business value can only be authentically manifested by creating value across the spectrum of stakeholders involved.

**The Employees** are meticulously nurtured to evolve into domain experts, thereby propelling both their professional advancement and our growth fuelled by knowledge capitalisation.

**The Vendor** collaborations provide insights into our dynamic product landscape and evolving process requisites. This vantage point empowers them to tailor bespoke raw materials and manufacturing apparatus that impeccably align with our unique demands.

**The Customers** who partner with us savour tailor-made solutions, transcending conventional product dissemination. This strategic approach invariably heightens the competitive edge of their downstream offerings.

**The Shareholders** reap dividends and potential capital appreciation, nurtured by an enriched understanding of our elaborate operations.

**The Government** entities derive multiple benefits including rising employment opportunities, regulatory adherence, and substantial tax contributions, fostering a symbiotic relationship.

Our commitment to stakeholders and our broader societal footprint stands as a testament to this holistic prosperity.

### Employee value

Year	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Salaries and wages (Rs. Crore)	12	17	17	17
Talent retention %	80	80	80	71

### Customer value

Year	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Unique customers	235	259	273	283
% of revenues from customers of five years or more	63	65	71	71
Export as a % of overall revenues	62	64	51	52





## MANAGEMENT DISCUSSION AND ANALYSIS

### Global economy: Current Scenario

In 2022, the global economy, advancing toward the 2030 SDGs, faced severe shocks intensified by COVID-19. The Ukraine conflict exacerbated the crisis, disrupting food and energy markets, escalating food insecurity. High inflation eroded real incomes, spiking living costs. Persistent climate emergencies caused widespread economic losses and humanitarian crises due to extreme weather events. In 2023, the global economy is cautiously rebounding from COVID-19 and Ukraine-related challenges. Positive signs include the pandemic's official end, restored supply chains, and resilient Q1 2023 economic activity, especially in labor markets. Lower energy and food prices post-conflict have eased global inflation. Swift containment of financial instability after March's banking turmoil is attributed to proactive US and Swiss interventions.

### Global economy: Near-term Outlook

Global economic growth is projected to decline from 3.5% in 2022 to 3.0% in 2023 and 2024, despite signs of recovery. This shift is attributed to factors in advanced economies, including weakened manufacturing and other variables, offsetting strong performance in the services sector. The growth rates for 2023-2024 are notably below the historical average of 3.8% from 2000 to 2019. However, emerging markets and developing economies are expected to maintain steady growth during this period.

### Indian Economy Overview

In FY23, despite global challenges such as geopolitical tensions, energy crises, and inflationary spikes, the Indian economy achieved sustainable growth and macroeconomic stability. It withstood triple shocks from the pandemic, the Russian-Ukraine conflict, and global policy rate hikes, showcasing exceptional resilience. India's current account deficit reduction marked a significant trade achievement, underscoring its economic strength.

Private consumption and capital formation were key drivers of India's

economic growth in FY23. The central government's capital expenditure surged by 63.4% in the initial eight months. Lower international commodity prices, proactive government policies, and strategic monetary tightening by the RBI contributed to controlling domestic inflation. The National Statistics Office estimated a 7% GDP growth rate for FY23, slightly lower than the previous year's 9.1% but outpacing other major economies. The IMF projects India as the fastest-growing economy in FY24. Despite global uncertainties, both the Economic Survey 2022-23 and the RBI forecast a 6.5% growth rate for India in FY24. This progress underlines India's economic potential and resilience.

### Outlook

In FY23, the Indian economy demonstrated remarkable resilience and successful policy implementation amid global challenges. Factors like private consumption, capital formation, and effective government interventions contributed to its strong performance. Despite uncertainties, the government's fiscal responsibility and targeted actions position India well for the coming year, with flexibility in policies to adapt to global trends.

The expected decline in inflation and increased public capital expenditure are anticipated to drive domestic growth. This aligns with the government's focus on infrastructure development, fostering job creation and economic activity. Moving into FY24, India anticipates accelerated growth propelled by robust credit allocation and increased capital investments. Strengthened balance sheets in both the corporate and banking sectors provide a solid base for this expansion.

The expansion of public digital platforms and transformative initiatives like PM GatiShakti, the National Logistics Policy, and Production-Linked Incentive schemes are set to revolutionize manufacturing, offering an extra boost to economic growth. As India looks ahead to FY24, strategic investments and forward-thinking initiatives have paved the way for

sustained growth, reshaping sectors and propelling the economy to new heights.

### Global Textile Market

The global textile market has demonstrated substantial growth, expanding from \$573.22 billion in 2022 to \$610.91 billion in 2023, with a 6.6% Compound Annual Growth Rate (CAGR). This expansion is projected to continue, reaching \$755.38 billion by 2027, with an anticipated CAGR of 5.5%. In 2022, Asia Pacific claimed the largest market share, followed by Western Europe.

Concurrently, the global fashion e-commerce market is experiencing significant growth, set to increase from \$744.4 billion in 2022 to \$821.19 billion in 2023, with a CAGR of 10.3%. This trend is expected to persist, with the market projected to reach \$1,222.32 billion in 2027, supported by a CAGR of 10.5%. The proliferation of internet and smartphone usage is driving this growth by facilitating fashion e-commerce expansion. Online platforms for textile-based goods are gaining traction, boosted by a rising demand for apparel across various age groups.

In 2022, global market demand dynamics, particularly in the United States and Europe, presented a complex scenario with both encouraging and challenging trends. Consumer deferment of non-essential purchases led to demand contraction. Factors like higher-than-target inflation, Russian-Ukraine conflicts, European energy crisis, and China's reopening influenced this cautious approach. As a result, global brands and retailers adopted careful strategies, preferring smaller purchases and procurement closer to secondary demand triggers.

### Outlook

The initial two quarters of the period also witnessed substantial inventory build-up within supply chains, primarily driven by key buyers who advanced their purchasing to pre-empt potential shipping delays. Towards the close of the fiscal year, there were signs of improvement, with export markets showing a slower-than-expected slowdown.

Furthermore, raw material prices have undergone a substantial correction from their peak levels. The macroeconomic environment in the US and European markets began to display some positive shifts in outlook, though an air of caution still prevailed. While the global textile market is expected to experience an improvement starting from the second half of 2023, it is likely to be marginal.

### The Indian textile and apparel industry

The textile and apparel sector in India holds a significant position in the country's economy, contributing 2.3% to the GDP and serving as the second-largest employer. With a strong influence, it makes up 14.0% of manufacturing output and 10.5% of export earnings. Globally, India ranks as the third-largest exporter of textiles and apparel, with a combined share of 11.4% of exports in 2020-21. The sector employs around 35 million people, showcasing its role as a livelihood provider. India's textile and apparel industry covers the entire value chain from fiber to clothing, encompassing diverse segments including handloom, handicrafts, and modern textile production. The organized sector employs capital-intensive technologies for large-scale production. India's apparel market ranks fourth globally, and it's projected to reach around 38.9 billion pieces by 2027.

The Indian textile and apparel market was valued at \$172.3 billion in 2022, benefiting from increased demand for premium-quality clothing and footwear. The government's support through production-linked incentive (PLI) schemes and access to various raw materials like cotton, wool, and silk are driving growth. Sustainability practices, such as adopting vegan materials, are gaining traction. E-commerce platforms are expanding distribution channels for premium fabrics and apparel, and the growing awareness of the environmental impact of fast fashion is driving demand for more durable products. The Indian textile and apparel market is projected to reach \$387.3 billion by 2028, with an impressive CAGR of 14.6% from 2023 to 2028, according to the IMARC Group's projections.

### Global Yarn, Fiber, and Thread market

The global yarn, fiber, and thread market is poised for growth, projected to increase from \$103.0 billion in 2022 to \$110.2 billion in 2023. This growth is driven by factors like emerging markets, urbanization, demand for man-made fibers, government initiatives, rising disposable incomes, and technological advancements. However, the Russia-Ukraine conflict has disrupted global economic recovery from COVID-19, causing economic sanctions, commodity price spikes, and supply chain disruptions, leading to inflationary pressures worldwide. Despite challenges, the market is anticipated to reach \$138.9 billion by 2027, with a 6.0% CAGR. Population growth, urbanization, e-commerce, sportswear demand, organized retail expansion, and social media influence will fuel this growth. However, constraints on free trade, competition, and cotton shortages could hinder progress.

Asia Pacific dominates the market, with a 71.5% share in 2020, while North America and other regions follow. South America and the Middle East are expected to experience the fastest growth, with impressive CAGRs of 20.7% and 18.4% respectively. Africa and Asia-Pacific also show promising growth with CAGRs of 14.2% and 13.5%. India plays a significant role in the global cotton yarn market, holding the second-largest yarn spinning capacity. The country's production of over 4,700 million kilograms of spun yarn includes more than 3,400 million kilograms of cotton yarn, constituting 73% of total yarn production.

### Indian yarn market

India's yarn industry is highly versatile and efficient, catering to a wide range of applications. The country produces various types of yarn, including combed, non-spun, carded, compact, fancy, and melange yarn. With more than 1,943 yarn spinning mills, India's production covers a broad spectrum, offering yarn counts from fine 200 to coarse 2, depending on the material.

Indian yarn spinners have embraced advanced technologies such as compact spinning and integrated

tools like splicers, auto-coners, and electric cleaners. This strategic adoption gives them a competitive edge, making Indian yarn popular in foreign markets. China is a primary importer of Indian yarn. Yarn pricing depends on key raw material costs like mono-ethylene glycol, fibers, and purified terephthalic acid, which significantly influence the final yarn price.

The Indian yarn industry has significant untapped potential. With proactive government support, including reduced import duties, central excise duty cuts, tax adjustments, and strategic investments, the industry is poised to lead the global market. This support positions India to become a major player in the international yarn market.

### Man Made Fiber (MMF) Overview and Outlook

The global textile sector is undergoing a significant transformation driven by changing fashion trends and limitations in natural fiber growth. As of 2022, the market for Man-Made Fibers (MMFs) was valued at approximately \$63.93 billion, with projections indicating potential growth to around \$93.03 billion by 2030. MMFs are categorized as synthetic and cellulosic fibers. Synthetic fibers are derived from crude oil, while cellulosic fibers originate from wood pulp. Currently, MMFs account for 75% of global fiber consumption, with a strong focus on polyester, a leading and expanding synthetic fiber. Nylon is also emerging as a contender due to its strength and flexibility.

The industry relies on MMFs due to their adaptability and performance characteristics. This expansion is driven by demand across sectors like automotive, construction, apparel, industry, and medicine. Technological advancements enhance MMFs' durability and versatility, making them applicable in various industries. Their usage is rising in textiles and apparel due to features like wrinkle resistance, colorfastness, durability, and easy maintenance.

### India Man Made Fiber Industry:

The Man-Made Fiber (MMF) sector in India is experiencing rapid growth,



positioning itself as the second-largest global producer of cellulose fiber/yarn and synthetic fiber. Polyester dominates with around 77.5%, while viscose makes up about 16.5%. This sector contributes 17% to India's textile exports, making India the sixth-largest MMF textiles exporter. The rise in MMF demand is driven by nonwovens, technical textiles, health consciousness, brand awareness, and fashion trends, especially in technical and medical textiles.

Government policies like the Production Linked Incentive (PLI) and the Remission of Duties and Taxes on Exported Products (RoDTEP) schemes are driving forces. 100% foreign direct investment (FDI) and Free Trade Agreements (FTAs) contribute to sustained growth. A significant sustainability trend is using recycled bottles in polyester production, addressing environmental concerns and meeting eco-friendly demand. With government support, strategic initiatives, and sustainability practices, India's MMF market is promising. Multifaceted growth drivers, responsiveness to trends, and sustainable innovations position the sector for positive and enduring growth.

#### Government Initiatives:

The Indian government's commitment to promoting and bolstering the growth of the textile industry in the country. The initiatives cover a wide range of areas, from trade agreements and foreign direct investment to incentives for manufacturing and exporting specific textile products, as well as schemes aimed at improving technical textiles, infrastructure, and energy efficiency. Here's a summary of the key points:

**Production-Linked Incentive (PLI) Program:** The government is providing incentives for the production and export of specific textile products made from synthetic fibers, with a dedicated fund of INR 10,683 crore (USD 1.44 billion) to enhance competitiveness and scale.

**Rebate of State and Central Taxes and Levies (RoSCTL):** The scheme offers rebates on Central and State taxes for exporters of garments and

made-up products, aiming to enhance the international competitiveness of the textile sector. It has been extended until March 31, 2024. **Free Trade Agreements:** India is actively engaged in bilateral trade negotiations with partner countries to improve export capacity, with tariff-free access to Japan and agreements with Australia. Negotiations for FTAs are ongoing with the EU, UK, Canada, Israel, and others.

**Foreign Direct Investment (FDI) Policy:** The liberalized FDI policy allows up to 100% FDI through the automatic route, resulting in significant investments of USD 1522.23 million between 2017 and 2022.

**Mega Integrated Textile Region and Apparel (MITRA) Parks Scheme:** The government is establishing Pradhan Mantri MITRA Parks to enhance global competitiveness, attract investments, and generate employment.

**Scheme for Integrated Textiles Parks (SITP):** This initiative is designed to facilitate the creation of state-of-the-art infrastructure facilities for the establishment of textile units.

**National Technical Textiles Mission:** A mission for four years (FY 2021 to FY 2024) focuses on integrating technical textiles across various sectors with an allocation of INR 14.8 billion.

**Textiles Technology Development Scheme (TTDS):** Planned to replace TUFES, this scheme aims to develop comprehensive manufacturing capabilities and advanced technology adoption with an investment of INR 16,635 crore over five years.

**SAATHI Initiative:** A collaborative effort with the Ministry of Power to provide energy-efficient equipment to power loom units, supported by a fund of INR 1,000 crore for technical textiles research and development.

**Budget Allocation:** The FY 2023-24 budget reflects a substantial increase in support for the textile industry, totaling INR 4,389.2 crore (USD 536.4 million), demonstrating a 22.6% rise from the previous year's budget.

### Core Competencies and Growth Strategies

#### Harnessing Robust Manufacturing Facilities and Advanced Capabilities:

Sarla operates advanced manufacturing facilities in Silvassa, Vapi, and Dadra, with a legacy spanning three decades. Their expertise in manufacturing various man-made yarns is evident in their diverse product portfolio. This includes polyester and nylon textured yarns, twisted yarns, dyed yarns, covered yarns, high-tenacity yarns, and specialized sewing threads for specific applications. Notably, Sarla is unique as one of the few companies producing pure nylon and the sole Indian manufacturer of Nylon 66. In the polyester market largely dominated by major corporations, Sarla stands out as a distinct organized entity with a robust customer base and vertically integrated nylon manufacturing. They focus on customization, processing orders from hundreds to thousands of kilograms. The company has invested around INR 100 crore over five years in modernizing equipment, resulting in a significant portion being new and supporting infrastructure improvements.

Implementing SAP has enhanced overall efficiency, offering meaningful insights from business data in a user-friendly format. Detailed information about machine breakdowns, spare parts, and replacements is captured, allowing for machine-level profitability evaluation. This strategic approach has led to minimized yarn breakage, increased machine speed, consistent quality, higher productivity, and improved uptime. Sarla's prudent expansion strategy aligns with substantial order book visibility, ensuring operational efficiency and strategic growth. Sarla's commitment to innovation, efficiency, and strategic growth underscores its position as a prominent player in the textile industry.

#### Driving Business Transformation by Expanding Share of Value-Added Products

Sarla's journey began in the commoditized yarn manufacturing

sector, primarily serving the clothing industry. However, the company strategically shifted its business focus over time towards producing value-added products. This transformation involves emphasizing high tenacity nylon and polyester yarns and other specialty yarns that cater to specific industries such as sportswear, military gear, and sewing threads. Around 50% of the product portfolio now consists of these value-added offerings, reflecting the company's commitment to meeting evolving industry needs with high-performance and durable yarn solutions.

In the current fiscal year, the company successfully launched operations for the production of high tenacity nylon (6 and 66) flat and twisted yarns. This strategic move is expected to shift revenue composition towards value-added products and enhance overall profit margins. While initial operational utilization is projected at ~50% for FY2024, the full impact is anticipated in FY2025. Increased capacities for nylon 66 and nylon 6 underscore the commitment to meeting growing demand for these products.

Currently, nylon yarn accounts for about 42% of the company's production volume. Projections indicate a potential increase to around 60% within a couple of years, leading to improved efficiency. Leveraging the company's strong brand reputation, Sarla anticipates a swift transition to full capacity utilization, contributing to increased sales volumes, higher realizations, and improved margins. Sarla's strategic shift towards value-added products positions it for growth, profitability, and continued success in catering to diverse industry demands.

#### Emergence of India as a New Market Fuels Geographical Diversification

A noticeable shift in sales trends has been observed in the Indian market, indicating the emergence of a new consumer segment characterized by an inclination towards enhanced lifestyles and a willingness to invest in higher quality products. This shift has led to substantial results, with the company achieving a significant

48.3% revenue contribution from the Indian market in the past fiscal year. As the revenue base expands, a projection of 55%-60% of total revenues originating from India over the next two years strengthens the outlook for sustained growth in the Indian market.

India's relatively young demographic, with a median age of around 28, signifies a long income runway for its economically active population. This demographic advantage is driving increased demand for premium clothing, athleisure wear, and higher-frequency wardrobe updates, creating a favorable landscape for consumer products. This consumer behavior shift is also evident in India's innerwear sector, with brands recalibrating towards the premium segment. Sarla's role as a leading manufacturer of elastic, socks, and sewing threads is recognized as it provides materials for innerwear elastic applications.

The emergence of this new Indian consumer profile is marked by economic autonomy and reduced sensitivity to pricing fluctuations. This has accelerated growth in premium and upper mid-priced market segments, aligning domestic and international price realizations. In response, Sarla plans to direct value-added yarns to the Indian market, aligned with evolving consumer preferences. As part of its growth strategy, Sarla intends to add 20 sales personnel for its Indian operations within two years to bolster market representation and penetrate pivotal markets. This proactive approach is expected to contribute to an annual sales growth of 20% in the Indian market and a 10% share of the overall sales landscape, highlighting the company's commitment to harnessing India's consumer potential.

#### Company Products Find New Horizons Across Industries

The increasing demand for man-made fibers over natural fibers can be attributed to their versatility, strength, durability, consistency, availability, and ease of care. Man-made fibers, also known as synthetic fibers, offer unique properties and benefits that make them popular in various industries and applications.

They can be engineered with specific properties like moisture management, insulation, and anti-microbial characteristics, making them suitable for specialized uses such as sportswear, medical textiles, and outdoor gear. Both nylon and polyester have become essential materials for creating a wide range of products due to their attributes like stretchability and strength. The integration of specialized treatments and finishes further enhances their qualities.

Nylon is emerging as a compelling choice due to its superior durability, enhanced quality, and appealing attributes. With an 8% moisture absorption capacity compared to polyester's 0.4%, nylon offers advantages in moisture management. It also features increased crimp rigidity, making maintenance easier and contributing to its growing appeal as an alternative to polyester. Its benefits extend to color retention, resistance to ultraviolet light, endurance through commercial laundering, softness, tactile quality, and shine, making it suitable for various applications including baby wear. High tenacity polyester yarn contributes to fabric longevity, with applications in automotive seat belts, airbags, footwear, and more. Polyester stretch yarn is used in sportswear and running socks due to its softness, warmth, moisture-wicking properties, quick drying, color retention, affordability, and durability. Sarla is capitalizing on the growth of the medical industry by leveraging the properties of nylon in medical textiles, implants, catheters, devices, and orthopedics, contributing to innovative medical solutions and enhanced patient care.

Despite the potential, the per capita annual consumption of synthetic fibers in India is lower than the global average, and nylon holds a small market share. However, the company initiated domestic marketing of nylon in response to the pandemic, and the positive reception suggests potential for domestic growth. Factors like rising disposable incomes, improved living standards, and a growing millennial population are expected to drive demand for man-made yarns like nylon in India, leading to an increase in the company's market share and demand.



### Global Export Business Set for Sustained Growth as Markets Expand and Trade Flourishes

Despite facing a challenging business environment marked by geopolitical tensions, high energy costs, inflation, negative consumer sentiment, and inventory build-up in the textile industry, our company has demonstrated resilience and sustainable performance in the international market. Even in such complex conditions, our export contributions have remained strong, accounting for a significant portion of our total sales. Our company's commitment to expanding export operations is evident through our efforts to venture into new markets. With a reputation as a reliable supplier of yarns to esteemed global brands, either directly or through intermediaries, we have maintained a solid revenue stream from long-standing clients. Our approach involves both direct promotion of our yarns and collaboration with trade intermediaries.

Our brand, Sarla, is respected for its reliability, consistent outcomes, and effective pricing strategies aligned with the value our products offer. International markets have provided better realizations for our products, and our presence extends to customers in 60 countries, with no single country constituting a dominant portion of our sales. This distribution highlights our company's global presence and diverse reach. Participation in international events and exhibitions plays a pivotal role in strengthening our international presence and enhancing brand visibility. These platforms provide opportunities to showcase our product innovation and capabilities, contributing to a stronger brand recognition and a wider reach in the global marketplace. Our product, nylon 66, holds a unique status as a high-value niche product designated exclusively for export. This distinction underlines its premium positioning in the market and contributes to higher realizations. Despite the challenges, our company's strategic efforts and commitment to quality have enabled us to maintain a strong international business performance and expand our presence across diverse markets.

### Cultivating Enduring Customer Relationships through a Client-Centric Approach

Our organization plays a pivotal role in not only providing products but also assisting our customers in expanding their market presence and integrating into their long-term supply chain. This collaborative approach has contributed to a steady and robust demand for our products, especially as many of our customers are making significant investments to scale up their production capacities. One of our remarkable achievements is retaining 100% of our customer base, a testament to the strong relationships we have built over the years. The fact that 90% of our current customer base consistently places repeat orders highlights the value and satisfaction they derive from our products. This high level of customer loyalty has prompted our management to make the strategic decision to increase production capacity to meet growing demand.

Our success in maintaining such strong customer relationships is founded on the trust and loyalty our clients place in our brand. The slogan "Once a Sarla customer, always a Sarla customer" reflects the enduring partnerships we have established. Our technology-intensive products seamlessly integrate with our customers' operations, solidifying our position as a reliable supplier. This mutual reliance ensures that our products continue to meet evolving customer needs, driving our ongoing success. Our commitment to technical marketing and proactive engagement sets us apart. By focusing on technical discussions rather than solely commercial ones, we emphasize the value our products bring to our customers' processes. Regular dialogues centered around product performance, enhancements, and strategies for mutual growth showcase our dedication to strengthening our customers' businesses. This approach goes beyond a mere focus on pricing; it demonstrates our dedication to being a true partner in our customers' success. By prioritizing our customers' enterprises and adding substantial value to their operations, we have not only earned their trust but also established a reputation as

a reliable and valuable collaborator in their growth journey.

### Maintaining Financial Health with Continuous Focus on Maintaining Fiscal Well-being

Our organization's financial management approach in the capital-intensive textile industry is indeed remarkable. By maintaining a surplus of net cash and achieving a 20% operating margin, we have positioned ourselves as industry leaders in terms of financial performance. Our strategic focus on managing debt and equity has ensured incremental growth while safeguarding financial stability. Our recent transition to eliminate debt, bolster net worth, and transform our financial landscape is particularly noteworthy. The reduction in our debt-equity ratio from 0.84 to 0.27 over a short period showcases our commitment to financial prudence and risk mitigation. This achievement is especially impressive considering the capital-intensive nature of the textile manufacturing sector.

This transition aligns well with our unique positioning as 'Untextile' and marks a significant milestone in our organization's evolution. By separating debt and equity for capital expenditure funding, we have not only strengthened our competitive edge but also established a low-risk foundation for scalable growth. This strategic shift positions us well to navigate market cycles and enhance shareholder value. Our approach to working capital management is equally commendable. The fact that 60% of the working capital sanctioned by banks remained untapped in FY 2022-23 reflects our cautious and resource-optimized approach. This commitment to maintaining liquidity and optimizing resources further contributes to our financial resilience. Our journey from debt reduction to enhanced net worth is a testament to our dedication to sustainable growth and enduring shareholder value. By focusing on financial excellence and prudently managing our financial resources, we have showcased our ability to navigate challenges and position ourselves for continued success in the textile industry.

## SWOT Analysis

### Strengths

- Vertically integrated operations foster production efficiencies
- Diverse product portfolio enables Sarla to cater to various industries
- Client-centric approach promotes robust clientele
- Net debt-free operations signify financial stability
- First movers advantage in high tenacity Nylon 6 and Nylon 66 products facilitate margin expansion
- Government support through various schemes bolsters confidence
- Three decades of experience in the textile industry drives excellence
- Focus on value-added products to transform financial landscape

### Opportunities

- Increasing demand for technical textiles in sectors such as automotive, healthcare, and sports.
- Growing awareness and preference for sustainable and eco-friendly fibers
- Expansion into the rapidly growing domestic synthetic textile market
- Rising global demand for sustainable and recycled synthetic fibers
- Collaboration with fashion designers and brands to promote synthetic fibers in high-end fashion
- Growing e-commerce penetration

### Weaknesses

- Fragmented industry with intense competition
- Limited focus on eco-friendly and sustainable synthetic fibers
- Dependency on petrochemical prices; vulnerability to fluctuations in raw material prices
- Large capex requirements

### Threats

- Intense competition and price pressure from domestic and global fiber manufacturers
- Regulatory changes impacting manufacturing processes or materials
- Environmental concerns impacting the image of synthetic fibers
- Fluctuating demand due to changing fashion trends and economic conditions
- Rising demand for natural and organic fibers
- Technological advancements in other materials that could replace traditional synthetic fibers



# FINANCIAL ANALYSIS



## Key Financial Ratios

Particulars	FY 2022-23	FY 2021-22	Change (%)
Debtors Turnover	4.76	4.30	10.70
Inventory Turnover	4.21	5.52	(24.06)
Interest Coverage Ratio	9.2	20.17	(54.39)
Current Ratio	1.28	1.68	(23.87)
Debt Equity Ratio	0.24	0.31	(22.58)
Net Profit Margin (%)	7.45	12.30	(39.43)
Return on Net Worth	6.78	13.45	(49.59)

## Detailed explanation for change registered above 25%

### Net Profit Margin

The Net profit margin has declined due to reduction in profit after tax and sales as compared to last financial year.

### Return on Network

The significant decrease is attributed to tax liability has occurred in Sarlaflex Inc., subsidiary and there is no corresponding from them.

### Interest Coverage Ratio

The decrease is due to reduced profits of the Company during the FY 2022-23.

### Revenue from Operations

During FY23, the company saw a 10% decrease in its revenue from operations, going down from INR 42,869 Lakhs in FY22 to INR 38,655 Lakhs. This drop was due to a global market slowdown, influenced by stockpiling of inventory and price correction in crude derivatives products such as polyester and nylon yarns. This situation caused a decline of 11% in the number of units sold, from 13,782 to 12,267 units. The reduction was mainly due to an excess of inventory in the global market. Interestingly, even with the price adjustments in final products, the company managed to increase its average realisation by 2.3%, led by higher proportion of value add products, which helped counteract the impact of price corrections.

### EBITDA and EBITDA Margin

In the fiscal year 2022-23, the company's EBITDA stood at INR 6,557, showing a decrease of 30% from the previous year's INR 9,302. This decline happened because of lower sales volume and reduced operating leverage. As a result, the EBITDA margin, which is the proportion of EBITDA to total revenue, declined from 21.7% to 17.0%.

### PAT and PAT Margin

The company's PAT in FY22-23 was INR 2,881, experiencing a significant drop of 45% compared to the INR 5,275 of the previous fiscal year. This decrease in profit was due to lower operating leverage and underutilisation of newly added production capacity. Consequently, the PAT margin, which indicates the proportion of PAT to total revenue, decreased from 12.3% to 7.5%.

### Interest Coverage Ratio (ICR)

Despite a decrease in EBIT during the year, the Interest Coverage Ratio (ICR) remained robust, declining from 20.2x in FY22 to 9.2x in FY23.

### Return on Capital Employed (ROCE)

ROCE declined a 38.53% from 12.90% in FY23 to 7.93% in FY22. This drop was attributed to reduced EBIT relative to the previous year,

stemming from lower volume and underutilisation of newly established capacity.

### Return on Equity (ROE)

ROE also saw a decline of 49.59%, falling from 13.45% in FY23 to 6.78% in FY22. This reduction was due to decreased EBIT compared to the previous year, influenced by factors such as decreased operating leverage, lower other income, and increased interest and depreciation costs.

### Debt Service Coverage Ratio (DSCR)

DSCR remained strong at 4.59x in FY23, although it declined by 24.13% due to lower EBIT compared to FY22's value of 6.05x.

### Net Working Capital Turnover (NWC)

NWC improved to 4.58x in FY23 from 3.46x in FY22, primarily due to a decrease in trade receivables and other financial assets compared to the previous year.

### Inventory Turnover

Inventory Turnover dropped to 4.21x in FY23 from 5.52x in FY22, mainly because of reduced cost of goods sold in relation to the average inventory.

### Trade Receivable Turnover

Trade Receivable Turnover increased to 4.76x in FY23 from 4.30x in FY22, primarily due to improved receivables recovery.

### Trade Payable Turnover

Trade Payable Turnover improved to 8.11x in FY23 from 10.68x in FY22, primarily due to better payment terms.

### Debt-Equity Ratio (D/E)

D/E saw a 22.58% improvement, decreasing from 0.31 in FY22 to 0.24 in FY23. This was a result of reduced debt and the reinvestment of profits into equity during the year.

### Current Ratio

The Current Ratio remained healthy at 1.28 in FY23, compared to 1.68 in FY22, primarily attributable to increase in proportion of investment compared to total assets.

### Return on Investment (ROI)

ROI experienced a slight decline, moving from 6.61% in FY22 to 6.53% in FY23.



## RISKS AND CONCERNS

The Company faces various business risks like foreign currency exposure, volatility in interest rates, increase in cost of raw materials, crude prices which in turn will increase the cost of production resulting into higher sale price or reduction in profit margins. Apart from this, the Company also faces regulatory risk like change in government policies with respect to import and exports.

Your Company is trying to mitigate the risks at all levels to the extent possible, by taking appropriate steps in this direction.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an effective internal control system considering the size of its operations. It maintains its accounting records on SAP, a well renowned software. The financial transactions are properly documented in accordance with the policies & procedures, as set out by the management from time to time and are properly approved and authorized and reported to the management in a prescribed manner. Further, the company has external auditors to review the transactions digitally and physically.

The observation of both auditors internal and external are presented quarterly to the audit committee along with the recommendations for implementation. The Company has appropriate and adequate insurance cover for its immovable and movable assets. Both, the insurance cover and the assets are closely and consistently monitored by the management from time to time.

## HUMAN RESOURCES/ INDUSTRIAL RELATIONS

Your Company strongly believes that employees are our intangible assets and the Company's performance is heavily dependent on their knowledge, competency aptitude and efforts. Employee loyalty and retention are important factors for progress. To attract, hire and have the best available talent, the Company provides equal employment opportunities and the better working conditions. The Company recruitment strategy is to hire skillful people with right and positive attitude. As of March 31,

2023, the total employee strength of the Company stood at 335

## RISK MANAGEMENT

The Company is exposed to various potential risks like Economical Risk, Compliance Risk, Cyber risk, and Geopolitical risk, Operational Risk, Environmental Risk and Financial Risk. Senior management regularly

and systematically reviews the key risk areas while the Audit Committee also reviews and provides input to mitigate the risk.

## Disclosure on Accounting Treatment

In the preparation of financial statements for FY. 2022-23, there is no treatment of any transaction

different from that prescribed in the Accounting Standards notified by the Government of India under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014; guidelines issued by the Securities and Exchange Board of India and other accounting principles generally accepted in India.

## Cautionary Statement

The Management Discussions and Analysis Statement made above are on the basis of available data as well as certain assumptions as to the economic conditions, various factors affecting raw material prices, selling prices, trend and consumer demand and preference, governing and

applicable laws and other economic and political factors. Actual results may vary from those expressed or implied. The management cannot guarantee the accuracy of the assumptions and projected performance of the Company in future.





## SARLA PERFORMANCE FIBERS LIMITED

[CIN: L31909DN1993PLC000056]

**Registered Office:** Survey No. 59/1/4, Amlipiparia Industrial Estate, Silvassa, Union Territory of Dadra & Nagar Haveli – 396230, India**Tel:** 0260 – 3290467, **Fax:** 0260 – 2631356**Email:** [investors@sarlafibers.com](mailto:investors@sarlafibers.com), **Website:** [www.sarlafibers.com](http://www.sarlafibers.com)

## NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the **Thirtieth (30<sup>th</sup>) Annual General Meeting ('AGM')** of the Members of **Sarla Performance Fibers Limited** will be held on Thursday, September 21, 2023, at 03:00 p.m. (IST) through Video Conferencing ('VC') or Other Audio-Visual Means ('OAVM') to transact the following business:

**ORDINARY BUSINESS****1. To receive, consider and adopt:**

- Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2023 together with the Reports of the Board of Directors and Auditors thereon; and
- Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2023 and the Report of Auditors thereon.

- To appoint a Director in place of Mr. Kanav Krishna Jhunjhunwala (DIN: 09507192), who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS:****3. Ratification of the remuneration of Cost Auditors for the Financial Year ending March 31, 2024**

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

**"RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force), and other applicable acts, rules and regulations, if any and pursuant to the recommendation of Audit Committee, the remuneration payable to M/s. Balwinder & Associates, Cost Accountants, (Firm Registration No: 000201), appointed by the Board of Directors of the Company as the Cost Auditors at its Meeting dated May 13, 2023, to conduct the audit of the cost records of the Company for the Financial Year 2023-24, amounting to Rs. 90,000/- (Rupees Ninety Thousand Only) plus taxes and reimbursement of out of pocket expenses that may be incurred during the course of audit, be and is hereby ratified and confirmed.

**RESOLVED FURTHER THAT** the Board of Directors and/or Key Managerial Personnel of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution."

**4. Appointment of Mr. Sachin Shashikant Abhyankar (DIN: 02760746) as a Non-Executive, Non-Independent Director of the Company**

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of section 152 and all other applicable provisions of the Companies Act, 2013 ("the Act"), the Rules framed thereunder and such other laws as may be applicable (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force), and pursuant to the recommendation of the Nomination and Remuneration Committee, Mr. Sachin Abhyankar (DIN: 02760746), who was appointed by the Board of Directors as an Additional Director of the Company, with effect from August 10, 2023 under section 161 of the Act and the Articles of Association of the Company, and who holds office up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received a Notice in writing from a Member under section 160 of the Act proposing his candidature for the office of Director of the Company, being so eligible, is hereby appointed as a Non-Executive, Non-Independent Director of the Company, liable to retire by rotation, on such terms and conditions as stated in the explanatory statement hereto.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee thereof) are hereby authorised to do all acts, deeds, matters and things and take all such steps as may be necessary, proper, desirable or expedient to give effect to this resolution."

**5. Appointment of Mr. Bharat K. Jhamvar (DIN: 00211297) as an Independent Director of the Company for a period of 5 (Five) years**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 161, Schedule IV and other applicable provisions of the Companies Act, 2013 ("the Act") read with the Rules framed thereunder, and applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("the SEBI Listing Regulations") [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], and Articles of Association of the Company, and pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board, Mr. Bharat K. Jhamvar (DIN: 00211297), who was appointed as an Additional Director in the capacity of an Independent Director with effect from August 10, 2023 and who meets the criteria for independence under Section 149(6) of the Act and the Rules made thereunder and Regulation 16(1)

(b) of the SEBI Listing Regulations and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act, be and is hereby appointed as an Independent (Non-Executive) Director of the Company for a period of 5 (Five) years commencing from August 10, 2023 till August 09, 2028, and that he shall not be liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers to any committee of directors with power to further delegate to any other Officer(s) / Authorized Representative(s) of the Company to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board of Directors  
**For Sarla Performance Fibers Limited**

**Neha Somani**  
(Company Secretary & Compliance Officer)

Place: Mumbai  
Date: August 10, 2023

**Registered Office:**

Survey No. 59/1/4,  
Amlipiparia Industrial Estate, Silvassa,  
U.T. of Dadra & Nagar Haveli – 396230  
Tel: 0260-3290467, Fax: 0260 – 2631356  
Email: [investors@sarlafibers.com](mailto:investors@sarlafibers.com)  
Website: [www.sarlafibers.com](http://www.sarlafibers.com)

**Notes:****I. General Instructions:**

- Pursuant to General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020, General Circular No. 02/2021 dated January 13, 2021, Circular No.02/2022 dated May 5, 2022 and Circular No. 10/2022 dated December 28, 2022, issued by the Ministry of Corporate Affairs (collectively referred as 'MCA Circulars') and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 05, 2023 issued by Securities and Exchange Board of India (SEBI), (collectively referred as 'SEBI Circulars') respectively, the Company is convening this 30<sup>th</sup> Annual General Meeting (AGM) through Video Conferencing (VC)/Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue. The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company, which shall be the deemed venue of the AGM.

- PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA / SEBI CIRCULARS THROUGH VC/OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY MEMBERS WILL NOT BE AVAILABLE FOR THIS AGM AND HENCE, THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF AGM ARE NOT ANNEXED TO THIS NOTICE.**

- However, the Corporate Members are entitled to appoint authorized representatives to attend the General Meeting through VC/OAVM and participate thereat and cast their votes through e-voting.
- Explanatory statement pursuant to Section 102 of the Act and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India, stating all material facts and reasons for businesses as set out in the Item no. 3, 4 & 5 is annexed hereto and forms a part of the Notice.



The Board of Directors has considered and decided to include Item Nos. 3, 4 & 5 as given above as Special Businesses in the forthcoming AGM as they are unavoidable in nature.

5. Information required pursuant to Regulation 36(3) of the SEBI Listing Regulations read with the applicable provisions of Secretarial Standard-2 on General Meetings, in respect of the Directors seeking appointment/re-appointment or variation in terms of remuneration, is provided as part of this Notice. The Company has received the requisite consents/declarations for the appointment/re-appointment under the Act and the rules made thereunder.
6. Non-individual Members (i.e. Institutional/Corporate Members) intending to participate through their Authorized Representative(s) are requested to send a certified true copy of the Board Resolution, pursuant to Section 113 of the Act, authorizing their representatives to attend and vote on their behalf at the Meeting. The said Resolution/Authorization shall be sent to the Scrutinizer by e-mail through their registered e-mail address to [cs@mayankarora.co.in](mailto:cs@mayankarora.co.in) with a copy marked to the Company on [investors@sarlafibers.com](mailto:investors@sarlafibers.com).
7. In case of joint holders participating at the AGM together, only such joint holder whose name appears higher in the order of names will be entitled to vote.
8. Facility of joining the AGM through VC /OAVM shall open Fifteen (15) minutes before the time scheduled for the AGM and the Members can join the AGM by following the procedure mentioned in this Notice. The facility of participation at the AGM through VC/OAVM will be made available on first come first serve basis.
9. SEBI has mandated that securities of listed companies can be transferred only in dematerialised form. In view of the above and to avail various benefits of dematerialisation, Members are advised to dematerialise shares held by them in physical form, for ease in portfolio management.
10. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Act, are requested to submit details to Link Intime India Private Limited, in the prescribed Form SH-13 for this purpose.
11. In compliance with the aforesaid MCA Circulars and SEBI Circulars, the Notice of the AGM along with the Annual Report for the FY. 2022-23 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may please note that the Notice and Annual Report for the FY. 2022-23 will also be available on the Company's website at [www.sarlafibers.com](http://www.sarlafibers.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also available on the website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com)

In case any Member is desirous of obtaining hard copy of the Annual Report for the Financial Year 2023 and Notice of the 30<sup>th</sup> AGM of the Company, may send request to the Company's e-mail address at [investors@sarlafibers.com](mailto:investors@sarlafibers.com) mentioning Folio No./DP ID and Client ID.

12. The Register of Members and the Share Transfer Books of the Company will remain closed from **Friday, September 15, 2023** to **Thursday, September 21, 2023**, (both days inclusive) for the purpose of AGM for FY. 2022-23.
13. To support the 'Green Initiative', Members who have not yet registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with the Company in case the shares are held by them in physical form.
14. SEBI vide circular no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 3, 2021 has made it mandatory for all members holding shares in physical form to furnish nomination details to the Company/ RTA. Members can register their nomination details in Form SH-13 or they can choose to give declaration to opt out of Nomination by filing Form ISR-3. In case of members holding shares in physical form wishes to change the nominee or cancel the nomination then Form SH-14 needs to be filled. The forms mentioned above are available on the website of the Company as well as on the website of RTA.

#### 15. Transfer & Transmission of Shares:

##### (a) Mandatory processing of Transfer & Transmission request in Demat form:

As per Regulation 40 of the SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form w.e.f. April 01, 2019. Further, SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022, has w.e.f. January 24, 2022 mandated listed companies to issue securities in dematerialised form while processing service request for issue of duplicate securities certificate, claim from Unclaimed Suspense Account, renewal/exchange of securities certificate, endorsement, subdivision/splitting of securities certificate, consolidation of securities certificates/folios, transmission, transposition, etc. In view of the above and to eliminate the risks associated with physical shares and to avail various benefits of dematerialisation, Members are advised to dematerialise their shares held in physical form.

##### (b) Simplified Procedure for transmission of securities and Issuance of Duplicate Share certificates:

SEBI vide its Circular Nos. SEBI/ HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/65 dated May 18, 2022 and SEBI/HO/MIRSD/ MIRSD\_RTAMB/P/ CIR/2022/70 dated May 25, 2022 has simplified the procedure and standardised the format of documents for transmission of securities and

issuance of duplicate securities certificates. Members are requested to submit their requests, if any, along with documents as per the said circulars.

#### 16. Updation of Mandatory KYC Details:

##### (a) Shares held in physical form:

SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD-PoD12 1/P/CIR/2023/37 dated March 16, 2023, has extended the timeline for mandatory furnishing of PAN, nomination, contact details (postal address with PIN, mobile number & E-mail address), bank account details (bank name & branch, bank account number and IFSC code) and specimen signature ('mandatory KYC'), by security holders holding securities in physical form up to September 30, 2023. Accordingly, Members holding shares in physical form are requested to complete the mandatory KYC by sending an E-mail request along with duly signed forms to Link Intime India Pvt Ltd, Registrar & Transfer Agent ("Link Intime"/"R&T") of the Company at [rt.helpdesk@linkintime.com](mailto:rt.helpdesk@linkintime.com), before September 30, 2023. As per SEBI circular, non-availability of any of the above documents/details with Link Intime on or after October 01, 2023 will result in freezing of the physical Member's folios.

Sr. No.	Financial Year	Date of Declaration of Dividend	Due Date to transfer of IEPF
1.	2015-16 Final Dividend	30-09-2016	04-11-2023
2.	2016-17 Final Dividend	29-09-2017	03-11-2024
3.	2017-18 Final Dividend	28-09-2018	02-11-2025
4.	2018-19 Final Dividend	27-09-2019	01-11-2026
5.	2021-22 Final Dividend	28-09-2022	30-10-2029

In the event of transfer of shares and the unclaimed dividends to IEPF, members are entitled to claim the same from the IEPF authority by submitting an online application in e-Form IEPF-5 available on <http://www.iepf.gov.in/> and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in Form IEPF-5. Members can file only one consolidated claim in a Financial Year as per the IEPF Rules.

Members who wish to claim dividends, which remain unclaimed, are requested to either correspond/coordinate with the Secretarial Department of the Company at [investors@sarlafibers.com](mailto:investors@sarlafibers.com) or the RTA at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) for revalidation and encashment before the due dates for transferring those dividends to the Investor Education and Protection Fund Authority (IEPF Authority). The Members are further requested to encash their unclaimed/ unpaid dividend for the aforementioned years, if not already done.

##### (b) Shares held in dematerialised form:

Members holding shares in demat form are requested to submit/update their KYC details with their respective Depository Participant.

17. Pursuant to Sections 124 and 125 and other relevant provisions of the Act, and Investor Education and Protection Fund ('IEPF') Authority (Accounting Audit, Transfer and Refund) Rules, 2016 as amended from time to time the dividend which remains unpaid/unclaimed for a period of Seven (7) years from the date of transfer to the unpaid/unclaimed dividend account of the Company is required to be transferred to the Investor Education and Protection Fund ('IEPF') of the Central Government.

In accordance with the provisions of Section 124 of the Companies Act, 2013, the Company has transferred the shares of those shareholders whose dividend remained to be encashed/claimed for Seven (7) consecutive years or more. The details of such shareholders have been uploaded on the Company's website under the link - <https://www.sarlafibers.com/shares-in-iepf/>. Members are requested to note that no claim shall lie against the Company in respect of any shares/ dividend so transferred to the IEPF Authority.

18. Members holding shares in electronic form are requested to intimate any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates to the Company / Link Intime.
19. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to M/s. Link Intime India Pvt. Ltd., for doing the needful.
20. Members seeking any information with regard to Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, Register of Contracts or Arrangements in which directors are interested under Section 189 of the Act, and relevant documents referred to in the accompanying Notice and in the Explanatory Statements are requested to write to the Company on or before Thursday, September 14, 2023, through email on [investors@sarlafibers.com](mailto:investors@sarlafibers.com). The same will be replied by the Company suitably.

21. Members requiring information on the Audited Financial Statement for the year ended March 31, 2023 are requested to write to the Company on email address [investors@sarlafibers.com](mailto:investors@sarlafibers.com) at least seven (7) days before the date of the AGM to enable the Company to furnish the information in suitable manner.
22. The Members can join the AGM in the VC / OAVM mode fifteen (15) minutes before and fifteen (15) minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
25. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a first come first served basis as per the MCA Circulars. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, Auditors etc. who are allowed to attend the AGM, without restriction on account of a first come first served basis.

## II. VOTING THROUGH ELECTRONIC MEANS

1. 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), read with MCA Circulars and SEBI Circulars, Company is providing facility of remote e-voting to its Members to cast their vote electronically, through the E-voting services provided by National Securities and Depositories Limited (NSDL) on all the resolutions set forth in this Notice. The facility of casting votes by a Member using remote e-voting system as well as e-voting on the date of the AGM will be provided by NSDL.
2. The Board of Directors has appointed CS Mayank Arora - Proprietor of M/s. Mayank Arora & Co., Company Secretaries in Practice (Membership No.: F10378 / COP: 13609) as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.
3. The Members who have cast their vote by remote E-voting prior to the AGM may also attend/participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again during the AGM. Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to cast their vote through e-voting during the AGM. Members holding shares in physical form are requested to access the remote e-voting facility provided by the Company through NSDL e-voting system at <https://www.evoting.nsdl.com/>.
4. Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the

remote e-Voting instructions mentioned in the notice. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

5. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e., Thursday, September 14, 2023, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being September 14, 2023.
6. A person who is not a member as on the cut-off date should treat this Notice for information purposes only.
7. The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

### Instructions for Members for Remote e-Voting are as under:-

1. The remote e-voting period commences on **Monday, September 18, 2023 at 10.00 A.M (IST)** and ends on **Wednesday, September 20, 2023 at 05.00 P.M. (IST)**. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. on **Thursday, September 14, 2023**, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being September 14, 2023.
2. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
3. **The details of the process and manner for remote E-voting using NSDL e-Voting system are explained herein below:**

#### How do I vote electronically using NSDL e-Voting system?

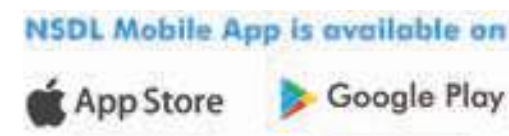


The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

#### Step 1: Access to NSDL e-Voting system

#### A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
<b>Individual Shareholders holding securities in demat mode with NSDL.</b>	<ol style="list-style-type: none"> <li>1. Existing IDeAS user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS Portal" or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <div style="text-align: center;"> <p><b>NSDL Mobile App is available on</b></p>    </div>
<b>Individual Shareholders holding securities in demat mode with CDSL</b>	<ol style="list-style-type: none"> <li>1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then user your existing my easi username &amp; password.</li> <li>2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</li> </ol>





attested scanned copy of Aadhar Card) to [investors@sarlafibers.com](mailto:investors@sarlafibers.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**

3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

### III. THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members, who will be 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 in the AGM.
3. Members 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.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

### IV. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM link" placed under "**Join Meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM i.e. 02.45 p.m. (IST) and shall be closed after the expiry of 15 minutes from the end of the AGM for the purpose of voting.

3. Members are encouraged to join the Meeting through Laptops for better experience.
4. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
5. 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.
6. During the AGM, the Chairman will announce the start of voting through e-voting facility provided at the AGM.
7. Members who need assistance before or during the AGM, can contact Mr. Amit Vishal, Assistant Vice President or Ms. Pallavi Mhatre, Manager, NSDL on email ID: [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or call on Toll-free Nos.: 1800 1020 990 and 1800 224 430.
8. Members who would like to express their views or ask questions during the AGM may post their queries in the window 'Ask Your Question' by mentioning their name and demat account number/folio number.

### V. INSTRUCTIONS FOR SHAREHOLDERS / MEMBERS TO SPEAK DURING THE ANNUAL GENERAL MEETING:

1. Members who would like to express their views/ask questions during the meeting must register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, e-mail id, mobile number at [investors@sarlafibers.com](mailto:investors@sarlafibers.com) between September 14, 2023 (9:00 a.m. IST) to September 18, 2023 (5:00 p.m. IST).
2. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the Meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the Annual General Meeting.
3. Members should allow to use camera and are required to use Internet with a good speed to avoid any disturbance during the Meeting.
4. Members are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

#### Note:

Members who would like to ask questions, may send their questions in advance mentioning their name, demat account number/ folio number, e-mail id, mobile number at [investors@sarlafibers.com](mailto:investors@sarlafibers.com). The same will be replied by the Company suitably.

### VI. OTHER INSTRUCTIONS:

1. A Member can opt for only one mode of voting, i.e. either through Remote e-voting or by e-voting during the AGM. If a Member casts his/her vote using both the modes, then voting done through Remote e-voting shall prevail.

2. Members, whose names appear in the Register of Members/Record of Depositories as on Thursday, September 14, 2023, will be eligible for voting. The voting shall be reckoned in proportion to a Member's share of voting rights on the paid-up share capital of the Company as on the cut-off date. Any recipient of the AGM Notice who is not a member as on the said date should treat this Notice for information purpose only.
3. The Scrutinizer shall immediately after the conclusion of voting at the annual general meeting, would first unblock the e-voting at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the company and make within a period not exceeding two (2) days from the conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any and submit forth with to the Chairman of the Company or a person authorized by him in writing who shall countersign the same.
4. The results declared along with the Scrutinizer's Report shall be placed on the Company's website <https://www.sarlafibers.com/> and on the website of NSDL immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') where the shares of the Company are listed.
5. The Resolution shall be deemed to be passed on the date of AGM i.e. September 21, 2023 subject to receipt of sufficient votes.

### EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSANT TO SECTION 102 OF THE ACT

#### ITEM NO. 3

The Board of Directors of the Company, based on the recommendation of the Audit Committee, has approved the appointment of M/s. Balwinder & Associates, Cost Accountants, (Firm Registration No: 000201) as Cost Auditor for auditing the cost records of the Company for the Financial Year 2023-24 for a total remuneration of Rs. 90,000/- (Rupees Ninety Thousand Only) plus applicable taxes and out-of-pocket expenses at actual on submission of supporting bills.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration to the Cost Auditors as recommended by the Audit Committee and approved by Board of Directors, has to be ratified by the Members of the Company. Accordingly, ratification by the Members is sought, as referred to in the resolution at Item No. 3 of the accompanying Notice.

None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise in the said resolution.

The Board of Directors recommends the passing of the Ordinary Resolutions as set out in Item Nos. 3 of the Notice.

#### ITEM NO. 4

Pursuant to Section 161 of the Companies Act, 2013, the Board of Directors of the Company ("Board"), upon recommendation of the Nomination and Remuneration Committee ("NRC"), on August 10, 2023, have appointed Mr. Sachin Abhyankar (DIN: 02760746) in the capacity of Additional Director (Non-Executive Non-Independent) of the Company who holds office upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a Member proposing Mr. Sachin Abhyankar's candidature under Section 160 of the Act.

The resolution seeks the approval of members for the appointment of Mr. Sachin Abhyankar as a Non-Executive Non-Independent Director of the Company pursuant to applicable provisions of the Act and the Rules made thereunder including any statutory modification(s) or re-enactment(s) thereof and he shall be liable to retire by rotation.

Disclosures and details of terms and conditions of appointment of Mr. Sachin Abhyankar as stipulated under Regulation 36(3) of the SEBI Listing Regulations and the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India is provided in Annexure to this Explanatory Statement and should be taken and read as part hereof.

Mr. Sachin Abhyankar possesses the requisite skill sets i.e., competencies and exposure in areas in the context of Company's business. The Board is of the view that Mr. Abhyankar's knowledge and experience will benefit and add value to the Company and recommends his appointment as aforesaid.

Mr. Sachin Abhyankar is interested in the resolution set out at Item No. 4 of the Notice with regard to his appointment. Relatives of Mr. Sachin Abhyankar may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Act and the SEBI Listing Regulations.

The Board of Directors of your Company is of the opinion that the appointment of Mr. Sachin Abhyankar as a Non-Executive Director of the Company would be beneficial to the Company and hence recommends the Resolution at Item no. 4 for the approval of the Members as an Ordinary Resolution.

#### ITEM NO. 5

The Board of Directors of the Company, upon recommendation of the Nomination & Remuneration Committee, appointed Mr. Bharat K. Jhamvar (DIN: 00211297) as an Additional Director (Independent Non-Executive Member) of the Company with effect from August 10, 2023, pursuant to the provisions of Sections 149, 150, 152, 161, Schedule IV and other applicable provisions of the Companies Act, 2013 ("the Act") read with the Rules framed thereunder, and applicable



## ANNEXURE TO THE NOTICE

provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("the SEBI Listing Regulations") [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], and Articles of Association of the Company, who will hold office up to the date of the ensuing 30<sup>th</sup> AGM.

The Company has received a notice in writing under the provisions of Section 160 of the Act from a Member proposing the candidature of Mr. Bharat K. Jhamvar for the office of Independent Director.

Mr. Bharat K. Jhamvar is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. Further, the Company has received a declaration from Mr. Bharat K. Jhamvar that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and the SEBI Listing Regulations. He also holds valid registration under the Independent Director's Database pursuant to the Notification dated October 22, 2019, issued by the MCA.

A copy of the letter of appointment of Mr. Bharat K. Jhamvar as an Independent Director of the Company setting out the terms and conditions of his appointment, including remuneration, is available for inspection by the Members without any fee at the Company's Registered Office.

In the opinion of the Board of Directors, Mr. Bharat K. Jhamvar fulfils the conditions for his appointment as an

Independent Director as per the statutory requirements. He is independent of management and possesses appropriate skills, experience, and knowledge.

Disclosures and details of terms and conditions of appointment of Mr. Bharat K. Jhamvar as stipulated under Regulation 36(3) of the SEBI Listing Regulations and the Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India is provided in Annexure to this Explanatory Statement and should be taken and read as part hereof.

Mr. Bharat K. Jhamvar is interested in the resolution set out at Item No. 5 of the Notice with regard to his appointment. Relatives of Mr. Bharat K. Jhamvar may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

This statement may also be regarded as an appropriate disclosure under the Act and the SEBI Listing Regulations.

The Board of Directors of your Company is of the opinion that the appointment of Mr. Bharat K. Jhamvar as an Independent Director of the Company would be beneficial to the Company and hence recommends the Resolution at Item no. 5 for the approval of the Members as an Ordinary Resolution.

### Details of Directors retiring by rotation / seeking appointment / re-appointment at the Meeting

#### [Pursuance to Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard- 2 on General Meetings]

Name of the Director	Mr. Kanav Jhunjunwala	Mr. Sachin Abhyankar	Mr. Bharat K. Jhamvar
Director Identification Number	09507192	02760746	00211297
Nationality	Indian	Indian	Indian
Date of Birth and Age	08/04/1997 (26 years)	08/01/1973 (50 years)	21/07/1972 (51 years)
Qualifications	Major in Economics and a minor in Finance and Entrepreneurship from Tufts University, Boston, MA.	Qualified Chartered Accountant, Cost and Work Accountant and B.com graduate	Bachelor's degree in Chemical Engineering from the University of Pune, Master's in Management Information Systems and MBA in Finance & Marketing from University of Maryland.
Experience and Expertise	Mr. Kanav Jhunjunwala joined the Company in 2019 with his first project being SAP implementation. Currently he is working on streamlining back end operations and systems.	Mr. Sachin Abhyankar has built a career spanning 20 years in the field of wealth management and investment. Currently, Mr. Abhyankar provide consultancy services to Companies on strategic decisions, profitable growth plans, recommendations to new businesses and mentoring the management on financial decisions. His areas of expertise evolve around active wealth management decisions and guiding Company's in their strategic investment decisions after thorough understanding of facts and macros.	Mr. Jhamvar has been associated with various organisations in USA handling positions of Sr. Process Engineer, Financial Analyst, etc. for over 5 Years. Currently, Mr. Jhamvar is an Executive Director in Subhash Chemical Industries Pvt. Ltd. which is a privately owned specialty chemicals manufacturing Company based in Pune. His grasp on technical knowledge and a uniquely powerful combination of managerial talent and technical expertise shall be a great asset to the Company.
Terms and Conditions of appointment/ re-appointment	Mr. Kanav Jhunjunwala is proposed to be re-appointed as an Executive Director of the Company, liable to retire by rotation.	Mr. Sachin Abhyankar is proposed to be appointed as a Non-Executive Non-Independent Director liable to retire by rotation.  He is entitled to sitting fees for attending meetings of the Board & Committees.	Mr. Bharat Jhamvar is proposed to be appointed as an Independent Non-Executive Director for five (5) consecutive years effective from August 10, 2023 upto and including August 09, 2028, not liable to retire by rotation.  Independent directors are entitled to sitting fees for attending meetings of the Board & Committees.
Date of first appointment on the Board	12/02/2022	10/08/2023	10/08/2023

Shareholding in the Company as on 31/03/2023	6,47,000 Equity Shares	1,57,259 Equity Shares	NIL
Relationship with other Directors / Key Managerial Personnel	Son of Mr. Krishnakumar Jhunjhunwala, Managing Director and Brother of Ms. Neha Jhunjhunwala, Executive Director and belongs to Promoter group.	Not related to any Director / Key Managerial Personnel.	Not related to any Director / Key Managerial Personnel.
*Directorships/ Chairmanship of other Boards	Nil	Nil	1) Affordable Robotic & Automation Limited 2) Subhash Chemical Industries Privatelimited 3) Jorinco Specialities Private Limited 4) Suttatti Enterprises Private Limited 5) Sameya Cosmetics Private Limited
**Memberships/ Chairmanship in other Companies	Nil	Nil	

\* Directorships in Private Limited Companies, Foreign Companies and Section 8 companies and their Committee memberships are excluded.

\*\* Membership and Chairmanship of only Audit Committees and Stakeholders' Relationship Committees have been included in the aforesaid table.

By order of the Board of Directors  
For Sarla Performance Fibers Limited

**Neha Somani**  
(Company Secretary & Compliance Officer)

Place: Mumbai  
Date: August 10, 2023

**Registered Office:**  
Survey No. 59/1/4,  
Amlī Pipariā Industrial Estate, Silvassa,  
U.T. of Dadra & Nagar Haveli – 396230  
Tel: 0260-3290467, Fax: 0260 – 2631356  
Email: [investors@sarlafibers.com](mailto:investors@sarlafibers.com)  
Website: [www.sarlafibers.com](http://www.sarlafibers.com)

# Board's Report

*Dear Members*

The Board of Directors take immense pleasure in presenting the **Thirtieth (30<sup>th</sup>)** Annual Report together with its Audited Financial Statements for the financial year ended March 31, 2023 ("year under review").

## 1. Financial Performance

The Company's financial performance for the year ended March 31, 2023 is summarized below:

(Rs in Lakhs)

Particulars	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Revenue from Operations	38,654.70	42,869.99	38,740.02	43,087.69
Other Income	923.05	1,222.83	987.52	1,231.38
<b>Total Income</b>	<b>39,577.74</b>	<b>44,092.82</b>	<b>39,727.53</b>	<b>44,319.07</b>
Profit Before Interest, Depreciation & Tax	6,556.89	9,302.10	6,670.59	9,453.35
Finance Cost	483.28	368.78	483.29	368.78
Depreciation & amortization expenses	2,107.35	1,862.90	2,959.48	2,652.82
<b>Profit before Tax &amp; Exceptional Items</b>	<b>3,966.26</b>	<b>7,070.42</b>	<b>3,227.82</b>	<b>6,431.76</b>
Exceptional Items- Income / (Expenses)	-	-	-	-
<b>Profit before Tax</b>	<b>3,966.26</b>	<b>7,070.42</b>	<b>3,227.82</b>	<b>6,431.76</b>
Less: Provision for Tax				
- Current Tax	1,119.45	1,909.69	1,123.95	1,914.74
- Deferred Tax	(128.74)	(113.98)	(128.74)	(113.98)
- Adjustments for earlier years	94.38	-	94.38	-
<b>Net Profit for the year</b>	<b>2,881.17</b>	<b>5,274.71</b>	<b>2,138.23</b>	<b>4,631.00</b>
Other Comprehensive Income	27.96	(1.63)	182.96	67.80
<b>Total Comprehensive Income</b>	<b>2,909.13</b>	<b>5,273.08</b>	<b>2,321.19</b>	<b>4,698.80</b>
Earning per share	3.45	6.32	2.56	5.54

## 2. Business Performance

### Operations:

During the financial year under review, the sales of the Company on standalone basis were Rs. 38,295.92 Lakhs in FY 2022-23 as against Rs. 42,281.29 Lakhs in FY 2021-22 witnessing a decrease of 9.43% due to the prevalent market conditions. The value of exports stood at Rs. 19,889.52 Lakhs for FY 2022-23 compared to Rs. 21,804.99 Lakhs in FY 2021-22. The decrease is attributed to the unfavourable market conditions globally.

The Consolidated Sales of the Company for FY 2022-23 was Rs. 38,654.70 Lakhs as against Rs. 42,869.99 Lakhs in the previous year i.e. 2021-22, thereby registering a decrease of 9.83%.

### Profitability:

The profit before Interest, Depreciation & Tax was Rs. 6,556.91 Lakhs as compared to Rs. 9,302.10 Lakhs

in the previous year, after providing for depreciation of Rs. 2,107.35 Lakhs (Previous Year Rs. 1,862.90 Lakhs) & provision for taxation of Rs. 1,085.09 Lakhs (Previous Year Rs. 1,795.71 Lakhs), there was a net profit of Rs. 2,881.18 Lakhs as compared to Rs. 5,274.71 Lakhs in the Previous Year.

## 3. Dividend

In order to conserve the resources of the Company by taking into account the prevailing economic situation and the need of resources for growth, the Board of Directors of the Company have decided not to recommend any dividend on the Equity Shares of the Company for the Financial Year ended March 31, 2023.

## 4. Reserves

There is no amount proposed to be transferred to Reserves out of profits of the FY 2022-23.



**5. Share Capital**

There has been no change in the share capital of the Company during the year under review. As on March 31, 2023, the paid-up share capital of your Company stood at Rs. 835.03 Lakhs comprising of 83,503,000 Equity shares of Re. 1/- each fully paid.

The Company has, during the year under review, neither issued any Equity shares with differential voting rights nor any shares (including sweat equity shares) to its employees under any scheme.

**6. Deposits:**

The Company has not accepted any Deposit covered under Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details relating to deposits covered under Chapter V of the Act or the details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

**7. Consolidated Financial Statement:**

As stipulated under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Company has prepared Consolidated Financial Statement in accordance with the applicable accounting standards as prescribed under the Companies (Accounts) Rules, 2014 of the Companies Act, 2013 ("the Act"). The Consolidated Financial Statement reflects the results of the Company and that of its subsidiary and associates. As required under Regulation 34 of SEBI Listing Regulations, the Audited Consolidated Financial Statement together with the Independent Auditors' Report thereon is annexed and forms part of this Report and also available on the website of the Company.

**8. Subsidiaries, Joint Ventures and Associate Companies:**

The Company does not have any Indian Company as Subsidiary. There are two wholly owned overseas subsidiaries viz. Sarla Overseas Holdings Ltd (BVI) and Sarlaflex Inc. (USA) and one Step down subsidiary viz. Sarla Europe (LDA) as on March 31, 2023 which is a subsidiary of Sarla Overseas Holdings Ltd (BVI). There has been no material change in the nature of the business of the subsidiaries. The Policy for determining material subsidiaries as approved may be accessed on the Company's website at [www.sarlafibers.com](http://www.sarlafibers.com).

Pursuant to the provisions of Section 136 of the Companies Act, 2013 the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company at the link: [www.sarlafibers.com](http://www.sarlafibers.com).

The Report on the performance and statement containing salient feature of Financial Statements of the aforesaid Subsidiary Companies in terms of Section 129 of the Act is separately attached in Form No. AOC-1 which forms part of this Report as "Annexure - I".

During the year under review, no Company has become or ceased to be a Subsidiary.

**9. Particulars of Loans, Guarantees and Investments**

Details of the loans, guarantees and investments, as required under Section 186 of the Act and Schedule V of the SEBI Listing Regulations, are provided as part of the notes to the financial statements of the Company.

**10. Directors and Key Managerial Personnel**

As of March 31, 2023, your Company had 6 (Six) Directors, which included 3 (Three) Independent Directors and 3 (Three) Executive Directors.

The Board of your Company is duly constituted in accordance with the requirements of the Companies Act, 2013 read with the SEBI Listing Regulations.

**Change in Directors**

Mrs. Shreya Desai (DIN: 08041995), was reappointed as Independent Non-Executive Director of the Company for a second term of five (5) years w.e.f. December 12, 2022 upto December 11, 2027, at the 29<sup>th</sup> Annual General Meeting of the Company held on September 28, 2022.

**Retirement by Rotation**

In accordance with the provisions of Section 152 of the Act and in terms of the Articles of Association of the Company, Mr. Kanav Jhunjunwala, (DIN: 09507192), Executive Director retires by rotation at the ensuing 30<sup>th</sup> AGM of the Company and being eligible, offers himself for re-appointment.

The disclosures required pursuant to Regulation 36 of the SEBI Listing Regulations and the Secretarial Standards on General Meeting ('SS-2') are given in the Notice of this AGM, forming part of the Annual Report.

**Changes in Key Managerial Personnel**

There were no changes in the Key Managerial Personnel during the year under review.

**Composition of Key Managerial Personnel (KMP)**

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on the date of this Report are:

- Mr. Krishnakumar Jhunjunwala, Managing Director;
- Mr. Mukesh Deopura, CFO; and
- Ms. Neha Somani, Company Secretary & Compliance Officer

**Declaration from Independent Directors:**

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI Listing Regulations.

**Performance evaluation of the Board**

In accordance with the provisions of the Companies Act, 2013 and Regulation 17 and 19 of the SEBI Listing Regulations, the Company has formulated the criteria for performance evaluation of all the Directors including Independent Directors, the Board and its Committees and the Chairman, details of which are mentioned in the Corporate Governance Report forming part of this Annual Report.

**11. Meetings of the Board**

During the FY 2022-23, six (6) Meetings of Board of Directors were convened and held. The details of the said meetings are mentioned in the report on Corporate Governance forming part of this Annual Report.

The intervening gap between two consecutive meetings was not more than 120 (One Hundred and Twenty) days as prescribed by the Companies Act, 2013 and the SEBI Listing Regulations.

**12. Committees of Board**

Pursuant to the provisions of the Companies Act, 2013, rules framed there under and the SEBI Listing Regulations, the Board has constituted four (4) Committees, viz., Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders' Relationship Committee. The details on the composition of these Committees as well as changes in their composition, if any, during the year under review and the number and dates of meetings of such committees held during the year are covered in Corporate Governance Report which forms part of this Annual Report.

**13. Familiarization Programme for the Independent Directors**

In compliance of the SEBI Listing Regulations, the Company has put in place a Familiarization Programme for the Independent Directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model etc. The details of such programme are available on the website of the Company- <https://www.sarlafibers.com/investors/>.

**14. Particulars of Employees and related Disclosures**

Disclosure pertaining to remuneration and other details as required under section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in "Annexure-II" to this Report.

A Statement containing Particulars of Employees as required pursuant to the provisions of Section 197 of the Act, and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Report. As per the provisions of Section 136 of the Act, the Annual Report is being sent to Members of the Company and other stakeholders entitled thereto, excluding the Statement containing Particulars of Employees. Any Member interested in obtaining such details may write to the Company Secretary of the Company at [investors@sarlafibers.com](mailto:investors@sarlafibers.com).

**15. Whistle Blower / Vigil Mechanism Policy**

The Company believes in conducting its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. Pursuant to Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the SEBI Listing Regulations, the Board of Directors have implemented a vigil mechanism through the adoption of Whistle Blower / Vigil Mechanism Policy. The policy provides for adequate safeguards against victimization of Director(s) or employee(s) or any other person who avail the Mechanism. The Code applies to all Directors, Officers and Employees of the Company.

The Code of Conduct is available on Company's website at the link - <http://sarlafibers.com/images/whistle-blower-policy.pdf> to report any concerns about unethical behaviour, any actual or suspected fraud.

**16. Compliance of Secretarial Standards**

During the financial year under review, the Company has complied with all the applicable provisions of Secretarial Standards issued by the Institute of Company Secretaries of India.

**17. Directors' Responsibility Statement**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(5) of the Companies Act, 2013:

- that in the preparation of annual accounts for the financial year ended March 31, 2023, the applicable accounting standards had been followed along with proper explanation relating to material departures for the same;
- appropriate accounting policies have been selected and applied consistently and judgments and estimates are made reasonably and prudently so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit of the Company for the year ended on that date;
- proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the

assets of the Company and for preventing and detecting fraud and other irregularities;

- d. the annual accounts have been prepared for the financial year ended March 31, 2023 on a 'going concern' basis;
- e. proper internal financial controls are devised to ensure compliance with all the provisions of the applicable laws and that such internal financial controls are adequate and are operating effectively; and
- f. proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### 18. Extract of the Annual Return

In accordance with the provisions of Section 92(3) read with section 134(3)(a) of the Companies Act, 2013 and Rules framed thereunder, an annual return in the prescribed format for the financial year 2022-23 is available on the website of the Company at <https://www.sarlafibers.com/investors/>.

#### 19. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of the Companies (Accounts) Rules, 2014, is annexed herewith as 'Annexure - III' to this Report.

#### 20. Particulars of contracts or arrangements with Related Party Transactions

Pursuant to Policy on Related Party Transaction of the Company, all contracts/ arrangements/ transactions entered by the Company during financial year with related parties which were on arm's length basis and were in ordinary course of business and were approved by the Audit Committee. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel which may have a potential conflict with the interest of the Company at large.

Pursuant to the provision of applicable SEBI Listing Regulations, all related party transactions are placed before the Audit Committee for approval including the transaction under section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations. Prior omnibus approval of the Audit Committee has been obtained for transactions which are foreseen and repetitive in nature.

The particulars of contracts or arrangements with related parties referred to in sub-section 1 of Section 188 of the Companies Act, 2013 are furnished in Form AOC-2 in 'Annexure-IV' to this report.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be

accessed on the Company's website at the link: [www.sarlafibers.com](http://www.sarlafibers.com)

Members may refer to Note No. 43 to the Standalone Financial Statements which sets out related party disclosures.

#### 21. Corporate Social Responsibility:

In accordance with the requirements of Section 135 of the Companies Act, 2013, your Company has a Corporate Social Responsibility (CSR) Committee. The composition and terms of reference of the Corporate Social Responsibility (CSR) Committee are provided in the Corporate Governance Report.

Your Company has also formulated a Corporate Social Responsibility Policy (CSR Policy) which is available on the website of the Company at <https://www.sarlafibers.com/investors/>.

The Annual Report on CSR activities in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules 2014 has been appended as 'Annexure - V' and forms integral part of this Report.

#### 22. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has zero tolerance towards sexual harassment at the workplace and have a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. All women employees whether permanent, temporary or contractual are covered under the above policy. The said policy has been uploaded on website of the Company and intimated to all the female employees. An Internal Complaint Committee (ICC) has been set up in compliance with the said Act and rules framed thereunder to redress complaints received on sexual harassment.

During the year under review, no cases were received & resolved pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

#### 23. Internal Financial Control Systems, their Adequacy and Risk Management:

Adequate Internal Financial Control systems, commensurate with the nature of the Company's business, size and complexity of its operations, are in place and have been operating satisfactorily and effectively. During the financial year under review, no material weaknesses in the design or operation of Internal Financial Control system was reported.

The Company's Internal Auditor also monitors and evaluates the internal control system and submits Quarterly Reports which are placed before the Audit Committee of the Board.

#### 24. Significant and Material Orders passed by the Regulators or Courts:

During the period under review, no such order is passed by any Regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

#### 25. Material changes and commitments, if any, affecting financial position have occurred between the end of the financial year of the Company and date of this report:

There were no Material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this report.

#### 26. Auditors and Auditors' Report

##### a) Statutory Auditors:

M/s. CNK & Associates LLP, Chartered Accountants, Mumbai (Firm Registration No.: 101961W) were appointed as the Statutory Auditors of the Company for a term of five (5) consecutive years, at the 29<sup>th</sup> AGM of the Company held on September 28, 2022 to hold office up to the conclusion of 34<sup>th</sup> AGM. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

The Statutory Auditors, M/s CNK & Associates LLP, Chartered Accountants have issued their reports on Financial Statements for the financial year ended March 31, 2023. There are no adverse remarks or qualifications in the said report. The Notes on Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Members are therefore requested to approve the Auditors' Report.

##### b) Cost Auditor:

The Board of Directors, on recommendation of the Audit Committee, had appointed M/s. V.B. Modi & Associates, Cost Accountants (Firm Registration No.: 004861), as Cost Auditors of the Company, for the FY 2022-23, for conducting the audit of the cost records maintained by the Company for the products as mandated by the Central Government at a remuneration as mentioned in the Notice convening the 29<sup>th</sup> AGM of the Company.

During the year under review, the Cost Auditor had not reported any fraud under Section 143(12) of the Act and therefore, no details are required to be disclosed under Section 134(3)(ca) of the Act. The Cost Audit Report for FY 2022-23 has been duly filed with the Ministry of Corporate Affairs.

The Board of Directors, on recommendation of the Audit Committee, had appointed M/s. Balwinder & Associates, Cost Accountants, (Firm Registration No: 000201), as Cost Auditors of the Company, for the FY 2023-24, for conducting

the audit of the cost records maintained by the Company for the products as mandated by the Central Government at a remuneration as mentioned in the Notice convening the 30<sup>th</sup> AGM of the Company.

The Company has received a certificate from M/s. Balwinder & Associates, Cost Accountants that they are eligible to be appointed as Cost Auditors under Section 141 of the Act and Rules framed thereunder. The Company has also received a No Objection Certificate, M/s. V.B. Modi & Associates, Cost Accountants for appointment of M/s. Balwinder & Associates.

A resolution seeking Members' ratification for the remuneration payable to the Cost Auditors for the FY 2023-24 forms part of the Notice of the 30<sup>th</sup> AGM of the Company.

##### c) Secretarial Auditor:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed CS Mayank Arora - Proprietor of M/s. Mayank Arora & Co., Company Secretaries in Practice (Membership No.: F10378 / COP: 13609) to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2023.

The Report of Secretarial Auditor in Form MR-3 in accordance with Section 204 of Companies Act, 2013 and Secretarial Compliance Report in accordance with Regulation 24A of the SEBI Listing Requirements for the financial year ended March 31, 2023 is annexed herewith and marked as 'Annexure -VI' to this Report.

There were no qualifications/ adverse remarks made by the Secretarial Auditor in their report for the financial year ended March 31, 2023.

However, the Secretarial Auditor have made the following observations in their report which are self-explanatory and doesn't require any clarification:

1. *During the Financial Year 2021-22, the company has been fined by the Bombay Stock Exchange Limited and National Stock Exchange Limited for the Non-Compliance of Regulation 17 and Regulation 23 of the SEBI (LODR) Regulations, 2015. However, upon request of waiver of fine levied by the Exchanges, National Stock Exchange Limited has granted partial waiver of penalty imposed on both the regulations and accordingly were asked to make the payment of Rs. 4,01,200/- with respect to non-compliance of Regulation 17 and 23 by March, 03, 2023. The Company has remitted the fine amount through electronic transfer on March 03, 2023. Further, there is no further update on the waiver request submitted with the Bombay Stock Exchange Limited till date;*



2. *During the period under review, National Stock Exchange have asked for the clarification in the submission of the shareholding pattern for quarter ended June 30, 2022 with respect to updation of PAN details with the designated depository and also data was not covered in System Driven Disclosures (SDD) for Insider Trading (as per SEBI circular dated September 09, 2020. The Company has updated the requisite data with the depositories and the same was resolved vide letter dated August 17, 2022 duly submitted with NSE.*
3. *During the period under review, National Stock Exchange have asked for the clarification in the submission of the shareholding pattern for quarter ended September 30, 2022 with respect to data in the depositories not in line with the System Driven Disclosures (SDD) for Insider Trading (as per SEBI circular dated September 09, 2020. The Company has updated the requisite data with the depositories and the same was resolved vide letter dated December 08, 2022 duly submitted with NSE.*

## 27. Corporate Governance

As per Regulation 34(3) read with Schedule V of the SEBI Listing Regulations, a separate section on corporate governance practices followed by the Company, together with a certificate from M/s. Mayank Arora & Co., Practicing Company Secretary, on compliance with corporate governance norms under the SEBI Listing Regulations, forms an integral part of this Annual Report as 'Annexure - VII' & 'Annexure - VII(A)' respectively.

## 28. Management Discussion & Analysis Report

Management Discussion and Analysis Report on the operations of the Company, as required under the Regulation 34 (2) of the SEBI Listing Regulations, is provided in a separate section and forms an integral part of Annual Report as 'Annexure - VIII'.

## 29. Credit Rating

Acuite Ratings and Research Ltd (Formerly Known as SMERA Ratings Limited) have reaffirmed the Company's long-term borrowings rating to 'ACUITE A' and reaffirmed the short-term borrowing rating as 'ACUITE A1' for the FY 2022-23.

These ratings are considered to have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk.

## 30. Reporting of Frauds

There have been no instances of fraud reported by the Statutory Auditors under Section 143 (12) of the Act and Rules framed thereunder, either to the Audit Committee/ Company or to the Central Government.

## 31. Cost Records

The maintenance of cost records as specified under Section 148 of the Act, is applicable to the Company and accordingly all the cost records are made and maintained by the Company and audited by the cost auditors.

## 32. Change in the Nature of Business

During the period under review, there is no change in the nature of business of the Company.

## 33. Code of Conduct for Prohibition of Insider Trading

Your Company has in place a Code of Conduct for Prohibition of Insider Trading, which lays down the process of trading in securities of the Company by the Designated Persons and to regulate, monitor and report trading by the employees of the Company either on his/her own behalf or on behalf of any other person, on the basis of Unpublished Price Sensitive Information. Also it lays down the procedure for Inquiry in case of leak of Unpublished Price Sensitive Information including Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information. The aforementioned amended Code is available on the website of the Company at <https://www.sarlafibers.com/investors/>.

## 34. Investor Education and Protection Fund (IEPF)

During the FY 2022-23, the Company has transferred a total amount of Rs. 10,15,656/- to the IEPF Authority on November 17, 2022 pertaining to balance lying in respect of final dividend of the FY 2014-15 and thereafter, had transferred underlying 10,000 Equity Shares to the IEPF Authority on November 30, 2022. Prior to that the Company had transferred 8,580 Equity Shares on April 06, 2022 with respect to Final Dividend of FY 2013-14.

Shareholders /claimants whose shares, unclaimed dividend have been transferred to the aforesaid IEPF Suspense Account or the Fund, as the case may be, may claim the shares or apply for refund by making an application to the IEPF Authority in Form IEPF-5 (available on <https://www.iepf.gov.in/content/iepf/global/master/Home/Home.html>) along with requisite fee as decided by the IEPF Authority from time to time.

Further, the Company shall be transferring the unclaimed Final Dividend for the financial year 2015-16 to the IEPF Account on or before December 03, 2023. The Company shall also be transferring the shares, on which the dividend has remained unclaimed for a period of seven (7) consecutive years, to the IEPF Account simultaneously on the same date.

## 35. Insurance

All the properties including buildings, plant and machinery and stocks of the Company are adequately insured.

## 36. Other Disclosures

- a) There are no proceedings made or pending under the Insolvency and Bankruptcy Code, 2016 and there is no instance of one-time settlement with any Bank or Financial Institution, during the year under review.

- b) The Equity shares of your Company continues to be listed on BSE Limited and the National Stock Exchange of India Limited. The applicable listing fees for the FY. 2022-23 have been duly paid to the Exchanges.
- c) Pursuant to SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018, your Directors confirm that the Company is not defined as a "Large Corporate" as per the framework provided in the said Circular. Moreover, your Company has not raised any fund by issuance of debt securities.

## 37. Acknowledgement

The Board takes this opportunity to thank the Company's Members, Customers, Vendors and all other Stakeholders for their continued support throughout the FY 2022-23. The Directors also thank

the Stock Exchanges, Banks, Ministry of Corporate Affairs, State Governments, Government of India, and all other Government agencies and Regulatory authorities for the support extended by them and also look forward to their continued support in future.

Your Directors wish to place on record their appreciation of the dedicated efforts by employees at all levels.

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

**Krishnakumar Jhunjunwala**  
Chairman & Managing Director  
(DIN: 00097175)

Place: Mumbai  
Date: May 13, 2023

**Annexure - I****Form AOC-I**

**Statement Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014**

**Part "A": Subsidiaries**

Information in respect of each subsidiary is presented with amounts in USD

Sr No	Particulars	Sarla Overseas Holdings Limited	Sarlaflex Inc.
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 01, 2022 to March 31, 2023	April 01, 2022 to March 31, 2023
2.	Reporting currency	USD (\$)	USD (\$)
3.	Exchange rate as on the last date of the relevant Financial year	82.22	82.22
4.	Share capital	435,000	989,000
5.	Reserves & surplus	(43,043)	(5,875,451)
6.	Total Assets	464,717	4,465,476
7.	Total Liabilities	507,760	10,340,927
8.	Investments	4,296	-
9.	Turnover	321,108	-
10.	Profit before taxation	96,010	(1,102,331)
11.	Provision for taxation	5,601	-
12.	Profit after taxation	90,409	(1,102,331)
13.	Proposed Dividend	-	-
14.	% of shareholding	100.00	100.00

**Part "B": Associates - Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures - Not applicable**

**Notes:**

- Names of subsidiaries/ associates/ joint ventures which are yet to commence operations - **None**
- Names of subsidiaries/ associates/ joint ventures which have been liquidated or sold during the year - **None**

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

**Krishnakumar Jhunjunwala**  
Chairman & Managing Director  
(DIN: 00097175)

Place: Mumbai  
Date: May 13, 2023

**Annexure - II****Particulars of Employees and Related Disclosures**

[Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

- The Ratio of the remuneration paid to each Director to the median remuneration of the employees of the Company for the FY 2022-23:**

Name of Director	Ratio
Mr. Krishnakumar Jhunjunwala (Managing Director)	76.00
Ms. Neha Jhunjunwala (Executive Director)	7.60
Mr. Kanav Jhunjunwala (Executive Director)	5.07

*Independent directors are paid sitting fees for attending Board Meetings which are not considered.*

- The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the FY 2022-23 as compared to FY 2021-22:**

Name of Director/ Key Managerial Personnel	% Increase/ (Decrease) in remuneration as compared to FY 2021-22
Mr. Krishnakumar Jhunjunwala (Managing Director)	No change
Ms. Neha Jhunjunwala	No change
Mr. Kanav Jhunjunwala	No change
Mr. Mukesh Deopura	No change
Ms. Neha Somani	No change

- The percentage increase in the median remuneration of employees in the FY 2022-23, was an increase of 8.85% in the median remuneration of employees.
- As on March 31, 2023, there were 335 permanent employees on the rolls of Company.
- The Average percentage decrease in the salaries of employees other than the managerial personnel for the FY 2022-23 was 3.53% whereas there was no change in the managerial remuneration during the FY 2022-23 as compared to Previous FY 2021-22.
- The Company affirms that the remuneration paid is as per the Nomination and Remuneration Policy of the Company.
- None of the Directors of the Company receives any remuneration or commission from any Subsidiary of the Company.

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

**Krishnakumar Jhunjunwala**  
Chairman & Managing Director  
(DIN: 00097175)

Place: Mumbai  
Date: May 13, 2023



**Annexure – III****Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

[Pursuant to Section 134(3)(m) of the Companies Act, 2013 read with the Rule 8 of the Companies (Account) Rules, 2014]

**(A) Conservation of Energy:****(i) Steps taken or impact of conservation of energy:**

In line with Companies Commitment towards conservation of energy, all units have made continuous efforts aimed at improving energy efficiency through improved operational and maintenance practices. The Company have taken following steps during the year under review:

- Replacement of inefficient motor with energy efficient motors
- Overhauling of Machines for effective energy utilization
- Replacement of HPMV lightings with LED lights

**(ii) Steps taken by the Company for utilizing alternative sources of energy:**

The Company have wind turbine generators of 1.25 MW capacity installed at Baradiya, Gujarat, and the Company have also installed Rooftop Solar of 1.40MW at Plants. Energy generated from the said turbine and Solar Plant is used by the Company for captive consumption.

**(iii) Capital investment on energy conservation equipment:**

During the year under review, the Company has invested Rs. 68 Lacs on energy conservation equipment.

**(B) Technology Absorption:**

(i)	Efforts made towards technology absorption	Continuous efforts towards improvement of process equipment and are made out to suit market requirements and to achieve optimum operational efficiency
(ii)	Benefits derived like product improvement, cost reduction, product development or import substitution	Introduction of several new products
(iii)	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):	Not Applicable
	(a) details of technology imported	Not Applicable
	(b) year of import	Not Applicable
	(c) whether the technology been fully absorbed	Not Applicable
	(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	Not Applicable

**(C) Research & Development (R & D):**

(i)	Specific areas in which R & D is Carried out by the Company	New product development, process development and optimizing process parameters
(ii)	Benefits derived as a result of the above R & D	Introduction of several new types of Polyester and Nylon Yarns and dyeing capabilities
(iii)	Future Plan of Action	To meet the increasing requirement of customers around the world and development of new products
(iv)	Expenditure incurred on R & D	All machineries are dedicated for operational as well as R & D activities hence no separate accounts are maintained and as such expenditure on R & D is not separately ascertainable

**(D) Foreign exchange earnings and Outgo:****Activities relating to exports:**

The Company has now established a potential solid customer base in European countries especially Italy, Spain, Romania, Turkey, U.K, Portugal. etc., some countries in Central and North America and Asian Countries like China, Vietnam, Thailand, Hong Kong etc. Jordan, Canada & South America countries like Brazil are the thrust areas for the future and a good beginning has been made towards this.

**During the year under review, the foreign exchange earned in terms of actual inflows and the foreign exchange outgo are as follows:**

Particulars	Current Year (Rs. In Lakhs)	Previous Year (Rs. In Lakhs)
Foreign Exchange Earnings	21,102.10	22,068.81
Foreign Exchange Outgo	16,018.18	13,054.52

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

**Krishnakumar Jhunjhunwala**  
Chairman & Managing Director  
(DIN: 00097175)

Place: Mumbai  
Date: May 13, 2023

**Annexure - IV****Form No. AOC - 2**

[Pursuant to Clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014]

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

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

During the FY 2022-23, the Company has not entered into any contracts or arrangements or transactions with its related parties which are not on arm's length basis.

**2. Details of contracts or arrangements or transactions at arm's length basis:****(Rs. In Lakhs)**

Sr. No.	Name of the Related Party and Nature of Relationship	Type of Relationship	Nature of contracts/ arrangements/ transactions	Duration of contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Amount of Transaction
1	Mr. Krishnakumar Jhunjunwala	Directors & Key Managerial Personnel	Managerial Remuneration (including Retirement Benefits)	October 01, 2019 to September 30, 2024	As per the terms of Appointment	180.00
			Dividend paid	Not Applicable	Actual	26.28
			Rent paid	April 01, 2022 to March 31, 2023	As per the terms of Lease Agreement	21.60
			Security Deposit	"	"	11.00
2	Ms. Neha Jhunjunwala	Executive Director	Managerial Remuneration (including Retirement Benefits)	April 01, 2022 to March 31, 2023	As per the terms of Appointment	18.00
			Dividend paid	Not Applicable	Actual	0.08
			Rent paid	April 01, 2022 to March 31, 2023	As per the terms of Lease Agreement	21.60
3	Mr. Kanav Jhunjunwala	Executive Director	Managerial Remuneration (including Retirement Benefits)	April 01, 2022 to March 31, 2023	As per the terms of Appointment	12.00
			Dividend paid	Not Applicable	Actual	12.94
4	Mr. Mukesh Deopura	Key Managerial Personnel	Remuneration (including Retirement Benefits)	April 01, 2022 to March 31, 2023	As per the terms of Appointment	35.09
			Dividend paid	Not Applicable	Actual	0.02
5	Ms. Neha Somani	Key Managerial Personnel	Remuneration (including Retirement Benefits)	April 01, 2022 to March 31, 2023	As per the terms of Appointment	15.48
			Dividend paid	Not Applicable	Actual	0.01
6	Mr. Vrinda Jhunjunwala	Relatives of Key Managerial Personnel	Remuneration (including Retirement Benefits)	April 01, 2022 to March 31, 2023	As per the terms of Appointment	6.00
			Dividend paid	Not Applicable	Actual	9.20

7	Chanda Deopura	Relatives of Key Managerial Personnel	Remuneration (including Retirement Benefits)	April 01, 2022 to March 31, 2023	As per the terms of Appointment	20.97
			Dividend paid	Not Applicable	Actual	0.002
8	Sarla Europe, LDA	Step down Subsidiary	Commission paid	On-going	As per terms of contract	170.70
9	Sarlaflex Inc	Subsidiaries	Plant & Equipment purchases	April 01, 2022 to March 31, 2023	Not Applicable	4.58
			Advance Given for Goods	"	As per terms of contract	435.77
10	Shivchandrai Jhunjunwala Charitable Trust	Entities over which Key Managerial Personnel are able to exercise significant influence	CSR expenditure	April 01, 2022 to March 31, 2023	Not Applicable	15.62
11	Madhusudan S Jhunjunwala **	Executive Director	Dividend paid	Not Applicable	Actual	49.39
12	Madhusudan Jhunjunwala & Sons HUF	Entity over which Key Managerial Personnel are able to exercise significant influence	Dividend paid	Not Applicable	Actual	39.10
			Rent paid	April 01, 2022 to March 31, 2023	As per the terms of Lease Agreement	21.60
			Security Deposit	"	"	11.00
13	Krishnakumar and Sons HUF	Entity over which Key Managerial Personnel are able to exercise significant influence	Dividend paid	Not Applicable	Actual	6.50
14	Sarladevi Jhunjunwala	Relatives of Key Managerial Personnel	Dividend paid	Not Applicable	Actual	77.88
15	Hindustan Cotton Co.	Entity over which Key Managerial Personnel are able to exercise significant influence	Dividend paid	Not Applicable	Actual	226.01



16	Satidham Industries Pvt. Ltd.	Entity over which Key Managerial Personnel are able to exercise significant influence	Dividend paid	Not Applicable	Actual	479.18
17	Harmony Estates Pvt Ltd	Entity over which Key Managerial Personnel are able to exercise significant influence	Dividend paid	Not Applicable	Actual	4.16
18	Sarla Estate Developers Pvt Ltd	Entity over which Key Managerial Personnel are able to exercise significant influence	Dividend paid	Not Applicable	Actual	2.91

\*\*Mr. Madhusudan S Jhunjhunwala expired on July 19, 2023. However, since his shares were not transmitted in FY 2022-23, the dividend was payable to him.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: May 13, 2023

**Krishnakumar Jhunjhunwala**  
Chairman & Managing Director  
(DIN: 00097175)

## Annexure - V

### Annual Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to Section 135 of the Companies Act, 2013 read with the Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

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

Corporate Social Responsibility is a Company's sense of responsibility towards the community and environment in which it is operated. It is the continuing commitment of the Company to behave ethically and contribute to the economic development of the society at large and building capacity for sustainable development.

- ♦ The following are the thrust areas under CSR:
- ♦ Eradicating hunger, poverty and malnutrition and sanitation;
- ♦ Promoting health care;
- ♦ Promoting education;
- ♦ Ensuring environmental sustainability, ecological balance;
- ♦ Rural development projects;
- ♦ National Heritage and Culture;
- ♦ Gender Equality and Empowerment of Women;
- ♦ Participating & Promoting Swatch Bharat Abhiyaan.

#### 2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Krishnakumar Jhunjhunwala	Chairman (Executive Director)	1	1
2	Mr. Parantap Dave	Member (Independent Non-Executive Director)	1	1
3	Ms. Shreya Desai	Member (Independent Non-Executive Director)	1	1

#### 3. The web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:

**Web-link of Composition of CSR Committee:**

<https://www.sarlafibers.com/composition-committee/>

**Web-link of CSR Policy:**

<http://sarlafibers.com/images/csr-policy.pdf>

#### 4. The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):

Not Applicable

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

(Rs. In Lakhs)

Sr. No.	Financial Year	Amount available for set-off from preceding financial years	Amount required to be set-off for the financial year, if any
1	FY 2022-23	225.00	140.72

#### 6. Average net profit of the company as per Section 135(5): Rs. 4,994.81 Lakhs

7. (a) **Two percent of average net profit of the company as per section 135(5):** Rs. 99.90 Lakhs  
 (b) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** Nil  
 (c) **Amount required to be set off for the financial year, if any:** Nil  
 (d) **Total CSR obligation for the financial year (7a+7b-7c):** Rs. 99.90 Lakhs
8. (a) **CSR amount spent or unspent for the financial year:**

(Rs. In Lakhs)

Total Amount Spent for the FY 2022-23	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
99.90	Not Applicable		Not Applicable		

- (b) **Details of CSR amount spent against ongoing projects for the FY 2022-23:** Not Applicable  
 (c) **Details of CSR amount spent against other than ongoing projects for the financial year:**

(Rs. In Lakhs)

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project	Mode of implementation - Direct (Yes/No) Name	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number
1	Shri Rani Sati Eye Hospital	Promoting health care including preventive health care	No	Maharashtra	Amravati	15.62	Direct	Shivchandrai Jhunjhunwala Charitable Trust	CSR00012376
<b>Total</b>						<b>15.62</b>			

- (d) Amount spent in Administrative overheads: **Nil**  
 (e) Amount spent on Impact Assessment, if applicable: **Nil**  
 (f) Total amount spent for the Financial Year (8b+8c+8d+8e): **Rs. 15.62 Lakhs**  
 (g) Excess amount for set off, if any:

(Rs. In Lakhs)

Sr. No.	Particular	Amount
(i)	Two percent of average net profit of the company as per section 135(5)	99.90
(ii)	Total amount spent for the Financial Year	15.62
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.00
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	225.00
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	140.72

9. (a) **Details of Unspent CSR amount for the preceding three financial years:** Not applicable  
 10. (b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):** Not applicable

11. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):**  
 (a) **Date of creation or acquisition of the capital asset(s):** Not Applicable  
 (b) **Amount of CSR spent for creation or acquisition of capital asset:** Not Applicable  
 (c) **Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc:** Not Applicable  
 (d) **Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):** Not Applicable
12. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5):** Not Applicable

For and on behalf of the Board of Directors

Place: Mumbai  
Date: May 13, 2023Sd/-  
**Krishnakumar Jhunjhunwala**  
Chairman & Managing Director  
(DIN: 00097175)



**Annexure - VI**  
**FORM MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023**

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
**SARLA PERFORMANCE FIBERS LIMITED,**  
Survey Mo 59/1/4, Amliparvia Industrial Estate,  
Silvassa, DN-396230

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sarla Performance Fibers Limited**, (hereinafter called "the Company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliance and expressing our opinion thereon.

Based on my verification of the Company, 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 and subject to letter annexed herewith, we hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023, complied with the applicable 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 March 31, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment; (not applicable to the Company during the Audit period);
- (v) 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, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (not applicable during the Audit period);
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Regulations, 2009, and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on October 28, 2014 (not applicable to the Company during the Audit period);
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (not applicable to the Company during the Audit period);
  - f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 (not applicable to the Company during the Audit period) and
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable to the Company during the Audit period); and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (not applicable to the Company during the Audit period);
- (vi) Other Laws specifically applicable to the Company as per the representations made by the Company are listed in **Annexure A** and forms an integral part of this report.

In case of Direct and Indirect Tax Laws like Income Tax Act, Service Tax Act, Excise & Custom Acts we have relied on the Reports given by the Statutory Auditors of the Company.

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

- a. Secretarial Standards issued by The Institute of Company Secretaries of India; and
- b. The (Listing Obligation and Disclosure Requirements) Regulations, 2015.

During the period under review and as per the explanations and representations made by the management and subject to clarification given to us, the company has generally complied with the provisions of Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. *During the Financial Year 2021-22, the company has been fined by the Bombay Stock Exchange Limited and National Stock Exchange Limited for the Non-Compliance of Regulation 17 and Regulation 23 of the SEBI (LODR) Regulations, 2015. However, upon request of waiver of fine levied by the Exchanges, National Stock Exchange Limited has granted partial waiver of penalty imposed on both the regulations and accordingly were asked to make the payment of Rs. 4,01,200/- with respect to non-compliance of Regulation 17 and 23 by March, 03, 2023. The Company has remitted the fine amount through electronic transfer on March 03, 2023. Further, there is no further update on the waiver request submitted with the Bombay Stock Exchange Limited till date;*
2. *During the period under review, National Stock Exchange have asked for the clarification in the submission of the shareholding pattern for quarter ended June 30, 2022 with respect to updation of PAN details with the designated depository and also data was not covered in System Driven Disclosures (SDD) for Insider Trading (as per SEBI circular dated September 09, 2020. The Company has updated the requisite data with the depositories and the same was resolved vide letter dated August 17, 2022 duly submitted with NSE.*
3. *During the period under review, National Stock Exchange have asked for the clarification in the submission of the shareholding pattern for quarter ended September 30, 2022 with respect to data in the depositories not in line with the System Driven Disclosures (SDD) for Insider Trading (as per SEBI circular dated September 09, 2020. The Company has updated the requisite data with the depositories and the same was resolved vide letter dated December 08, 2022 duly submitted with NSE.*

**We further report that:**

The Board of Directors of the Company was duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors for the period under review. The changes in the composition of the Board of Directors, that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the Minutes.

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

**For Mayank Arora & Co.,  
Company Secretaries**

**Mayank Arora**  
**Partner**  
**Membership No.: F10378**  
**COP No.: 13609**  
**PR No: 679/2020**

**Place: Mumbai**  
**Date: 13/05/2023**  
**UDIN number: F010378E000308588**

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE B' and forms an integral part of this report.

## Annexure A

**Other Laws applicable to the Company****(A) Commercial Laws**

- (i) Indian Contract Act
- (ii) Limitation Act
- (iii) Arbitration and Conciliation Act
- (iv) Negotiable Instruments Act
- (v) Information Technology Act
- (vi) The Competition Act
- (vii) Income Tax Act
- (viii) Goods and Service Tax Act

**(B) Others**

- (i) Shops & Establishments Act
- (ii) Bombay/Indian Stamp Act

**For Mayank Arora & Co.,  
Company Secretaries**

**Mayank Arora**  
**Partner**  
**Membership No.: F10378**  
**COP No.: 13609**  
**PR No: 679/2020**

**Place: Mumbai**  
**Date: 13/05/2023**  
**UDIN number: F010378E000308588**

## Annexure B

To,  
The Members,  
**SARLA PERFORMANCE FIBERS LIMITED,**  
Survey Mo 59/1/4, Amlipiparia Industrial Estate,  
Silvassa, DN-396230

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. Our examination was limited to the verification of procedures on the test basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
7. We have reported, in our audit report, only those non-compliance, especially in respect of filing of applicable forms/documents, which, in our opinion, are material and having major bearing on financials of the Company.

**For Mayank Arora & Co.,  
Company Secretaries**

**Mayank Arora**  
**Partner**  
**Membership No.: F10378**  
**COP No.: 13609**  
**PR No: 679/2020**

**Place: Mumbai**  
**Date: 13/05/2023**  
**UDIN number: F010378E000308588**

## ANNEXURE VII

## CORPORATE GOVERNANCE REPORT

This report is prepared in accordance with the provisions of Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the report contains details of Corporate Governance systems and processes at Sarla Performance Fibers Limited ("SPFL" or "the Company").

In terms of the SEBI Listing Regulations, the details of compliance for the year ended March 31, 2023 are as follows:

**INTRODUCTION**

SPFL believes in fair business and corporate practices while dealing with the shareholders, employees, customers, creditors, lenders and others. The Company always aims to build trust with shareholders, employees, customers, suppliers and diverse stakeholders and to meet the expectation of various elements of corporate environment. The Company also believes in transparent and fair corporate actions with adequate disclosure and total accountability.

**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the Company. SPFL believes that Corporate Governance involves a set of rules and controls that promote transparency, integrity and accountability within which all stakeholders of the Company viz., its shareholders, directors and management, society and environment at large have aligned objectives. Your Company takes Corporate Governance as a critical tool to enhance trust of its Customers, Employees, Investors, Government and the Community at large and achieve its goal of maximizing value for its stakeholders while also being a positive influence in communities, by operating through responsible business practices.

Our Board together with the committees exercises its fiduciary responsibilities by ensuring not only to comply with the statutory requirements in letter and spirit, but also to aim at implementing the best practices, keeping in view overall interest of all its stakeholders and to manage the Company's affairs in a fair and transparent manner. Your Company ensures adequate, timely and accurate disclosure of all material matters including the financial situation,

performance, ownership and governance of the Company to the stock exchanges and the investors.

**2. BOARD OF DIRECTORS:**

- (i) Composition and Category of Directors:

As on March 31, 2023, the Composition of the Board of your Company is a fair mix of Executive, and Independent Directors, which is appropriate for the size and operations of your Company and is compliant with the applicable rules and guidelines. The Board comprises of six (6) Directors, of which three (3) are Executive Directors and remaining three (3) are Non-Executive Independent Directors. As on March 31, 2023, the composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Companies Act, 2013.

None of the Directors on the Board is a member of more than ten (10) committees across all the public companies or Chairman of more than five (5) committees across all the public listed companies as on March 31, 2023, for which confirmation has been obtained from the Directors.

The Executive Directors are also the Promoters of the Company and are handling a particular segment of the Company. The Independent Directors do not have any material pecuniary relationship or transactions with the Company, Promoters or Management, which may affect their judgement in any manner. The Directors are qualified and experienced professionals that allow them to make effective contribution to the Board and its Committees. The Directors attend the meetings and actively participate in the deliberations by providing valuable guidance to the Management on various aspects of business, policy direction, governance, compliance etc. which adds value in the decision making process of the Board of Directors. The Board meets at least once in a quarter to consider amongst other matters, the quarterly performance of the Company and financial results.

The relevant details of Composition, Category, Directorship and Committee Membership in other Companies held on March 31, 2023 by each Member of Board are as follows:



Name of the Directors	Nature of Directorship	No. of Shares held	No. of outside Directorship@		No. of Committees Chairpersonship / Membership held including SPFL#		List of Directorship held in other listed companies and category of directorship	Inter-se Relationship between Directors
			Public	Private	Chairperson	Member		
Mr. Krishnakumar Jhunjunwala (DIN: 00097175)	Promoter, Chairman and Managing Director	13,14,000	Nil	4	1	2	Nil	Father of Ms. Neha Jhunjunwala and Mr. Kanav Jhunjunwala
Mr. Parantap Dave (DIN: 00019472)	Non-executive Independent Director	Nil	1	6	3	1	Nil	Nil
Mrs. Shreya Desai (DIN: 08041995)	Non-executive Independent Director	Nil	Nil	1	Nil	4	Nil	Nil
Mr. Paulo Manuel Castro (DIN: 08459844)	Non-executive Independent Director	Nil	Nil	Nil	Nil	1	Nil	Nil
Ms. Neha Jhunjunwala (DIN: 07144529)	Executive Director	4,000	Nil	Nil	Nil	Nil	Nil	Daughter of Mr. Krishnakumar Jhunjunwala and Sister of Mr. Kanav Jhunjunwala
Mr. Kanav Jhunjunwala (DIN: 09507192)	Executive Director	6,47,000	Nil	Nil	Nil	Nil	Nil	Son of Mr. Krishnakumar Jhunjunwala and Brother of Ms. Neha Jhunjunwala

#Committee positions only of the Audit Committee and Stakeholders Relationship Committee in Public Limited Companies have been considered.

@Directorship in public and private companies includes Section 8 Companies.

(ii) **Attendance of each Director at the meeting of the Board of Directors and the last Annual General Meeting:**

During the FY 2022-2023, the Board met on six (6) occasions virtually/physical Meeting i.e., April 15, 2022, May 25, 2022, July 29, 2022, September 06, 2022, November 08, 2022 and January 28, 2023. The gap between any two meetings is not more than 120 days.

The aforesaid Meetings were convened in accordance with the applicable provisions of Companies Act, 2013 and Secretarial Standards. The required quorum was present at all the

above Board Meetings and all Resolutions were approved unanimously/ with requisite majority and recorded in the minutes. There was no instance of adjournment of any of the said Meetings. The Board periodically reviews and discussed the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.

Details of the date-wise attendance of each Director at the Board of Directors' Meetings held during the financial year under review and the last Annual General Meeting are as follows:

Name of the Director	Date of Board Meetings						Date of Last AGM
	15/04/2022	25/05/2022	29/07/2022	06/09/2022	08/11/2022	28/01/2023	
Mr. Krishnakumar Jhunjunwala** (DIN: 00097175)	√	√	√	X	√	√	√
Mr. Parantap Dave (DIN: 00019472)	√	√	√	√	√	√	√
Mrs. Shreya Desai (DIN: 08041995)	√	√	√	√	√	√	X
Mr. Paulo Manuel Castro** (DIN: 08459844)	√	X	√	√	X	√	X
Ms. Neha Jhunjunwala (DIN: 07144529)	X	√	√	√	√	√	√
Mr. Kanav Jhunjunwala** (DIN: 09507192)	X	√	√	X	√	X	√

\*\* Leave of absence was granted to the Directors on their requests within the prescribed timelines.

(iii) **A chart or a matrix setting out the skills/expertise/competence of the Board of Directors specifying the following:**

The list of core skills/expertise/competencies identified by the Board of Directors as required in the context of its business(es) and sector(s) for it to functions effectively and those actually available with the board:

Competency	Description
Industry Knowledge	Understanding of global business dynamics, across various geographical markets and industry verticals.
Experience of crafting Business Strategies	Ability to think strategically; identify and critically assess strategic opportunities and threats. Develop effective strategies in the context of the strategic objectives of the Company, relevant policies and priorities.
Finance and Accounting experience	Comprehensive understanding of financial accounting, reporting and controls and analysis
Governance, Risk and Compliance	Experience in the application of corporate governance principles. Ability to identify key risks to the Company in a wide range of areas including legal and regulatory compliance.
Building High Performance Teams	Build and nurture talent to create strong and competent future business leaders.
Risk Management	Identifying various risk and providing guidance towards mitigation of the same
Sales, Marketing & Brand building	Experience in developing strategies to grow sales and market share, build brand awareness and equity and enhance enterprise reputation.

**Details of the skills/ expertise/ competencies possessed by the Directors who were part of the Board as on March 31, 2023, are as follows:**

Competency	Name of Directors who have Skills, Expertise and Competence					
	Mr. Krishnakumar Jhunjunwala	Mr. Parantap Dave	Mr. Paulo Manuel Castro	Ms. Shreya Desai	Ms. Neha Jhunjunwala	Mr. Kanav Jhunjunwala
Industry Knowledge	√	--	√	--	√	√
Experience of crafting Business Strategies	√	√	√	--	√	--
Finance and Accounting experience	√	√	--	√	--	√
Governance, Risk and Compliance	√	√	--	√	√	√
Building High Performance Teams	√	√	--	--	√	--
Risk Management	√	√	√	--	√	√
Sales, Marketing & Brand building	√	√	√	--	√	√

**(iv) Code of Conduct:**

The Company has laid down a Code of Conduct for all the Board Members and Senior Management of the Company. All the Directors and senior management personnel have affirmed Compliance of the same during the year. A declaration to the effect signed by the CEO cum Managing Director forms part of the Annual Report 2022-23 of the Company. The code has been posted on the website of the Company at <https://www.sarlafibers.com/>.

**(v) Evaluation of Board:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Board has carried out an Annual Performance Evaluation of its own performance, the Directors individually as well as the evaluation of the working of its various Committees.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of Independent Directors was carried out by entire Board of Directors on the basis of performance of the Directors, fulfilment of the independence criteria as specified in these regulations and their ability to bring an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct.

**(vi) Independent Directors:**

The Company has appointed Independent Directors on the Board in accordance with the provisions of Section 149 of the Act as amended from time to time, including the applicable Rules, if any and Regulation 16 of SEBI Listing Regulations.

Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every Financial Year, gives a declaration that he/she meets the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 as amended from time to time. None of the Independent Directors have any material pecuniary relationship or transactions with the Company, Promoters or Management, which may affect their judgment in any manner.

A formal letter of appointment to Independent Directors as provided in the Act has been issued at the time of appointment and disclosed on website of the Company viz., <https://www.sarlafibers.com/>.

**(vii) Familiarization Programme for Independent Directors:**

The Company has a structured Familiarization framework for the Independent Directors. It takes due steps for familiarizing the Independent Directors with the Company's procedures and practices, by providing them the necessary documents, reports and internal policies. Through the Familiarization Programme, the Independent Directors are briefed about their

roles, responsibilities, duties, and obligations as a member of the Board and matters relating to Corporate Governance, Code of Business Conduct, Risk Management, Compliance Programs, Internal Audit, etc.

Quarterly updates on the relevant statutory changes are regularly informed to the Directors. The Directors are made aware of the major amendments in various laws applicable to the Company, viz., the Companies Act, 2013, Listing Regulations, Income Tax Act, GST Act and other relevant regulations. Further, the Independent Directors are updated on timely basis about the major decisions taken by the Management w.r.t. business strategy, marketing and other segments.

Your Company has put in place a system to familiarize the Independent Directors about the Company, its business and the on-going events relating to the Company. The familiarization programme formulated for Board along with A detailed description of the familiarization programs extended to the Independent Directors during the FY 2022-23 is placed on the website of the Company [www.sarlafibers.com](http://www.sarlafibers.com).

**viii) Independent Directors Meeting:**

In Compliance with the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Independent Directors Meeting of the Company was held on March 29, 2023. In the Meeting, the Independent Directors considered and discussed the performance of Non-Independent Directors and Board as whole, reviewed the performance of Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board.

Mrs. Shreya Desai was selected as the Chairman of Independent Directors Meeting.

Attendance of Independent Directors in Independent Directors Meeting:

Directors	Meetings held during Year	Meetings Attended
Mr. Parantap Dave	1	1
Mrs. Shreya Desai	1	1
Mr. Paulo Manuel Castro	1	0

**(ix) Confirmation of Board Regarding Independent Directors:**

Basis the declaration as submitted by the Independent Directors and in terms of Regulation 25(9) of the SEBI Listing Regulations, the Board

opined that the Independent Directors fulfil the conditions of independence specified in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and are independent from the management.

**(x) Confirmations by the Independent Directors:**

All Independent Directors have provided their annual declarations stating that they meet the criteria of independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations.

They have also given declaration under Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014 confirming compliance with Rule 6(1) and (2) of the said Rules that their names are registered in the databank as maintained by the Indian Institute of Corporate Affairs ("IICA").

Basis the declaration as submitted by the Independent Directors and due assessment of the veracity undertaken by the Board, in terms of Regulation 25(9) of the Listing Regulations, the Board opined that the Independent Directors fulfil the conditions of independence specified in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and are independent from the Management.

**(xi) Detailed reasons for the resignation of an Independent Director who resigns before the expiry of his/ her tenure along with a confirmation by such Director that there are no other material reasons other than those provided:**

Not Applicable, as none of the Independent Directors of the Company resigned before the expiry of his/ her tenure during the FY 2022-23.

**(xii) Inter-Se Relationship:**

Out of 6 Directors, 3 Directors are related Directors viz.: Mr. Krishnakumar Jhunjunwala, Chairman & Managing Director, Ms. Neha Jhunjunwala, Executive Director and Mr. Kanav Jhunjunwala, Executive Director. None of the other Directors are related with each other.

**(xiii) Directors seeking appointments / re-appointments:**

The details of directors seeking appointments / re-appointments forms part of the Notice of the 30<sup>th</sup> Annual General Meeting of the Company.

**(xiv) Detailed reasons for the resignation of an Independent Director:**

During the year, no Independent Director has resigned hence, confirmation by such director is not applicable to us.



### 3. COMMITTEES OF THE BOARD

The Board of Directors have constituted Board Committees to deal with specific areas and activities which concern the Company and requires a closer review. The Committees so formed are in compliance with the provisions of the Companies Act, 2013 and the SEBI Listing Regulations with regard to constitution of the Board Committees. Composition, terms of reference and duties and responsibilities of each of the Board Committee is based on the provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

The Board Committees play a crucial role in the governance structure of the Company and they deal with specific areas of concern for the Company that need a closer review. The Committees operate under the direct supervision of the Board and Chairpersons of the respective committees report to the Board about the deliberations and decisions taken by the Committees. The recommendations of the Committees are submitted to the Board for approval. Minutes of proceedings of the Committee meetings are circulated to the respective Committee members of the Board and placed before Board meeting for noting.

#### (i) AUDIT COMMITTEE:

The Board of Directors of the Company has constituted an Audit Committee as per the

provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI Listing Regulations. The Audit Committee reviews, acts on and reports to the Board with respect to various auditing and accounting matters. The Board reviews the working of the Committee from time to time to bring about greater effectiveness in order to comply with the various requirements under the Act and SEBI Listing Regulations.

#### a) Composition of Committee, Meetings and Attendance

The present composition of the Audit Committee is in accordance with the provisions of the Act and rules made thereunder and SEBI Listing Regulations. The Committee consists of three (3) Directors of whom two (2) are Independent Directors. The Chairperson of the Audit Committee is an Independent Director. Further, the Chairperson of the Committee attends the Annual General Meeting of the Company to answer shareholder's queries, if any.

All the Members of the Audit Committee are financially literate. The representatives of the Auditors are also invited to the meetings. The Company Secretary acts as a Secretary to the Audit Committee. The Audit Committee invites any officer of the Company in the meeting, whenever required.

During the FY 2022-23, five (5) Meetings of the Audit Committee were held on May 25, 2022, July 29, 2022, September 06, 2022, November 08, 2022 and January 28, 2023.

#### The Composition of the Committee and members' attendance at the Meeting are as under:

Sr. No.	Name of the Director	Designation	Category of Directorship	Attendance at Committee Meeting during FY 2022-23	
				Number of Meetings held	Number of Meetings attended
1	Mr. Parantap Dave	Chairperson	Non-Executive Independent Director	5	5
2	Mrs. Shreya Desai	Member	Non-Executive Independent Director	5	5
3	Mr. Krishnakumar Jhunjhunwala	Member	Executive Director	5	5

#### b) Terms of reference:

The terms of reference of the Audit Committee covers the areas mentioned in Section 177 of the Act and Regulation 18 read with Part C of Schedule II to the SEBI Listing Regulations, which includes the following:

##### Powers of the Audit Committee:

- 1) To investigate any activity within its terms of reference.
- 2) To seek information from any employee.
- 3) To obtain outside legal or other professional advice.
- 4) To secure attendance of outsiders with relevant expertise, if it considers necessary.

##### Terms of reference / role of the Audit Committee:

- (i) Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (iv) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - (b) changes, if any, in accounting policies and practices and reasons for the same;
  - (c) major accounting entries involving estimates based on the exercise of judgment by management;
  - (d) significant adjustments made in the financial statements arising out of audit findings;
  - (e) compliance with listing and other legal requirements relating to financial statements;
  - (f) disclosure of any related party transactions;
  - (g) modified opinion(s) in the draft audit report;
- (v) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the board to take up steps in this matter;

(vii) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(viii) Approval or any subsequent modification of transactions of the listed entity with related parties;

(ix) Scrutiny of inter-corporate loans and investments;

(x) Valuation of undertakings or assets of the listed entity, wherever it is necessary;

(xi) Evaluation of internal financial controls and risk management systems;

(xii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(xiv) Discussion with internal auditors of any significant findings and follow up there on;

(xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

(xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(xviii) To review the functioning of the whistle blower mechanism;

(xix) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;

(xx) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

(xxi) Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

(xxii) Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

#### c) Review of information by Audit Committee:

The Audit Committee shall mandatorily review the following information:

- i. Management discussion and analysis of financial condition and results of operations;

- ii. Management letters/letters of internal control weaknesses issued by the statutory auditors;
- iii. Internal audit reports relating to internal control weaknesses;
- iv. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the committee; and
- v. Statement of deviations:
  - a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - b) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

## (ii) NOMINATION AND REMUNERATION COMMITTEE:

The Nomination & Remuneration Committee has been constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19(4) read with Part-D(A) of Schedule-II of SEBI Listing Regulations.

### a) Composition of Committee, Meetings and Attendance

The composition of the Committee is in line with the provisions the Act, and the rules made thereunder and SEBI Listing Regulations. The Committee consists of three (3) Non-Executive Independent Directors. The Chairperson of the Committee is an Independent Director. The Company Secretary acts as a Secretary to the Committee.

During the FY 2022-23, one (1) Meeting of the Committee were held on July 29, 2022.

### The composition of the Committee and attendance of each member at the Nomination and Remuneration Committee meetings held during the FY 2022-23 is as below:

Sr. No.	Name of the Director	Designation	Category of Directorship Number of Meetings held	Attendance at Committee Meeting during FY 2022-23	
				Number of Meetings held	Number of Meetings attended
1	Mr. Parantap Dave	Chairperson	Non-Executive Independent Director	1	1
2	Mrs. Shreya Desai	Member	Non-Executive Independent Director	1	1
3	Mr. Paulo Manuel Castro	Member	Non-Executive Director	1	1

### b) Terms of reference:

In accordance with the provisions of Section 178 of the Act and Regulation 19(4) read with Part D(A) of Schedule II of SEBI Listing Regulations, the roles, powers and broad terms of reference of Nomination & Remuneration Committee, inter alia includes the following:

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- ii. For every appointment of an Independent Director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
  - a. use the services of an external agencies, if required;
  - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - c. consider the time commitments of the candidates.

- iii. Formulation of criteria for evaluation of performance of independent directors and the Board of Directors;
- iv. Devising a policy on diversity of Board of Directors;
- v. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommending to the Board their appointment and removal;
- vi. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- vii. Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

### c) Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the applicable provisions of the SEBI Listing Regulations, the Annual Performance Evaluation was carried out for the financial year 2022-23 by the Board in respect of its own performance and its Committees, the Directors individually as well as the Chairman. A structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance was prepared and circulated.

The Independent Directors evaluates the performance of the Non-Independent Directors, Chairman of the Company (taking into account the views of the Executive Directors and the Non-Executive Directors) and assess the quality, quantity and timeliness of the flow of information between Company Management and the Board of Directors, which facilitates the Board in performing their duties in a reasonable & effective manner.

Similarly, the Board evaluates the performance of its Committees and the Independent Directors, excluding the Director being evaluated. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board who were evaluated on parameters such as guidance/ support to management outside Board/ Committee meetings, degree of fulfilment of key responsibilities, effectiveness of meetings etc.

The criteria for performance evaluation include the following:

#### i. Individual Director's Performance Evaluation

Attendance at meetings and the extent of preparedness for meetings, participation and contribution, independence of judgment, knowledge updating, initiatives taken, working relationships and guidance to senior management and board members, expressing views, understanding of the Company, industry, sector, geography, etc.

#### ii. Evaluation of the Board as a Whole

Proper mix of competencies, experience and qualification, adoption of proper, clear and transparent procedure to appoint directors, conducting meeting(s) on a regular basis, confirming agenda with all relevant information, providing entrepreneurial leadership to the Company, understanding of business, strategy and growth, responsibilities towards stakeholders, risk management and financial controls, discussions through healthy debate, quality of decision making, monitoring performance of management, reviewing the CSR initiatives, grievance redressal mechanism, analysis and examines governance and compliances related issues, maintaining high standards of integrity and probity, etc.

#### iii. Chairman's Performance Evaluation

Providing effective leadership, setting effective strategic agenda of the Board, encouraging active engagement by the Board members, providing guidance and motivation to the Managing Director,

practicality in taking discussions, establishing effective communication with all the stakeholders, etc.

#### iv. Performance Evaluation of Board Committees

Sufficiency in the scope for addressing the objectives, effectiveness in performing the key responsibilities, adequacy in composition and frequency of meetings, quality of relationship of the committee with the Board and the management, clarity of agenda being discussed, discussion on critical issues, clarity of role and responsibilities, etc.

#### d) Criteria for Performance Evaluation of Independent Directors

The criteria for performance evaluation of the Independent Directors included aspects on contribution to the Board and Committee Meetings on the basis of knowledge of business, preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, concern for stakeholders, attentive to the internal controls mechanism and ethical conduct issues.

The performance evaluation of the Independent Directors was carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process. Performance Evaluation of Independent Directors is done by the entire Board of Directors except the Director whose evaluation is being done. The Board also evaluates if the Independent Directors fulfils the criteria of independence as laid down in the Companies Act, 2013 and SEBI Listing Regulations.

#### e) Nomination and Remuneration Policy:

The Nomination and Remuneration Policy ("N&R Policy") has been formulated by the Nomination and Remuneration Committee considering various relevant parameters, which was adopted by the Board. The said policy is amended from time to time, as per the requirements of the law.

The Nomination and Remuneration policy of the Company is available on the website of the Company at <https://www.sarlafibers.com/corporate-governance-policies/>.

#### f) Criteria of Selection of Independent Directors:

The Nomination and Remuneration Committee considers, inter-alia, the following attributes/criteria, whilst recommending to the Board the candidature for appointment as Independent Director(s):

- (i) Qualification, expertise and experience in their respective fields;
- (ii) Personal characteristics which align with the Company's values, such as integrity, accountability, financial literacy, high performance standards etc.;
- (iii) Diversity of thought, experience, knowledge, perspective and gender in the Board;
- (iv) Understanding of the business of the Company;
- (v) Such other criteria as prescribed in the Corporate Governance Guidelines of the Company or prescribed by the Board from time to time.

In case of appointment of Independent Directors, the Nomination and Remuneration Committee



satisfies itself about the independence of the Directors vis-à-vis the Company to enable the Board to discharge its functions and duties effectively. Also to ensure the Directors are not disqualified for appointment under Section 164 and other applicable provisions of the Companies Act, 2013.

In case of re-appointment of Independent Directors, the Board takes into consideration the performance evaluation of the Independent Directors and their engagement level.

**g) Remuneration to Directors:**

**i.) Remuneration to Executive Directors**

The Company has a well-defined Nomination & Remuneration Policy for the remuneration of the Directors, Key Managerial Personnel and other employees.

The Board of Directors / Nomination and Remuneration Committee is authorized to decide the remuneration of the Executive Directors, subject to the approval of the Members. The remuneration structure comprises of salary, perquisites, retirement benefits as per law / rules and commission which is linked to the performance of the Company.

The Company does not have a scheme for grant of stock options.

As on March 31, 2023, there are three (3) Executive Directors of the Company, i.e., one (1) Managing Director and two (2) Executive Directors. Payment of remuneration to the Managing Director and the Executive Directors are as per the provisions of Section 197 and

Schedule V to the Companies Act, 2013 and is governed by the recommendation of the Nomination and Remuneration Committee and duly approved by the Members of the Company. Terms of the service and the notice period are as per the terms of agreement entered into by them with the Company.

Details of remuneration paid to the Managing Director and the Executive Directors during the FY 2022-23 as mentioned in this Report.

The Executive Directors are not paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

**ii. Remuneration to Non-Executive Directors**

Non-Executive Directors of the Company are paid sitting fees for attending Board and Committee Meetings and no Commission is drawn by either of them during the year under review.

The Company has no pecuniary relationship or transaction with its non-executive and independent directors other than payment of sitting fees to them for attending Board and Committee Meetings and the same is paid within the limits laid down in the Companies Act, 2013 read with the Rules framed thereunder. The remuneration determined for the Non-Executive Directors is subject to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors.

**iii. Details of Directors' Remuneration paid in FY 2022-23**

**Details of the remuneration of Directors for the FY 2022-23 are as under:**

(Rs. in Lakhs)

Name of the Directors	Nature of Directorship	Salary & Perquisites (Rs.)	Sitting Fees	Total
Mr. Krishnakumar Jhunjunwala	Promoter, Chairman and Managing Director	180.00	Nil	180.00
Mr. Parantap Dave	Non-Executive Independent Director	Nil	2.50	2.50
Mrs. Shreya Desai	Non-Executive Independent Director	Nil	2.50	2.50
Mr. Paulo Manuel Castro	Non-Executive Independent Director	Nil	Nil	Nil
Ms. Neha Jhunjunwala	Executive Director	18.00	Nil	18.00
Mr. Kanav Jhunjunwala	Executive Director	12.00	Nil	12.00

Note: Sitting fees include fees for attending the Board Meetings and Audit Committee Meetings. Besides, the Company also reimburses the out of pocket expenses incurred by the Directors for attending meetings of the Company.

**(iii) STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

The Stakeholders' Relationship Committee has been constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 read with Part-D(B) of Schedule-II of SEBI Listing Regulations to specifically look into various aspects of interests of the shareholders.

**a) Composition of Committee, Meetings and Attendance**

The composition of the Committee is in line with the provisions the Act, and the rules made thereunder and SEBI Listing Regulations. The Committee

consists of three (3) Directors. The Chairperson of the Committee is a Non-Executive Independent Director. The Company Secretary acts as a Secretary to the Committee.

The Chairperson of the Stakeholders' Relationship Committee is an Independent Director. Further, the Chairperson of the Committee attends the Annual General Meeting of the Company to answer the queries raised by the Members. The Company Secretary acts as a Secretary to the Audit Committee.

During the FY 2022-23, three (3) Meetings of the Committee were held on July 29, 2022, November 08 2022, January 28, 2023.

**The composition of the Committee and attendance of each member at the Stakeholders' Relationship Committee meetings held during the FY 2022-23 is as below:**

Name of Director	Designation	Category of Directorship	Attendance at Committee Meeting during FY 2022-23	
			No. of Meeting held	No. of Meeting attended
Mr. Parantap Dave	Chairperson	Non-Executive Independent Director	3	3
Mrs. Shreya Desai	Member	Non-Executive Independent Director	3	3
Mr. Krishnakumar Jhunjunwala	Member	Executive Director	3	3

**b) Terms of reference:**

The role and terms of reference of Stakeholders' Relationship Committee, inter alia includes the following:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
- Review of measures taken for effective exercise of voting rights by Members;
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the Members of the Company;
- Carry out any other function as is referred by the Board from time to time and/or enforced

by any statutory notification/amendment or modification as may be applicable.

- Overseeing the performance of the Company's Registrar and Share Transfer Agent.

**Details of Compliance Officer:**

Ms. Neha Somani is the Company Secretary and Compliance Officer in terms of the provisions under Section 203 of the Companies Act, 2013 and Regulation 6(1) of the Listing Regulations.

The communication details of the Compliance Officer are as follows:

**Ms. Neha Somani  
Company Secretary and Compliance Officer**

Sarla Performance Fibers Limited  
304, Arcadia, 195 Nariman Point,  
Mumbai – 400021  
Tel: 2283 4116  
E-mail: [investors@sarlafibers.com](mailto:investors@sarlafibers.com)

**Details of Investors Complaints/ Grievances [including SEBI Complaints Redress System (SCORES) complaints] received by the Company and Resolved during the year 2022-23**

**The details of Shareholders' Complaints/ Grievances received and resolved during the Financial Year 2022-23 are mentioned as follows:**

No. of complaints pending as on April 01, 2022	No. of complaints received during the financial year	No. of complaints disposed during the financial year	No. of complaints pending as on March 31, 2023
0	3	3	0

**Number of Complaints not solved to the satisfaction of shareholders**

As on the date of this report, all the complaints have been resolved satisfactorily.

**(iv) RISK MANAGEMENT COMMITTEE**

The listed entity does not fall under the criteria to mandatorily form a risk management committee as per Regulation 21 of the SEBI Listing Regulations.

Therefore no disclosure for the same has been made.

**(v) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

The Corporate Social Responsibility (CSR) Committee has been constituted in accordance with the provisions of Section 135 of the Companies

Act, 2013 and Rules framed thereunder. The CSR Committee is entrusted with the responsibility of formulating and monitoring the Corporate Social Responsibility (CSR) Policy of the Company. The CSR Policy has been disclosed on the website of the Company at <http://sarlafibers.com/images/csr-policy.pdf>

**a) Composition of Committee, Meetings and Attendance**

As on March 31, 2023, the CSR comprises of three (3) Members, out of which One (1) Member is Executive Director and Two (2) Members are Non-Executive Independent Directors. The Chairperson of the Committee is an Executive Director. The Company Secretary acts as a Secretary to the Committee.

During the FY 2022-23, one (1) Meeting of the CSR Committee was held on June 28, 2022.

**The Composition of the Committee as on March 31, 2023 and Members' attendance at the Meeting during the FY 2022-23 are mentioned as follows :**

Name of Director	Designation	Category of Directorship	Attendance at Committee Meeting during FY 2022-23	
			No. of Meeting held	No. of Meeting attended
Mr. Krishnakumar Jhunjunwala	Chairperson	Executive Director	1	1
Mr. Parantap Dave	Member	Non-Executive Independent Director	1	1
Mrs. Shreya Desai	Member	Non-Executive Independent Director	1	1

**b) Terms of reference**

The role and broad terms of reference of CSR Committee, inter alia includes the following:

- Formulating and recommending to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII.
- Recommending the amount of expenditure to be incurred on the activities referred to in clause (i);
- Deciding the CSR Projects or Programs to be taken up by the Company either directly or through registered trust or registered society or a Company established by the Company or its holding or subsidiary or associate Company under Section 8 of the Act or otherwise;

(iv) Monitoring the Corporate Social Responsibility Policy of the Company from time to time;

(v) Overseeing the progress of the CSR Projects or Programs rolled out under CSR Policy as may be required;

(vi) Submission of Report to the Board on all CSR Activities undertaken during the year; and monitoring and reviewing the implementation of the CSR Policy.

**c) Details of CSR Expenditure undertaken during FY 2022-23**

The details of CSR initiatives undertaken by the Company for the FY 2022-23 are mentioned in the CSR Report which forms part as "Annexure V" of the Board's Report.

**4. GENERAL BODY MEETINGS:**

**Details of location, day, date and time of last three (3) Annual General Meetings ('AGM') are given below:**

AGM	FY	Day, Date and Time of AGM	Location of AGM
29	2021-22	Wednesday, September 28, 2022 at 01.00 p.m.	The meeting was conducted through Video Conferencing.
28	2020-21	Wednesday, September 29, 2021 at 10.30 a.m.	Survey No. 59/1/4, Amliparvia Industrial Estate, Silvassa – 396230, Union Territory of Dadra & Nagar Haveli
27	2019-20	Wednesday, September 30, 2020 at 10.00 a.m.	Survey No. 59/1/4, Amliparvia Industrial Estate, Silvassa – 396230, Union Territory of Dadra & Nagar Haveli

**Details of Special Resolutions passed in the last three (3) AGM**

Date of AGM	No. of Special Resolution Passed	Details of Special Resolution passed
September 28, 2022	1	Re-appointment of Mrs. Shreya Desai (DIN: 08041995), as an Independent Director of the Company for a second term
September 29, 2021	Nil	No Special Resolution was passed
September 30, 2020	Nil	No Special Resolution was passed

All Special Resolutions set out in the notices for the Annual General Meeting were passed by Members at the respective meeting with requisite majority. In the above Annual General Meetings necessary quorum was present.

**Extraordinary General Meeting**

One (1) Extra Ordinary General Meeting of Members was held on May 10, 2022 and no Meetings of Creditors were held during last three (3) years and there was no instance of Court convened meeting during last three (3) years.

**Details of location, day, date and time of Extra Ordinary General Meetings ('EOGM') held in last last three (3) years are given below :**

EGM	FY	Day, Date and Time of AGM	Location of AGM
1 <sup>st</sup>	2022-23	Tuesday, May 10, 2022, at 11.00 a.m.	Survey No. 59/1/4, Amliparvia Industrial Estate, Silvassa – 396230, Union Territory of Dadra & Nagar Haveli

In the above Extra Ordinary General Meeting necessary quorum was present.

**Resolution passed through postal ballot and details of voting pattern**

During the year under review, no resolution was passed through postal ballot.

**Special Resolution proposed to be conducted through postal ballot & procedure thereof**

As at March 31, 2023, no Special Resolution is proposed to be conducted through Postal Ballot. Postal Ballot whenever conducted will be carried out as per the procedure mentioned in Rule 22 of Companies (Management and Administration) Rules, 2014, including any amendment thereof.

**5. GENERAL SHAREHOLDER INFORMATION**

a)	<b>30<sup>th</sup> Annual General Meeting- Date, Time and Venue:</b>	Thursday, September 21, 2023 at 03.00 p.m. (IST) through Video Conference or Other Audio-Visual Means (OAVM). The Registered Office of the Company will be the deemed venue of the Annual General Meeting.
b)	<b>Financial Year</b>	: April 01, 2022 to March 31, 2023
c)	<b>Financial Calendar</b>	
	<b>Financial reporting for</b>	Tentative Board / Annual General Meeting schedule
	Quarter ended June 30, 2023	: On or before August 14, 2023



	Half Year ending September 30, 2023	: On or before November 14, 2023
	Quarter ending December 31, 2023	: On or before February 14, 2024
	Year ending March 31, 2024	: On or before May 30, 2024
	Annual General Meeting for the year ending March 31, 2024	: On or before September 30, 2024
d)	<b>Book Closure Dates</b>	: September 15, 2023 (Friday) to September 21, 2023 (Thursday) (Both days inclusive)
g)	<b>Registered Office</b>	: Survey No. 59/1/4, Amla Piparia Industrial Estate, Silvassa – 396230, Union Territory of Dadra & Nagar Haveli
h)	<b>CIN</b>	: L31909DN1993PLC000056
i)	<b>Listing on Stock Exchanges</b>	: 1) BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. 2) National Stock Exchange of India Ltd Exchange Plaza, Plot No. C/1 G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051
j)	<b>Stock Code</b>	: BSE Limited – 526885 National Stock Exchange of India Ltd - SARPOLY
k)	<b>ISIN</b>	: INE453D01025
l)	<b>Listing Fees</b>	: The Annual Listing Fees has been paid to each of the above Stock Exchanges, for the FY 2022-23.

#### 6. MARKET PRICE DATA:

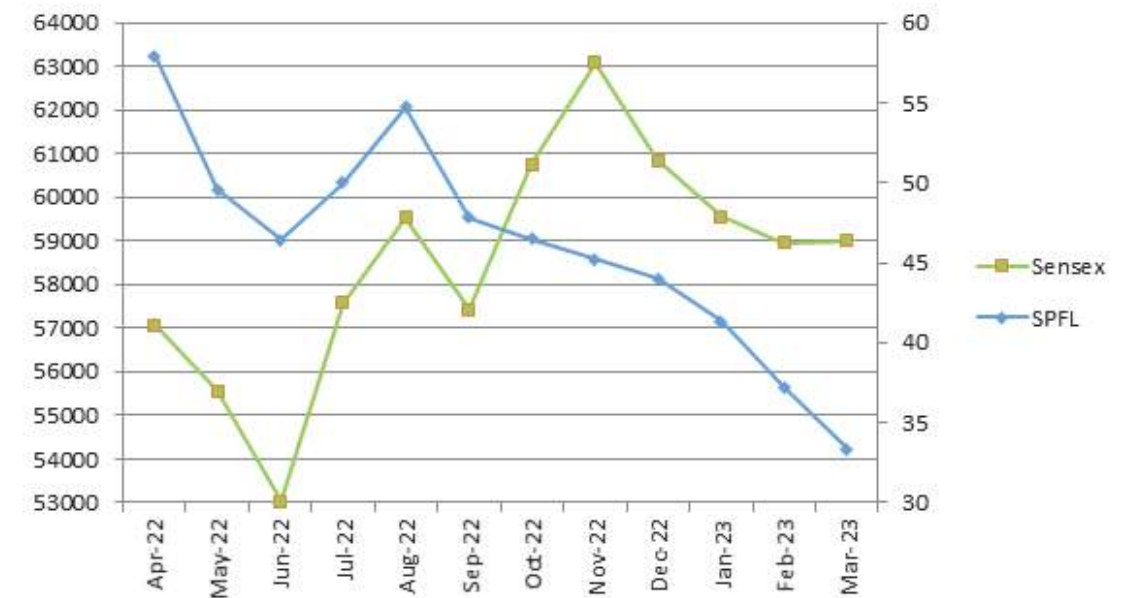
Monthly High/Low/Close Prices of Equity Shares of the Company on BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') for the Financial Year 2022-23 are given below:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Close (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)
April, 2022	69.25	56.10	57.95	62.35	57.35	57.90
May, 2022	58.90	45.55	49.60	51.50	49.15	49.55
June, 2022	52.75	41.00	46.45	47.55	45.65	46.10
July, 2022	54.60	45.50	50.00	53.40	49.25	49.85
August, 2022	56.30	46.50	54.75	56.35	54.30	54.80
September, 2022	59.90	47.25	47.85	49.80	47.05	47.55
October, 2022	50.45	45.25	46.50	47.80	46.10	46.50
November, 2022	47.40	43.05	45.20	46.05	44.95	45.20
December, 2022	46.90	39.55	44.00	45.05	44.00	44.15
January, 2023	49.70	40.90	41.35	41.80	41.00	41.40
February, 2023	42.40	36.00	37.25	38.25	37.05	37.35
March, 2023	38.40	32.40	33.36	34.20	33.20	33.40

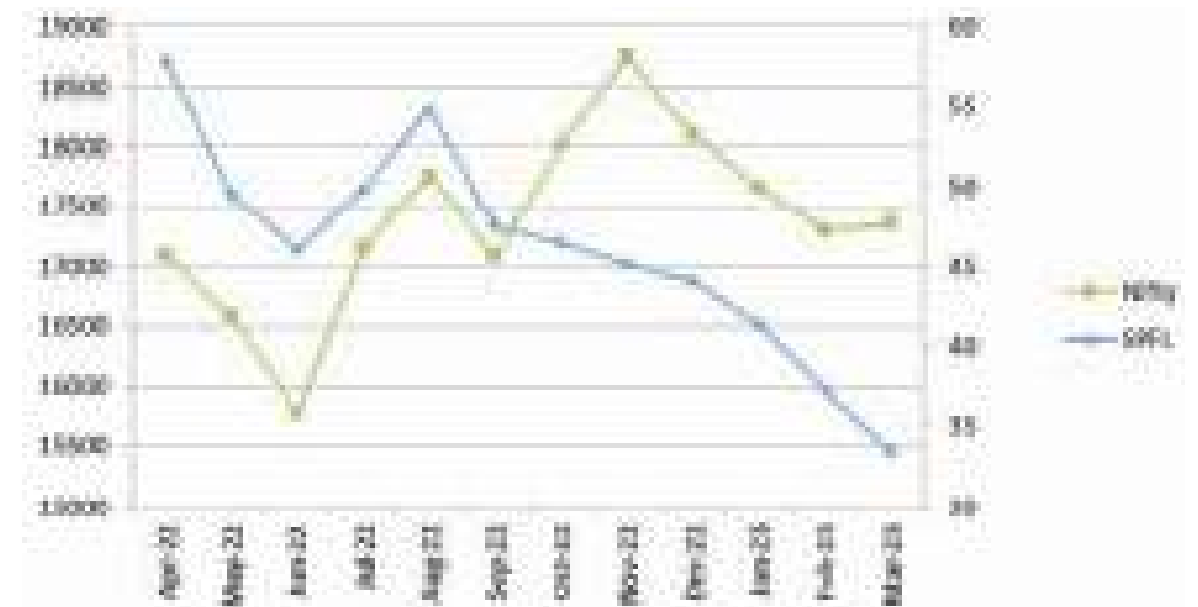
Source: This information is compiled from the data available on the websites of BSE and NSE

#### 7. PERFORMANCE OF SHARE PRICE IN COMPARISON TO BROAD-BASED INDICES, NAMELY BSE SENSEX AND NSE NIFTY:

##### STOCK PERFORMANCE RELATIVE TO BSE SENSEX INDEX



##### STOCK PERFORMANCE RELATIVE TO NSE NIFTY50 INDEX



#### 8. REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited  
C-101, 247 Park, L. B. S. Marg,  
Vikhroli (West), Mumbai 400 083  
Tel.: 022 - 4918 6000  
Fax: 022 - 4918 6060  
E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

#### 9. DISCLOSURE FOR SECURITIES THAT ARE SUSPENDED FROM TRADING

None of the securities of the Company are suspended from trading during the FY 2022-23.

**10. SHARE TRANSFER SYSTEM**

The Registrar and Share Transfer Agent have put in place an appropriate Share Transfer system to ensure timely share transfers. Share transfers are registered and returned in the normal course within statutory time limit from the date of receipt, if the documents are clear in all respects. Requests for dematerialization of shares are processed and confirmation is given to the respective depositories i.e. NSDL and CDSL within statutory time limit.

The Stakeholders' Relationship Committee has been authorized to oversee and review all matters connected with transfer of Company's securities. The Company ensures that the Compliance Certificate pursuant to Regulations 40(9) and 40(10) of the SEBI Listing Regulations are filed with the Stock Exchanges within the prescribed timeline. As mandated by SEBI, requests for effecting transfer of securities (except in case of transmission or transposition of securities) cannot be processed from April 01, 2022 unless the securities are held in the dematerialized form with

the depositories. Therefore, Members holding shares in physical form were requested to take necessary action to dematerialize their holdings.

**11. SHARE CAPITAL AUDIT**

The issued and paid-up share capital is reconciled on a quarterly basis with the details of share capital admitted on National Securities Depository Limited ("NSDL"), Central Depository Services (India) Limited ("CDSL") and held in physical form by the shareholders. The quarterly audit of the Company's share capital is carried out by a Practicing Company Secretary with the object of reconciling the total share capital admitted with NSDL and CDSL and held in physical form, with the total issued and listed capital of the Company.

The certificate of share capital audit received from the concerned Practicing Company Secretary is submitted to BSE and NSE and is also placed at the meetings of the Board of Directors on a quarterly basis.

**12. DISTRIBUTION OF SHAREHOLDING**

SHARES RANGE		NUMBER OF SHAREHOLDERS	% OF TOTAL SHAREHOLDERS	TOTAL SHARES FOR THE RANGE	% OF ISSUED CAPITAL
From	To				
1	5000	24999	97.16	11,862,163	14.21
5001	10000	372	1.46	2,784,010	3.33
10001	20000	173	0.67	2,509,062	3.00
20001	30000	69	0.27	1,752,892	2.10
30001	40000	24	0.09	847,305	1.01
40001	50000	18	0.07	824,145	0.99
50001	100000	36	0.14	2,449,489	2.93
100001 & above		39	0.15	60,473,934	72.42
<b>TOTAL</b>		<b>25,730</b>	<b>100.00</b>	<b>83,503,000</b>	<b>100.00</b>

**13. SHAREHOLDING PATTERN AS ON MARCH 31, 2023**

	Particulars	No. of Holders	No. of Shares held	% of Shareholding
<b>A</b>	<b>Promoters' Holdings:</b>			
	Individuals	9	22,846,906	27.36
	Bodies Corporate	3	24,312,854	29.12
	<b>Sub Total</b>	<b>12</b>	<b>47,159,760</b>	<b>56.48</b>
<b>B</b>	<b>Non Promoters' Holdings:</b>			
	Foreign Portfolio Investors	2	534,396	0.64
	Individuals/ HUFs	24,742	30,631,872	36.69
	Bodies Corporate/ LLP	130	2,797,402	3.35
	Non Resident Indians	404	1,644,615	1.97
	Clearing Members	14	14,645	0.01
	IEPF	1	720,310	0.86
	<b>Sub Total</b>	<b>25,293</b>	<b>36,343,240</b>	<b>43.52</b>
<b>Grand Total</b>	<b>25,305</b>	<b>83,503,000</b>	<b>100.00</b>	

Note: As per the SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2017/128 dated December 19, 2017, the number of shareholders mentioned here are consolidated on a PAN basis.

**14. DEMATERIALIZATION OF SHARES AND LIQUIDITY**

As on March 31, 2023, 82,424,090 Equity Shares aggregating to 98.71% of the issued, subscribed and paid-up Equity Share Capital of the Company were held in dematerialized form with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"). The break-up of Equity Shares held in Physical and dematerialized form as on March 31, 2023, is given below:

Category	No. of Shares	% of total Issued Capital
NSDL	20,759,222	24.86
CDSL	61,664,868	73.85
Physical	1,078,910	1.29
<b>Total</b>	<b>83,503,000</b>	<b>100.00</b>

**15. OUTSTANDING GDRS/ ADRS/ WARRANTS/ ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY**

The Company has not issued GDRs/ ADRs/ Warrants or any Convertible Instruments.

**16. COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES**

The Company does not deal in commodities and hence, the disclosure pursuant to is not required to be given. However, the Company has taken suitable steps from time to time for protecting it against foreign exchange risk(s).

**17. PLANT LOCATION**

Sr. No.	Plant	Address
1.	Silvassa- Unit I	Survey No. 59/1/4, Amlipiparia Industrial Estate, Silvassa - 396 230, Union Territory of Dadra & Nagar Haveli.
2	Silvassa- Unit II	Survey No. 64/2/3/4, 61/2, 62/5, 63/5, 63/7, Amlipiparia Industrial Estate, Silvassa - 396 230, Union Territory of Dadra & Nagar Haveli
3	Dadra	Survey No 213 P, Plot No. 11 & 12, Near Dadra Check Post, Dadra - 396 191, Union Territory of Dadra & Nagar Haveli
4	Vapi	Shed No. A1/48, 100 Sheds Area, GIDC, Vapi - 396 195, Gujarat.
5	Silvassa-Piparia	Survey No 66/1/55-A, Village - Amlipiparia, Silvassa-396230, UT of Dadra and Nagar Haveli

**18. ADDRESS FOR CORRESPONDENCE:**

Investors can communicate at the following addresses:

**Company's Corporate Office:**

304, Arcadia,  
195 Nariman Point,  
Mumbai - 400 021  
Tel.: 022 - 2283 4116

E-mail: [investors@sarlafibers.com](mailto:investors@sarlafibers.com)

**Registrar and Share Transfer Agent:****Link Intime India Private Limited**

C-101, 247 Park, L. B. S. Marg,  
Vikhroli (West), Mumbai 400 083

Tel.: 022 - 4918 6000

Fax: 022 - 4918 6060

E-mail: [rent.helpdesk@linkintime.co.in](mailto:rent.helpdesk@linkintime.co.in)

**19. CREDIT RATING**

The credit ratings ascribed by Acuite Rating & Research on the bank loan of the Company as on March 31, 2023 is as below:

Bank Facilities	Rating
Long Term	ACUITE A- Stable
Short Term	ACUITE A1

**20. MEANS OF COMMUNICATION****(a) Financial Results**

The Un-audited quarterly/ half yearly results are announced within forty-five (45) days of the close of the quarter (or such other extended timeline as may be allowed by SEBI and MCA). The audited annual results are announced within sixty (60) days from the closure of the financial year (or such other extended timeline as explained above) as per the requirement of the SEBI Listing Regulations.

The approved financial results are forthwith sent to the Stock Exchanges, i.e., National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE'), where the shares of the Company are listed and are published in published in one (1) English daily newspaper circulated all over India/substantially all over India, viz. Financial Express (all India edition) and in one Gujarati daily newspaper having regional circulation, viz. Gujarat Guardian (Gujarati) and are also posted on the website of the Company [www.sarlafibers.com](http://www.sarlafibers.com).

Presently the same is not sent to the shareholders separately.

**(b) Website & News Release**

In compliance with Regulation 46 of the SEBI Listing Regulations, a separate dedicated section under 'For Investors' is available on the Company's website - [www.sarlafibers.com](http://www.sarlafibers.com) wherein all relevant information pertaining to the Company including but not limited to annual reports, quarterly results, shareholding patterns, corporate governance reports, various notices, details related to IEPF along with the applicable policies of the Company are posted shortly after its submission to the Stock Exchanges and are updated from time to time.



**(c) Presentations made to institutional investors or to the analysts**

During the year under review, the Company has not made any presentations to institutional investors or to the analysts.

**(d) Whether it also displays official news releases**

The Company has not made any official news release during the FY 2022-23. Hence, there is no question of displaying the same.

**(e) Stock Exchanges**

The Company has complied with filing of submissions through BSE's and NSE's Online Portal. All Financial and other vital information are promptly communicated to the Stock Exchanges where the Company's shares are listed.

**(f) Annual Report**

Annual Reports and any other communication will be sent to email ids of Members whose emails are registered with the Company. All data required to be filed pursuant to the SEBI Listing Regulations with the Stock Exchanges, such as annual report, quarterly financial statements, Shareholding pattern, report on Corporate Governance are being regularly filed with the Stock Exchanges by the Company and is also available on the website of the Company, the web-link of the Company at - <https://www.sarlafibers.com/investors/>.

**21. OTHER DISCLOSURES:****(a) Materially significant related party transactions**

There were no materially significant related party transactions which could have had potential conflict with the interests of the Company. Transactions with related parties are entered into by the Company in the normal course of business and at arm's length. The details of transactions are periodically placed before the Audit Committee for review and approval. The related party transactions entered into by the Company in the ordinary course of its business have been disclosed in the notes forming part of the financial statements.

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act, 2013 read with the Rules framed there under including the SEBI Listing Regulations. The policy has been placed on the website of the Company at: <https://www.sarlafibers.com/corporate-governance-policies/>

**(b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchange(s) or SEBI or any statutory authority, on any matter related to capital markets**

During the FY 2022-23, the Company has received the following notices imposing penalties for non-compliance of certain provisions of SEBI Listing Regulations:

- i) *BSE vide their letter dated April 08, 2022 levied a penalty of 29,500/- (inclusive of GST) with respect to non-compliance of Regulation 23(9) carried out in FY 2020-21 of SEBI Listing Regulations after a partial waiver of penalty. The Company paid the said fine to the exchange in the prescribed timeline.*
- ii) *NSE vide their letter dated February 24, 2023 levied a penalty of 4,01,200/- (inclusive of GST) with respect to non-compliance of Regulation 17 & 23 carried out in FY 2021-22 of SEBI Listing Regulations after a partial waiver of penalty. The Company paid the said fine to the exchange in the prescribed timeline.*

Apart from the above, there was no non-compliance by the Company nor any penalties or strictures were imposed on the Company by the Stock Exchanges or Securities and Exchange Board of India (SEBI), or any statutory authority on any matter related to the capital markets during the FY 2022-23.

**(c) Vigil Mechanism/ Whistle Blower Policy**

In accordance with Section 177 (9) and (10) of the Companies Act, 2013 and Regulation 22 of the SEBI Listing Regulations and further amendments made thereto, a Vigil Mechanism/Whistle Blower Policy has been adopted by the Board of Director and accordingly a whistle blower policy has been formulated with a view to provide a mechanism to the Director(s) and employee(s) of the Company (including their representative bodies) to report in good faith, their genuine concerns regarding unethical behavior, actual or suspected fraud or other illegitimate activities in the Company.

This mechanism also provides for adequate safeguards against victimization of persons who use this mechanism and is provided direct access to the Chairman of the Audit Committee. The Company affirms that during the year under review, no employee of the Company was denied access to the Audit Committee. The said policy has been uploaded on website of the Company at the link - <http://sarlafibers.com/images/whistle-blower-policy.pdf>.

**(d) Material Subsidiaries**

During the FY 2022-23, the Company does not have any material listed/unlisted subsidiary companies as defined in Regulation 16 of the SEBI Listing Regulations. However, the Company has framed the policy for determining material subsidiary as required and the same is disclosed on the website of the Company at the link - <http://sarlafibers.com/images/material-subsiidiary-policy.pdf>.

**(e) Details of utilization of funds raised through preferential allotment or qualified institutional placement as specified under Regulation 32(7A)**

During the year under review, the Company has not raised funds through preferential allotment or qualified institutional placement.

**(f) Disclosure of Commodity price risks and commodity hedging activities**

The principal raw material of the Company is nylon chips and partially oriented yarn (POY). It is procured from the domestic as well as overseas suppliers. Some of the other raw materials are also procured from the overseas markets. Therefore, the Company is exposed to foreign exchange risk on account of import and export transactions and also by way of External Commercial Borrowings (ECB's). The Company is proactively mitigating these risks by entering into commensurate hedging transactions.

**(g) Where the Board has not accepted any recommendation of any committee of the Board which is mandatorily required, in the relevant financial year**

During the FY 2022-23, the Board has accepted all the recommendations of its Committee's.

**(h) Remuneration of Statutory Auditor**

The details relating to fees paid to the Statutory Auditors are given in Note No. 40 to the Standalone Financial Statements and Note No. 40 to the Consolidated Financial Statements.

**(i) Details of workplace sexual harassment complaints reported as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company is committed to ensuring that all employees work in an environment that not only promotes diversity and equality but also mutual trust, equal opportunity and respect for human rights. The Company is also committed to providing a work environment that ensures every woman employee is treated with dignity, respect and afforded equal treatment.

The Company has formulated a Policy on prevention of Sexual Harassment in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder which is aimed at providing every woman at the workplace a safe, secure and dignified work environment. The same is disclosed on the Company's website - <http://sarlafibers.com/images/sexual-harassment-policy.pdf>

Sr. No.	Particulars	No. of Complaints
1.	Number of complaints filed during the FY 2022-23	Nil
2.	Number of complaints disposed of during the FY 2022-23	Nil
3.	Number of complaints pending as on end of the FY 2022-23	Nil

**(j) Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount'**

During the year under review, the Company has not granted any loans, secured or unsecured, to companies/firms in which Directors are interested. However, the loans granted earlier to wholly owned subsidiary of the Company can be referred in the Note no. 51 of the Standalone Financial Statements.

**(k) Accounting Treatment**

In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

**(l) Details of Compliance with the Mandatory requirements and implementation of the Non-mandatory requirements**

The Company has complied with all the mandatory requirements as stipulated under Regulation 27 of the SEBI Listing Regulations with the Stock Exchanges except for the non-compliances mentioned in Clause (b) above and has also adopted the following Non-Mandatory Discretionary requirement as prescribed in Part E of Schedule II to Regulation 27 of the Listing Regulations, as amended from time to time:

**i. The Board**

The requirement relating to maintenance of office and reimbursement of expenses of Non-Executive Chairman is not applicable to the Company since the Chairman of the Company is an Executive Director.

**ii. Shareholders' Rights:**

The Company ensures that the disclosure of all the information is disseminated on a non-discretionary basis to all the shareholders. During the year, the Company's quarterly/half yearly/yearly results were published in one English daily newspaper circulated all over India/substantially all over India, viz. Financial Express (all India Editions) and in one Gujarati daily newspaper having regional circulation, viz. Gujarat Guardian and on the website of the Stock Exchange. The same are uploaded on the website of the Company- [www.sarlafibers.com](http://www.sarlafibers.com) and are not circulated separately to the Shareholders.

**iii. Modified opinion in Audit Report:**

There is no audit qualification in the Company's financial statements for the year ended on March 31, 2023. The Company continues to adopt best practices to ensure the regime of unqualified financial statements.

**iv. Reporting of Internal Auditors:**

Internal Auditors directly report to the Audit Committee.

**(m) Compliance Reports of applicable laws**

The Board periodically reviews Compliance Reports, pertaining to all laws applicable to the Company, received from the respective departments, from time to time, as well as steps taken by it to rectify instances of non-compliances, if any.

**(n) Compliance with Corporate Governance requirements specified in regulations 17 to 27 and 46(2) of SEBI Listing Regulations**

During the FY 2022-23, the Company has complied with all the requirements of Corporate Governance specified in regulations 17 to 27 and 46(2) of SEBI Listing Regulations.

**(o) Compliance with Secretarial Standards:**

During the FY 2022-23, the Company has complied with the Secretarial Standards issued by Institute of Company Secretaries of India and notified by MCA.

**(p) Details of Demat/ Unclaimed Suspense Account**

The disclosures with respect to demat suspense account/unclaimed suspense account is not applicable to the Company for FY 2022-23.

**22. PREVENTION OF INSIDER TRADING**

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Company has adopted the Code of Conduct for Prevention of Insider Trading to regulate the dealing in securities by the directors and employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of the Company's shares by the directors and employees while in possession of unpublished price sensitive information in relation to the Company or its securities.

The Company has appointed the Company Secretary as the Compliance Officer to ensure compliance of the said Code by all the directors and employees likely to have access to unpublished price sensitive information.

**23. CODE OF CONDUCT**

The Board has adopted the Code of Conduct for Members of the Board and Senior Management personnel of the Company. The Code lays down, in detail, the standards of business conduct, ethics and governance.

It is the responsibility of all Directors and employees to familiarize themselves with this Code and comply with its standards. The Board and the senior management of the Company annually affirm compliance with the Code.

A certificate of the Chairman, Managing Director and CEO to this effect is annexed to this report. The Code of Conduct has also been posted on the Company's website at <http://sarlafibers.com/images/code-of-conduct-for-all-board-members-and-senior-management.pdf>.

**24. DISCLOSURE BY LISTED ENTITY AND ITS SUBSIDIARIES OF 'LOANS AND ADVANCES IN THE NATURE OF LOANS TO FIRMS/COMPANIES IN WHICH DIRECTORS ARE INTERESTED BY NAME AND AMOUNT**

The Company has not given any loans and advances to firms/ Company in which Directors are interested.

**25. DETAILS OF MATERIAL SUBSIDIARIES OF THE LISTED ENTITY; INCLUDING THE DATE AND PLACE OF INCORPORATION AND THE NAME AND DATE OF APPOINTMENT OF THE STATUTORY AUDITORS OF SUCH SUBSIDIARIES**

The Company had no material subsidiary during the FY 2022-23.

**26. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, if the dividend transferred to the Unpaid Dividend Account of the Company

remains unpaid or unclaimed for a period of Seven (7) years from the date of such transfer then such unpaid or unclaimed dividend shall be transferred by the Company along with interest accrued, if any, to the Investor Education and Protection Fund ('the IEPF'), a fund established under sub-section (1) of section 125 of the Act. The details of unclaimed/unpaid dividend are available on the website of the Company viz. <https://www.sarlafibers.com/shares-in-iepf/>

**27. TRANSFER OF SHARES TO IEPF**

Pursuant to the provisions of the Act, read with the Rules, the Company is required to transfer equity shares in respect of which dividends have not been claimed for a period of seven consecutive years to IEPF. During the FY 2022-23, 8580 shares relating to Final Dividend for FY 2013-2014 were transferred on April 06, 2022 and 10,000 shares relating to Final Dividend for the FY 2014-2015 were transferred on November 30, 2022 to IEPF. Details of shares to be transferred/ transferred to IEPF are available on the Company's website at <https://www.sarlafibers.com/shares-in-iepf/>.

Further, shares in respect of which dividend will remain unclaimed progressively for seven consecutive years, will be reviewed for transfer to the IEPF as required by law.

The underlying shares w.r.t. Unpaid Dividend (Final) for FY 2015-16 will be transferred by the Company to IEPF, after sending an intimation of the proposed transfer in advance to the concerned shareholders, as well as publish a public notice in this regard. Names of such transferees will be available on the Company's website.

Reminder letters are periodically sent by the Company to the concerned shareholders advising them to claim their dividends. Shareholders may note that both the unclaimed dividend and

underlying shares transferred to IEPF including all benefits accruing on such shares, if any, can be claimed back from IEPF Authority by following the procedure prescribed in the Rules.

**28. CEO/CFO CERTIFICATION**

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have issued certificate pursuant to the provisions of Regulation 17(8) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed to this Report.

**29. CERTIFICATE FROM A COMPANY SECRETARY IN PRACTICE**

As required under Clause 10 (i) of Part C under Schedule V of the SEBI Listing Regulations, the Company has received a certificate from M/s. Mayank Arora & Co., Practicing Company Secretaries, (Membership No: F10378) certifying that none of the Directors have been debarred or disqualified from being appointed or continuing as Directors of the Company, by SEBI or Ministry of Corporate Affairs or such other statutory authority.

The certificate forms part of this Annual Report and is attached as Annexure VII (B) to this Report on Corporate Governance.

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

**Krishnakumar Jhunjhunwala**  
Chairman & Managing Director  
(DIN: 00097175)

Place: Mumbai  
Date: May 13, 2023



**MANAGING DIRECTOR'S DECLARATION****Compliance with the Company's Code of Conduct**

(Regulation 34(3) read with Schedule V of SEBI Listing Regulations)

This is to confirm that the members of Board of Directors and Senior Management Personnel (including Chief Financial Officer, Company Secretary and other Senior Level Employees) of the Company have affirmed compliance with the Code of Conduct of Sarla Performance Fibers Limited, as applicable to them, for the financial year ended March 31, 2023.

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

**Krishnakumar Jhunjunwala**  
Chairman & Managing Director  
(DIN: 00097175)

Place: Mumbai  
Date: May 13, 2023

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**Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification  
Under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To,  
The Board of Directors  
**Sarla Performance Fibers Limited**

We, the undersigned, in our respective capacities as the Chairman and Managing Director and Chief Financial Officer of Sarla Performance Fibers Limited ("the Company") to the best of our knowledge and belief hereby certify that:

- (a) We have reviewed the financial statements and cash flow statement of Sarla Performance Fibers Limited for the year ended March 31, 2023 and to the best of our knowledge and information we certify that:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain the statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We hereby declare that all the members of the Board of Directors and Executive Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
- (d) We accept the responsibility for establishing and maintaining internal controls for financial reporting for the Company and we have:
  - (i) evaluated the effectiveness of internal control systems of the Company;
  - (ii) disclosed to the Auditors and the Audit Committee of the Board, deficiencies in the design or operation of such internal controls, if any, of which we are aware and
  - (iii) necessary steps taken or propose to be taken to ratify these deficiencies.
- (e) We have indicated to the Auditors and the Audit Committee that there have been:
  - (i) No significant changes in internal control over financial reporting during the FY 2022-23;
  - (ii) No significant changes in Accounting Policies during the FY 2022-23; and
  - (iii) No instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

**For Sarla Performance Fibers Limited**

Place: Mumbai  
Date: May 13, 2023

<b>Krishnakumar Jhunjunwala</b>	<b>Mukesh Deopura</b>
Managing Director	Chief Financial Officer
DIN: 00097175	

**ANNEXURE VII - A****CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Board of Directors  
**SARLA PERFORMANCE FIBERS LIMITED,**  
Survey Mo 59/1/4,  
Amli Piparia Industrial Estate,  
Silvassa DN-396230

I have examined all the relevant records of Sarla Performance Fibers Limited ('the Company') for the purpose of certifying compliance with the conditions of Corporate Governance under Chapter IV to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the financial year ended March 31, 2023.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation process adopted by the Company for ensuring compliance with the conditions of Corporate Governance. This certificate is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In my opinion and to the best of my information and according to the explanations and information furnished to me, I certify that the Company has complied with all the conditions of Corporate Governance as stipulated in the said Listing Regulations.

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

**For Mayank Arora & Co.,**  
**Company Secretaries**  
**(ICSI Unique Code P2023MH094900)**

**Mayank Arora**  
**Partner**  
**Membership No.: F10378**  
**COP No.: 13609**

**Place: Mumbai**  
**Date: 13/05/2023**  
**UDIN number: F010378E000309358**

## ANNEXURE VII - B

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
*(Pursuant To Regulation 34(3) and Schedule V Para C Clause (10)(I) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015*

To,  
The Members of  
**SARLA PERFORMANCE FIBERS LIMITED,**  
Survey Mo 59/1/4,  
Amla Piparia Industrial Estate,  
Silvassa DN-396230

In my opinion and to the best of my information, verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) and according to our examination of the relevant records and information provided by **SARLA PERFORMANCE FIBERS LIMITED** (‘the Company’) and based on representation made by the Management of the Company for the period from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023 for the purpose of issuing a Certificate as per Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘the LODR Regulations’) read with Part C of Schedule V of the LODR Regulations, I hereby certify that **NONE** of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or Ministry of Corporate Affairs or any such statutory authority for the period as on 31<sup>st</sup> March, 2023.

Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Mayank Arora & Co.,**  
Company Secretaries  
(ICSI Unique Code P2023MH094900)

**Mayank Arora**  
Partner  
Membership No.: F10378  
COP No.: 13609

Place: **Mumbai**  
Date: **13/05/2023**  
UDIN number: **F010378E000309380**

## INDEPENDENT AUDITOR’S REPORT

**TO THE MEMBERS OF**  
**SARLA PERFORMANCE FIBERS LIMITED**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of **Sarla Performance Fibers Limited** (‘the Company’), which comprise the Balance Sheet as at 31<sup>st</sup> March 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as ‘the standalone financial statements’).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (‘the Act’) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (‘Ind AS’) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2023, its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

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

**Key Audit Matters**

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

Sr no	Key Audit Matter	Auditor’s Response
1.	<p><b>Litigations, Provisions and contingent liabilities</b></p> <p>The Company has litigations which also include matters under dispute involving significant Management judgement and estimates on the possible outcome of the litigations and consequent provisioning thereof or disclosure as contingent liabilities.</p> <p>Refer Note 45.1 to the standalone financial statements.</p>	<p><b>Audit procedures followed by us include:</b></p> <p>As part of audit process, we obtained from the Management details of matters under dispute including ongoing and completed tax assessments, demands and litigations. Our audit approach for the above consists of the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Evaluation and testing of the design of internal controls followed by the Company relating to litigations and open tax positions for indirect taxes and process followed to decide provisioning or disclosure as Contingent Liabilities;</li> <li>• Discussed with Company’s management for sufficient understanding of on-going and potential legal matters impacting the Company;</li> <li>• We involved our internal experts, where necessary, to evaluate the Management’s underlying judgements in making their estimates with regard to such matters.</li> </ul>



<p>2. <b>Information Technology (IT) systems and controls over financial reporting</b></p> <p>We identified IT systems and controls over financial reporting as a key audit matter for the Company because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, specifically with respect to revenue and inventories. Also, due to large transaction volumes and the increasing challenge to protect the integrity of the Company's systems and data, cyber security has become more significant;</p> <p>Automated accounting procedures and IT environment controls, which include IT governance, IT general controls over program development and changes, access to program and data and IT operations, IT application controls and interfaces between IT applications are required to be designed and to operate effectively to ensure accurate financial reporting.</p>	<p><b>Audit procedures followed by us include:</b></p> <ul style="list-style-type: none"> <li>Assessed the complexity of the IT environment through discussion with the IT team and identified IT applications that are relevant to our audit;</li> <li>Evaluated the operating effectiveness of IT general controls over program development and changes, access to program and data and IT operations;</li> <li>Performed inquiry procedures with the IT team of the Company in respect of the overall security architecture and any key threats addressed by the Company in the current year;</li> <li>Evaluated the operating effectiveness of IT application controls in the key processes impacting financial reporting of the Company.</li> </ul>
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#### Information Other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Directors' Report including Annexures to Directors' Report, and Corporate Governance, but does not include the standalone financial statements and auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the standalone financial statements, or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance

of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

#### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- Conclude on the appropriateness of Management and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

#### Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "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, we report that:
  - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - 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;
  - The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
  - In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements comply with the Ind AS;
  - On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2023 taken on record by the Board of Directors, none of the director is disqualified as on 31<sup>st</sup> March, 2023 from being appointed as a director in terms of Section 164(2) of the Act;

## ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

**[Referred to in paragraph 1 under Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of Sarla Performance Fibers Limited ("the Company") on the standalone financial statements for the year ended 31<sup>st</sup> March, 2023]**

- f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report. Our report expresses modified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements;
- g) 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:
- 1) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements (Refer Note No. 45.1 to the standalone financial statements);
  - 2) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts);
  - 3) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
  - 4) (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in note Note 53(7) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in note Note 53(8) to the standalone financial statements, no funds have been received by the Company from any person or entity,
- including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under 4(a) and 4(b) above, contain any material misstatement.
- 5) The final dividend paid by the Company during the year, in respect of the same declared in the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
  - 6) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining of books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. 1<sup>st</sup> April, 2023 and accordingly reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31<sup>st</sup> March, 2023.
3. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:
- 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 read with Schedule V to the Act;

**For CNK & Associates LLP**

Chartered Accountants

Firm Registration Number: 101961W/W-100036

**Himanshu Kishnadwala  
Partner**

Membership No.: 37391

UDIN: 23037391BGULVW6335

Place: Mumbai  
Date: 13<sup>th</sup> May, 2023

To the best of our information and according to the explanations provided to us by the Company and the books of accounts and records examined by us in the normal course of audit, we state that:

- (i) (a) (A) The Company implemented a new ERP system during the FY 2020-21 wherein full details of Property, Plant and Equipment (PPE) are yet to be integrated in the system. As at 31<sup>st</sup> March 2023, the Company is still in the process of updating details pertaining to full particulars including quantitative details and situation of PPE;
- (B) As mentioned above, the Company is in the process of integrating and updating details pertaining to full particulars of intangible assets;
- (b) The Company has a regular program of physical verification of PPE under which all items of PPE are verified in a phased manner over a period of

three years. This, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. During the year, though the Company has carried out physical verification of its PPE, in the absence of full particulars including quantitative details and situation of PPE, we are not able to comment on discrepancies, if any;

- (c) Based on our examination of the records provided by the Company and the confirmation for title deeds received from SBICAP Trustee Company Limited (STCL), we report that the title deeds of immovable properties (other than immovable properties where the Company is lessee and lease agreements are duly executed in favour of the lessee) are held in the name of the Company except in the following cases as disclosed in Note No. 4(b) to the standalone financial statements:

**(Rs. In Lakhs)**

Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the company
Freehold Land	3,028.83	Krishna Jhunjhunwala and Neha Jhunjhunwala	Yes	FY. 2016-17	Being agricultural land cannot be held in the name of the Company.
Freehold Land	69.33	Krishna Jhunjhunwala and Neha Jhunjhunwala	Yes	FY. 2022-23	The Company is in process of conversion of agricultural land to non-agricultural land.
Freehold Land	43.46	Krishna Jhunjhunwala	Yes	FY. 2022-23	

- (d) The Company has not revalued any of its PPE (including right-of-use assets) or intangible assets during the year;

- (e) As disclosed in Note No. 53 to the standalone financial statements, no proceeding has been initiated or is pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder;

- (ii) (a) The Management has conducted physical verification of inventories at regular intervals.

In our opinion, considering the size of the Company, the coverage of such verification is reasonable and the procedures are adequate;

The discrepancies noticed on physical verification were not exceeding 10% in aggregate for each class of inventory and the same has been properly dealt with in the books of accounts;

- (b) As disclosed in Note No. 27 to the standalone financial statements, the Company has working capital limits sanctioned from banks



or financial institutions exceeding five crore rupees during the year and the quarterly returns / statements filed by the Company are materially in agreement with the books of accounts;

(iii) During the year, the Company has not made any investments in, provided any guarantee or security or granted any loans or advances in nature of loans, secured or unsecured to companies, firms, limited liability partnerships or other parties except for investments in debentures/bonds, equity shares, mutual funds, loan to employees, in respect of which:

(a) (A) During the year, the Company has not provided any loans or advances in the nature of loans, or stood guarantee, or provided security to any of its subsidiary. Hence reporting under clause 3(iii)(a)(A) of the Order is not applicable;

(B) During the year, the Company has provided loans or advances in the nature of loans to its employees, details of which is as below:

(Rs. In Lakhs)	
Particulars	Amount
Aggregate amount granted/ provided during the year	
- Others	-
- Employees	16.29
Balance outstanding as at the Balance sheet date in respect of above cases	
- Others	-
- Employees	14.43

(b) In our opinion, the investments made and the terms and conditions of loan given to employees during the year are prima facie not prejudicial to the interest of the Company;

(c) In respect of interest free loans given by Company to its wholly owned subsidiary in earlier years, arrangement does not contain any schedule of repayment of principal (outstanding as on 31<sup>st</sup> March, 2023 Rs. 210.78 lakhs) and payment of interest and hence not able to make specific comment on the regularity of repayment of principal and payment of interest in respect of such loans. In respect of loans granted by the Company to its employees, where the schedule of repayment of principal and payment of interest has been stipulated, repayments / receipts have generally been regular;

(d) In respect of loans given by the Company, there is no overdue amount for more than ninety days as at the Balance Sheet date;

(e) No loan granted by the Company has fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdue of existing loans;

(f) In respect of loans granted by the Company to its employees during the year, there were no amount granted which were either repayable on demand or without specifying any terms or period of repayment;

(iv) The Company has complied with the provisions of Section 185 and 186 of the Act. The Company has made equity and preference share investments, has given interest free unsecured loans to its wholly owned subsidiary.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits to which directives issued by Reserve Bank of India and provisions of Sections 73 to 76 of the Act or other relevant provisions and the Rules framed there under apply except for advance received from customers outside India against supply of goods amounting to Rs. 12.04 lakhs which have not been appropriated towards supply of goods within a period of 365 days from the date of receipt of such advance. We were informed by the Management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard;

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as specified by the Central Government under sub section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the same with a view to determining whether they are accurate or complete;

(vii) (a) On the basis of our examination of records and according to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and any other statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other statutory dues in arrears as at 31<sup>st</sup> March, 2023 for a period of more than six months from the date they became payable;

(b) The particulars of statutory dues that have not been deposited on account of any dispute are as under:

(Rs. In Lakhs)					
Name of the Statute	Nature of the Dues	Forum where dispute is pending	Period to which the amount relates	Amount Involved	Amount Unpaid
Central Excise Act, 1944	Penalty	Supreme Court of India	FY 1995-96, 1996-97	150	75
Central Excise Act, 1944	Penalty	CESTAT	FY 1995-96	45	45
Custom Act, 1962	Duty, Interest and Penalty	CESTAT	FY 2011-12 to FY 2016-17	768	768

(viii) As disclosed in Note No. 53 (4) to the standalone financial statements, there are no transactions which are not recorded in the books of account and have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961;

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender;

(b) As disclosed in Note No. 53 (2) to the standalone financial statements, the Company is not declared wilful defaulter by any bank or financial institution or other lender;

(c) The Company has not taken any term loan during the year.

(d) On an overall examination of the standalone financial statements of the Company, no funds raised on short term basis have been used for long term purposes;

(e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries;

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries.

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

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable;

(xi) (a) No fraud by the Company or on the Company have been noticed or reported during the year;

(b) No report under sub-section (12) of Section 143 of the Act has been filed in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report;

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

(xii) The Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order is not applicable;

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Act where applicable and the details of such related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards;

(xiv) (a) In our opinion, The Company has an Internal audit system commensurate with the size and nature of its business;

(b) We have considered Internal Audit reports issued to the Company during the year and till date for the period under audit;

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with directors and hence provision of section 192 of the Act are not applicable;

(xvi) (a) The Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3 (xvi)(a) and (b) of the Order is not applicable;

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

(c) There is no Core Investment Company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3 (xvi) (d) of the Order is not applicable;

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year;

(xviii) There has been no resignation of the statutory auditors of the Company during the year. Hence, reporting under clause 3(xviii) of the Order is not applicable;

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due;

(xx) As disclosed in Note No. 50 to the standalone financial statements, the gross amount required to be spent by the Company towards Corporate Social Responsibility (CSR) for the year has been duly spent. Accordingly, reporting under clause 3(xx)(a) and clause 3(xx)(b) of the Order is not applicable;

**For C N K & Associates LLP**  
Chartered Accountants

Firm Registration Number: 101961W/W-100036

**Himanshu Kishnadwala**  
Partner

Membership No.: 37391  
UDIN: 23037391BGULVW6335

Place: Mumbai  
Date: 13<sup>th</sup> May, 2023

## ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT

**[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Sarla Performance Fibers Limited ("the Company") on the standalone financial statements for the year ended 31<sup>st</sup> March, 2023]**

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

#### Modified Opinion

We have audited the internal financial controls with reference to standalone financial statements of **Sarla Performance Fibers Limited** ("the Company") as of 31<sup>st</sup> March, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

During FY 2020-21, Company had implemented new ERP system, which is still in the process of stabilization. Due to the same, the Company is in the process of implementation and testing of controls with respect to certain areas such as valuation of inventories, depreciation / amortization for property, plant and equipment / intangible assets and updation of customer / vendor master, material Management.

In our opinion, except for the possible effects of the weaknesses described above, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31<sup>st</sup> March, 2023, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### 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 controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section

143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

### Meaning of Internal Financial Controls with reference to these standalone financial statements

A Company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone financial statements includes those policies and procedures that:

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

2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Management and directors of the Company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

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

**For C N K & Associates LLP**  
Chartered Accountants

Firm Registration Number: 101961W/W-100036

**Himanshu Kishnadwala**  
Partner

Membership No.: 37391  
UDIN: 23037391BGULVW6335

Place: Mumbai  
Date: 13<sup>th</sup> May, 2023



## Stanadalone Balance Sheet as at 31st March 2023

(Rs in lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
<b>I ASSETS</b>			
(1) Non-current assets			
(a) Property, Plant and Equipment	4	23,671.32	20,300.89
(b) Capital Work in progress	5	-	1,564.38
(c) Intangible assets	6	74.93	93.83
(d) Investments in Subsidiaries	7	6,167.98	6,167.98
(e) Financial Assets			
(i) Investments	8	10,623.09	3,648.31
(ii) Loans	9	226.31	211.05
(iii) Other financial assets	10	372.11	963.89
(f) Non current Tax Assets (Net)	11	44.53	230.99
(g) Other non-current assets	12	146.24	766.40
<b>Total non-current assets</b>		<b>41,326.52</b>	<b>33,947.71</b>
(2) Current assets			
(a) Inventories	13	8,452.83	9,647.16
(b) Financial Assets			
(i) Investments	14	1,888.89	1,487.92
(ii) Trade receivables	15	6,171.47	10,086.10
(iii) Cash and cash equivalents	16	360.95	274.18
(iv) Bank balances other than (iii) above	17	1,062.73	6,296.26
(v) Loans	18	22.21	12.09
(vi) Other financial assets	19	600.16	1,492.01
(c) Other current assets	20	1,351.18	1,684.82
<b>Total current assets</b>		<b>19,910.42</b>	<b>30,980.55</b>
<b>Total Assets</b>		<b>61,236.94</b>	<b>64,928.26</b>
<b>II EQUITY AND LIABILITIES</b>			
Equity			
(a) Equity Share capital	21	835.03	835.03
(b) Other Equity	22	42,262.24	41,023.16
<b>Total equity</b>		<b>43,097.27</b>	<b>41,858.19</b>
Liabilities			
(1) Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	10.56	1,955.96
(ia) Lease Liabilities	24	208.85	162.94
(b) Provisions	25	105.14	144.60
(c) Deferred tax liabilities (Net)	26	2,251.72	2,371.06
<b>Total non-current liabilities</b>		<b>2,576.28</b>	<b>4,634.57</b>
(2) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	27	10,429.23	11,196.57
(ia) Lease Liabilities		79.60	47.65
(ii) Trade payables	28		
(A) total outstanding dues of micro enterprises and small enterprises		41.67	199.27
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		3,146.14	3,990.12
(iii) Other financial liabilities	29	1,369.47	2,485.11
(b) Other current liabilities	30	353.65	224.69
(c) Provisions	31	105.22	95.54
(d) Current Tax Liabilities (Net)	32	38.42	196.54
<b>Total current liabilities</b>		<b>15,563.40</b>	<b>18,435.51</b>
<b>Total Liabilities</b>		<b>18,139.68</b>	<b>23,070.07</b>
<b>Total Equity and Liabilities</b>		<b>61,236.94</b>	<b>64,928.26</b>

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For C N K & ASSOCIATES LLP  
Chartered Accountants  
ICAI Firm's Registration No.: 101961W/W-100036

For and on behalf of the Board of Directors

HIMANSHU KISHNADWALA  
Partner  
Membership No. 37391KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director  
(DIN: 00097175)NEHA JHUNJHUNWALA  
Director  
(DIN: 07144529)MUKESH DEOPURA  
Chief Financial OfficerNEHA SOMANI  
Company SecretaryPlace: Mumbai  
Date: May 13, 2023Place: Mumbai  
Date: May 13, 2023

## Stanadalone Statement of profit and loss for the year ended 31st March, 2023

(Rs in lakhs)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
I Revenue from Operations	33	38,654.70	42,869.99
II Other Income	34	923.05	1,222.83
<b>III TOTAL INCOME (I+II)</b>		<b>39,577.74</b>	<b>44,092.82</b>
IV Expenses			
(a) Cost of materials consumed	35	19,557.85	23,622.06
(b) Changes in inventories of finished goods and work-in-progress	36	635.17	(2,719.50)
(c) Employee benefits expense	37	1,572.32	1,645.36
(d) Finance costs	38	483.28	368.78
(e) Depreciation and amortization expense	39	2,107.35	1,862.90
(f) Other expenses	40	11,255.49	12,242.80
<b>TOTAL EXPENSES (a to f)</b>		<b>35,611.48</b>	<b>37,022.39</b>
<b>V Profit/(loss) before tax</b>		<b>3,966.26</b>	<b>7,070.42</b>
VI Tax Expense:			
Current tax		1,119.45	1,909.69
Deferred tax		(128.74)	(113.98)
Adjustments for earlier years		94.38	-
<b>Total tax expense</b>	<b>26</b>	<b>1,085.09</b>	<b>1,795.71</b>
<b>VII Profit / (Loss) for the year (V-VI)</b>		<b>2,881.17</b>	<b>5,274.71</b>
VIII Other Comprehensive Income ('OCI')			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan		37.37	(2.18)
(ii) Income tax relating to items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan		(9.40)	0.55
<b>Total (A)</b>		<b>27.96</b>	<b>(1.63)</b>
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total (B)</b>		<b>-</b>	<b>-</b>
<b>Total Other comprehensive income (A+B)</b>		<b>27.96</b>	<b>(1.63)</b>
<b>IX Total comprehensive income for the year (VII+VIII)</b>		<b>2,909.13</b>	<b>5,273.08</b>
X Earnings per equity share	41		
- Basic and Diluted (Face value Re. 1)		3.45	6.32

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For C N K & ASSOCIATES LLP  
Chartered Accountants  
ICAI Firm's Registration No.: 101961W/W-100036

For and on behalf of the Board of Directors

HIMANSHU KISHNADWALA  
Partner  
Membership No. 37391KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director  
(DIN: 00097175)NEHA JHUNJHUNWALA  
Director  
(DIN: 07144529)MUKESH DEOPURA  
Chief Financial OfficerNEHA SOMANI  
Company SecretaryPlace: Mumbai  
Date: May 13, 2023Place: Mumbai  
Date: May 13, 2023

## Stanadalone Statement of cash flows for the year ended 31st March, 2023

(Rs in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A Cash flows from operating activities</b>		
Profit before tax	3,966.27	7,070.42
<b>Adjustments for:</b>		
Finance costs	483.28	368.78
Depreciation and amortisation expenses	2,107.35	1,862.90
Interest income	(524.28)	(650.09)
Gain on disposal of investments	(77.67)	(69.40)
Gain on fair value of investments	(10.95)	(9.47)
Dividend Income	(10.94)	(1.42)
Unrealised exchange (gain) / loss on foreign currency translations	488.37	(325.98)
Loss due to fire	-	108.06
Loss on sale of Property, Plant and Equipment	115.00	-
Sundry Balances written off / (written back)	187.84	(1.17)
<b>Operating profit before working capital changes</b>	<b>6,724.28</b>	<b>8,352.62</b>
<b>Changes in Assets and Liabilities:</b>		
<b>Adjustments for (increase)/decrease in:</b>		
Trade receivables	3,756.80	(236.24)
Inventories	1,194.33	(3,962.44)
Loans and Advances	48.22	(3.11)
Other assets	1,358.66	333.73
Trade payables	(1,001.58)	1,566.92
Other current financial liabilities	(276.39)	(250.06)
<b>Cash generated from operations</b>	<b>11,804.31</b>	<b>5,801.41</b>
Direct taxes paid (net)	(1,189.43)	(1,901.61)
<b>Net cash generated from operating activities (A)</b>	<b>10,614.88</b>	<b>3,899.80</b>
<b>B Cash flows from investing activities</b>		
Bank balances other than Cash & Cash equivalents	5,754.08	1,924.04
Purchase of property, plant and equipment	(4,411.98)	(3,226.68)
Purchase of Intangible Assets	(10.45)	(21.27)
Proceeds from disposals of property, plant and equipment	-	686.26
(Purchase) / Proceeds of investments	(7,287.13)	(3,403.62)
Interest received	538.36	1,565.11
Dividend received	9.44	1.42
<b>Net cash (used in) investing activities (B)</b>	<b>(5,407.68)</b>	<b>(2,474.73)</b>
<b>C Cash flows from financing activities</b>		
Repayment of non current borrowings	(2,211.93)	(3,039.28)
Proceeds/(repayment) from current borrowings	(662.14)	1,433.21
Payments for the principal portion of lease liability	(74.53)	(30.02)
Payments for the interest portion of lease liability	(22.55)	(11.02)
Interest paid	(479.22)	(343.66)
Dividend paid	(1,670.06)	-
<b>Net cash (used in) financing activities (C)</b>	<b>(5,120.44)</b>	<b>(1,990.78)</b>
<b>D NET INCREASE IN CASH AND CASH EQUIVALENTS [(A) + (B) + (C)]</b>	<b>86.76</b>	<b>(565.70)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (Refer note 16)</b>		
Balances with banks in current accounts and deposit accounts	266.93	853.85
Effect of exchange rate changes on cash and cash equivalents	1.07	(22.08)
Cash on hand	6.17	8.11
<b>CASH AND CASH EQUIVALENTS</b>	<b>274.18</b>	<b>839.88</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (Refer note 16)</b>		
Balances with banks in current accounts and deposit accounts	351.05	266.93
Effect of exchange rate changes on cash and cash equivalents	3.39	1.07
Cash on hand	6.51	6.17
<b>CASH AND CASH EQUIVALENTS</b>	<b>360.95</b>	<b>274.18</b>
Supplemental Information		
Cash Transactions from Operating Activities:		
Spent towards Corporate Social Responsibility	15.62	301.83

## Stanadalone Statement of cash flows for the year ended 31st March, 2023

(Rs in lakhs)

## Explanatory notes to Statement of Cash Flows:

- The Statement of Cash Flows is prepared as per Ind AS 7 as notified by Ministry of Corporate Affairs.
- In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.
- The net profit / loss arising due to conversion of current assets / current liabilities, receivable / payable in foreign currency is furnished under the head "Foreign Exchange Fluctuations".
- Changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes:

## Reconciliation of Liabilities arising from financing activities

(Rs in lakhs)

Particulars	As at 1st April 2022	Cash flow	Foreign Exchange movement	As at 31st March, 2023
Non-current borrowing (including current maturities of non current borrowing)	3,673.15	(2,211.93)	76.69	1,537.89
Current borrowing	9,479.39	(662.14)	84.65	8,901.89
	<b>13,152.54</b>	<b>(2,874.07)</b>	<b>161.34</b>	<b>10,439.79</b>

Particulars	As at 1st April 2021	Cash flow	Foreign Exchange movement	As at 31st March, 2022
Non-current borrowing (including current maturities of non current borrowing)	6,778.82	(3,039.28)	(66.39)	3,673.15
Current borrowing	8,011.88	1,433.21	34.30	9,479.39
	<b>14,790.70</b>	<b>(1,606.07)</b>	<b>(32.09)</b>	<b>13,152.54</b>

## The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For C N K & ASSOCIATES LLP  
Chartered Accountants  
ICAI Firm's Registration No.: 101961W/W-100036

For and on behalf of the Board of Directors

HIMANSHU KISHNADWALA  
Partner  
Membership No. 37391

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director  
(DIN: 00097175)

NEHA JHUNJHUNWALA  
Director  
(DIN: 07144529)

MUKESH DEOPURA  
Chief Financial Officer

NEHA SOMANI  
Company Secretary

Place: Mumbai  
Date: May 13, 2023

Place: Mumbai  
Date: May 13, 2023



## Standalone Statement of changes in equity for the year ended 31st March, 2023

**a. Equity Share Capital (note 21)** (Rs in lakhs)

Particulars	Amount
<b>Balance as at April 01, 2021</b>	<b>835.03</b>
Changes in equity share capital during the year 2021-22	-
<b>Balance as at March 31, 2022</b>	<b>835.03</b>
Changes in equity share capital during the year 2022-23	-
<b>Balance as at March 31, 2023</b>	<b>835.03</b>

**b. Other Equity (note 22)** (Rs in lakhs)

Particulars	Reserves and surplus				Total
	Capital reserve	Securities premium	General reserve	Retained earnings	
<b>Balance as at April 01, 2021</b>	<b>182.40</b>	<b>4,529.00</b>	<b>8,274.38</b>	<b>22,764.30</b>	<b>35,750.08</b>
Profit for the year 2021-22	-	-	-	5,274.71	5,274.71
Other comprehensive income for the year 2021-22 (net of tax)*	-	-	-	(1.63)	(1.63)
<b>Total comprehensive income for the year</b>	-	-	-	<b>5,273.08</b>	<b>5,273.08</b>
<b>Balance as at March 31, 2022</b>	<b>182.40</b>	<b>4,529.00</b>	<b>8,274.38</b>	<b>28,037.38</b>	<b>41,023.16</b>
Profit for the year 2022-23	-	-	-	2,881.18	2,881.18
Other comprehensive income for the year 2022-23 (net of tax)*	-	-	-	27.96	27.96
<b>Total comprehensive income for the year</b>	-	-	-	<b>2,909.15</b>	<b>2,909.15</b>
Dividend	-	-	-	(1,670.06)	(1,670.06)
<b>Balance as at March 31, 2023</b>	<b>182.40</b>	<b>4,529.00</b>	<b>8,274.38</b>	<b>29,276.46</b>	<b>42,262.24</b>

\* represents remeasurement of defined benefit plans

As per our attached report of even date

For C N K & ASSOCIATES LLP  
Chartered Accountants  
ICAI Firm's Registration No.: 101961W/W-100036

HIMANSHU KISHNADWALA  
Partner  
Membership No. 37391

Place: Mumbai  
Date: May 13, 2023

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director  
(DIN: 00097175)

MUKESH DEOPURA  
Chief Financial Officer

Place: Mumbai  
Date: May 13, 2023

NEHA JHUNJHUNWALA  
Director  
(DIN: 07144529)

NEHA SOMANI  
Company Secretary

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**1. CORPORATE INFORMATION:**

Sarla Performance Fibers Limited ('SPFL' or 'the Company') is a public limited Company incorporated and domiciled in India and has its registered office at Survey No. 59/1/4, Amil Piparia Industrial Estate, Silvassa – 396 230, U.T. of Dadra & Nagar Haveli, India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

The Company is engaged primarily in manufacturing of various types of polyester and nylon yarns. The Company caters to both domestic and international markets. The Company has four plants, 2 at Silvassa, 1 at Dadra, Union territory of Dadra and Nagar haveli and 1 at Vapi, Gujarat.

The Company has a global presence with key subsidiaries in United States of America (USA) and British Virgin Island (BVI) that are engaged in the manufacture and/or sale of various types of polyester and nylon yarns.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES:****2.1. Basis of preparation and presentation:**

The standalone financial statements comply with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('Act') read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act and Rules thereunder.

The standalone financial statements have been prepared under historical cost convention using the accrual method of accounting basis except for certain assets and liabilities measured at fair value. The accounting policies are applied consistently to all the periods presented in the standalone financial statements.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle, para 66 and 69 of Ind AS 1 and other criteria as set out in the Division II of Schedule III to the Act.

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The standalone financial statements are presented in Indian Rupee (INR), the functional currency of the Company.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs, unless otherwise stated.

The financial statements of the Company for the year ended 31<sup>st</sup> March, 2023 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 13<sup>th</sup> May, 2023.

**2.2. Use of Judgements and Estimates:**

The preparation of the standalone financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and accompanying disclosures.

Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information.

In particular, information about significant areas of estimates and judgements in applying accounting policies that have most significant effect on amounts recognised in the standalone financial statements are as below:

- Estimates of useful lives and residual value of property, plant and equipment and intangible assets;
- Measurement of defined benefit obligations;
- Measurement and likelihood of occurrence of provisions and contingencies;
- Measurement of Right of Use assets and Lease liabilities;
- Measurement of recoverable amounts of cash-generating units;
- Valuation of inventories;
- Provision for loss allowances;
- Fair value measurement of financial instruments;
- Recognition of deferred tax assets.

Revisions to accounting estimates are recognised prospectively.

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**2.3. Property, plant and equipment and Depreciation:**

- 2.3.1.** Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any;
- 2.3.2.** The initial cost of an asset comprises its purchase price (including import duties and non-refundable taxes), any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use);
- 2.3.3.** Directly attributable costs includes cost of testing (net off proceeds from selling any items produced). Excess of net sale proceeds of items produced over the cost of testing, if any, is deducted directly from attributable costs of an item of property, plant, and equipment.
- 2.3.4.** Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company;
- 2.3.5.** Spare parts which meet the definition of property, plant and equipment are capitalised as property, plant and equipment in case the unit value of the spare part is above the threshold limit. In other cases, the spare part is inventorised on procurement and charged to Statement of profit and loss on consumption;
- 2.3.6.** An item of property, plant and equipment and any significant part initially recognised separately as part of property, plant and equipment is derecognised upon disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised;
- 2.3.7.** The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates;
- 2.3.8.** Property, plant and equipment which are not ready for intended use as on date of Balance Sheet are disclosed as "Capital work-in-progress";
- 2.3.9.** Depreciation is provided on pro-rata basis on the straight-line method (after retaining the estimated residual value up to 5%) based on estimated useful life prescribed under Schedule II to the Act, except for assets costing Rs.5,000/- or less are fully depreciated or fully written off in the year of purchase;
- 2.3.10.** Components of the main asset that are significant in value and have different useful lives as compared to the main asset are depreciated over their estimated useful life. Useful life of such components has been assessed based on historical experience and internal technical assessment;
- 2.3.11.** Depreciation on spare parts specific to an item of property, plant and equipment is based on life of the related property, plant and equipment. In other cases, the spare parts are depreciated over their estimated useful life based on the technical assessment;
- 2.3.12.** The Company had chosen the carrying value of Property, Plant and Equipment existing as per previous GAAP as on date of transition to Ind AS i.e. 1<sup>st</sup> April, 2015 as deemed cost.

**2.4. Intangible Assets and Amortisation:**

- 2.4.1.** Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably;
- 2.4.2.** Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any;
- 2.4.3.** An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses on de-recognition are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses);
- 2.4.4.** The estimated useful life is reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates;
- 2.4.5.** Intangible assets which are not ready for intended use as on date of Balance Sheet are disclosed as "Intangible assets under development";
- 2.4.6.** The intangible assets with a finite useful life are amortised using straight line method over their estimated useful lives. The management's estimates of the useful lives for various class of Intangibles are as given below:

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

Asset	Useful life
Enterprise Resource Planning (ERP) software	5 years

**2.5. Investment property:**

- 2.5.1.** Investment property is property (land or a building – or part of a building – or both) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any;
- 2.5.2.** Any gain or loss on disposal of investment property is calculated as the difference between the net proceeds from disposal and the carrying amount of the investment property is recognised in Statement of Profit and Loss.

**2.6. Non-currents assets held for sale:**

- 2.6.1.** Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets;
- 2.6.2.** Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell;
- 2.6.3.** Non – current assets classified as held for sale are not depreciated or amortized from the date when they are classified as held for sale.

**2.7. Leases:**

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

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether

- the contract involves the use of an identified asset;
- the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- the Company has the right to direct the use of the asset.

**2.7.1. As a lessee**

The right-of-use asset is a lessee's right to use an asset over the life of a lease. At the date of commencement of the lease, the Company recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases and leases of low value assets. For these, the Company recognises the lease payments as an operating expense.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.



## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**2.7.2. As a lessor**

A lessor shall classify each of its leases as either an operating lease or a finance lease.

Finance leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Company shall recognise assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Company shall recognise lease payments from operating leases as income on straight line basis over the term of relevant lessee.

**2.8. Investment in Subsidiaries:**

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

**2.9. Impairment of Non-financial Assets:**

**2.9.1.** Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount is the higher of the asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets;

**2.9.2.** When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**2.10. Inventories:**

**2.10.1.** Inventories are valued at lower of cost and net realisable value. The cost of raw material is arrived on First-in-first-out basis;

**2.10.2.** Cost of raw materials and stores and spares includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. The aforesaid items are valued at net realisable value if the finished products in which they are to be incorporated are expected to be sold at a loss;

**2.10.3.** Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

**2.11. Provisions and Contingent Liabilities:**

**2.11.1.** Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation;

**2.11.2.** The expenses relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any;

**2.11.3.** If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost;

**2.11.4.** Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability;

**2.11.5.** Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**2.12. Revenue Recognition:****2.12.1. Sale of goods:**

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch / delivery of goods, based on contracts with the customers. Export sales are recognized on the issuance of Bill of Lading / Airway bill by the carrier. Revenue from sale of power from wind operated generators is accounted when the same is transmitted to and confirmed by the Electricity Board to whom the same is sold.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Revenue excludes taxes collected from customers on behalf of the government.

Contract Balances:Trade Receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

**2.12.2. Rendering of Services**

Revenue is recognized from rendering of services when the performance obligation is satisfied and the services are rendered in accordance with the terms of customer contracts. Revenue is measured based on the transaction price, which is the consideration, as specified in the contract with the customer;

Revenue from services is recognised over time by measuring progress towards satisfaction of performance obligation for the services rendered;

Revenue excludes taxes collected from customers on behalf of the government.

**2.12.3.** Export incentives under various schemes notified by the Government have been recognised on the basis of applicable regulations, and when reasonable assurance to receive such revenue is established;

**2.12.4.** Interest income is recognized using the effective interest rate (EIR) method;

**2.12.5.** Dividend income on investments is recognised when the right to receive dividend is established;

**2.12.6.** Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

**2.13. Segment reporting:**

The Company identifies operating segments based on the dominant source, nature of risks and returns and the internal organisation. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Managing Director (who is the Company's chief operating decision maker) in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in conformity with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company are not allocable to segments on a reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**2.14. Employee Benefits:****2.14.1. Short-term employee benefits:**

Short-term employee benefits (including leave) are recognized as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered;

**2.14.2. Post-employment benefits:**

The Company operates the following post – employment schemes:

- Defined contribution plans such as provident fund; and
- Defined benefit plans such as gratuity

**Defined Contribution Plans:**

Obligations for contributions to defined contribution plans such as provident fund are recognised as an expense in the Statement of Profit and Loss as the related service is rendered by the employee. The said benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

**Defined Benefit Plans:**

The Company's net obligation in respect of defined benefit plans such as gratuity is calculated by estimating the amount of future benefit that the employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed at each reporting period end by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

The current service cost of the defined benefit plan, recognized in the Statement of Profit and Loss as part of employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in the Statement of Profit and Loss. The net interest is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This net interest is included in employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

**2.15. Borrowing costs:**

**2.15.1.** Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs;

**2.15.2.** Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss;

**2.15.3.** Investment Income earned on the temporary investment of funds of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

**2.16. Foreign Currency Transactions:****2.16.1. Monetary items:**

Transactions in foreign currencies are initially recorded at their respective exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss either as profit or loss on foreign currency transaction and translation or as borrowing costs to the extent regarded as an adjustment to borrowing costs.

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**2.16.2. Non – Monetary items:**

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**2.17. Government Grants:**

**2.17.1.** Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with;

**2.17.2.** When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed;

**2.17.3.** Government grants relating to property, plant and equipment are presented as deferred income and are credited to the Statement of Profit and Loss on a systematic and rationale basis over the useful life of the asset;

**2.18. Fair Value measurement:**

**2.18.1.** The Company measures certain financial instruments at fair value at each reporting date;

**2.18.2.** Certain accounting policies and disclosures require the measurement of fair values, for both financial and non- financial assets and liabilities;

**2.18.3.** 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 in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability also reflects its non-performance risk;

**2.18.4.** The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out;

**2.18.5.** While measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

**Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2:** inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

**Level 3:** inputs for the assets or liability that are not based on observable market data (unobservable inputs);

**2.18.6.** When quoted price in active market for an instrument is available, the Company measures the fair value of the instrument using that price. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis;

**2.18.7.** If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction;

**2.18.8.** The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.



## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**2.19. Financial Instruments:**

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

**2.19.1. Financial Assets:****I. Initial recognition and measurement:**

The Company recognizes financial assets when it becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are initially measured at the transaction price determined under Ind AS 115.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Financial assets are classified at the initial recognition as financial assets measured at fair value or as financial assets measured at amortised cost.

**II. Subsequent measurement:**

Financial assets are subsequently classified as measured at

- a) amortised cost;
- b) fair value through profit and loss (FVTPL);
- c) fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

**a) Measured at amortised cost:**

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

**b) Measured at FVOCI:**

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

For equity instruments, the Company may make an irrevocable election (on initial recognition) to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit & Loss.

**c) Measured at FVTPL:**

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**III. De-recognition:**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset and the transfer qualifies for derecognition under Ind AS 109.

**IV. Impairment of Financial assets:**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets measured at amortised costs and debt instruments measured at FVOCI.

Loss allowance on receivables from customers are measured following the 'simplified approach' at an amount equal to lifetime ECL at each reporting date. In respect of other financial assets, the loss allowance is measured at 12 months ECL only if there is no significant deterioration in the credit risk since initial recognition of the asset or asset is determined to have a low credit risk at the reporting date.

**2.19.2. Financial Liabilities:****I. Initial recognition and measurement:**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**II. Subsequent measurement:**

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at FVTPL are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

**III. De-recognition:**

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

**2.19.3. Financial guarantees:**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the fair value initially recognised less cumulative amortisation.

**2.19.4. Derivative financial instruments:**

The Company uses derivative financial instruments to manage the exposure on account of fluctuation in interest rate and foreign exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value with the changes being recognised in the Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**2.19.5. Embedded derivatives:**

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the classification requirements contained in Ind AS 109 are applied to the entire hybrid contract.

Derivatives embedded in all other host contracts, including financial liabilities are accounted for as separate derivatives and recorded at fair value, if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVTPL.

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments.

Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

**2.19.6. Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**2.20. Taxes on Income****2.20.1. Current Tax**

Income-tax Assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of reporting period.

Current Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity;

**2.20.2. Deferred tax**

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**2.21. Earnings per share**

**2.21.1.** Basic earnings per share is calculated by dividing the profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period;

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

**2.22. Cash and Cash equivalents:**

**2.22.1.** Cash and cash equivalents in the Balance Sheet include cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value;

**2.22.2.** For the purpose of Statement of Cash Flows, Cash and cash equivalents include cash at bank, cash, cheque and draft on hand net off of outstanding bank overdrafts as they are considered an integral part of the Company's cash management. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**2.23. Cash Flows:**

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a 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 from operating, investing and financing activities are segregated.

**2.24. Dividend:**

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

**3. Recent Pronouncements:**

On 31<sup>st</sup> March, 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into following amendments in the existing Accounting Standards which are applicable from 1<sup>st</sup> April, 2023.

- **Ind AS 101 – First time adoption of Ind AS** – modification relating to recognition of deferred tax asset by a first-time adopter associated with (a) right to use assets and related liabilities and (b) decommissioning, restoration and similar liabilities and corresponding amounts recognised as cost of the related assets;
- **Ind AS 102 – Share-based Payment** – modification relating to adjustment after vesting date to the fair value of equity instruments granted;
- **Ind AS 103 – Business Combination** – modification relating to disclosures to be made in the first financial statements following a business combination;
- **Ind AS 107 – Financial Instruments Disclosures** – modification relating to disclosure of material accounting policies including information about basis of measurement of financial instruments;
- **Ind AS 109 – Financial Instruments** – modification relating to reassessment of embedded derivatives;
- **Ind AS 1 – Presentation of Financials Statements** – modification relating to disclosure of 'material accounting policy information' in place of 'significant accounting policies';
- **Ind AS 8 – Accounting Policies, Change in Accounting Estimates and Errors** – modification of definition of 'accounting estimate' and application of changes in accounting estimates;
- **Ind AS 12 – Income Taxes** – modification relating to recognition of deferred tax liabilities and deferred tax assets;
- **Ind AS 34 – Interim Financial Reporting** – modification in interim financial reporting relating to disclosure of 'material accounting policy information' in place of 'significant accounting policies'.

The Company is evaluating the amendments and the expected impact, if any, on the Company's financial statements on application of the amendments for annual reporting periods beginning on or after 1<sup>st</sup> April, 2023.



## Notes to Standalone Financial Statements for the year ended 31st March, 2023

## 4 a) Property, Plant &amp; Equipment

Gross carrying amount	(Rs in lakhs)									
	Freehold Land	Leasehold Land (Right of use asset)	Buildings	Buildings (Right of use asset)	Plant & Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Computers	Total
<b>Balance as at April 01, 2021</b>	3,305.66	8.70	2,957.22	85.94	22,087.71	75.97	234.84	44.60	140.67	28,941.30
Additions / Transfers	-	-	-	247.04	1,132.24	-	0.72	1.92	5.16	1,387.08
Deletions	-	-	-	-	(1,086.17)	-	-	-	-	(1,086.17)
<b>Balance as at March 31, 2022</b>	3,305.66	8.70	2,957.22	332.98	22,133.78	75.97	235.56	46.51	145.83	29,242.21
Additions / Transfers	112.78	-	77.30	155.06	5,362.99	2.79	44.70	1.34	0.61	5,757.58
Deletions	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	(309.16)	-	-	-	-	(309.16)
<b>Balance as at March 31, 2023</b>	3,418.45	8.70	3,034.52	488.04	27,187.61	78.76	280.17	47.85	146.43	34,690.63
<b>Accumulated Depreciation</b>										
<b>Balance as at April 01, 2021</b>	-	1.87	399.67	48.21	6,690.29	31.20	96.87	28.26	100.37	7,396.75
Additions / Transfers	-	0.44	109.29	42.29	1,632.46	6.82	21.86	2.82	20.43	1,836.41
Deletions	-	-	-	-	(291.85)	-	-	-	-	(291.85)
<b>Balance as at March 31, 2022</b>	-	2.31	508.96	90.50	8,030.90	38.03	118.73	31.09	120.80	8,941.31
Additions / Transfers	-	0.43	110.64	89.32	1,817.23	6.47	31.41	11.88	10.61	2,078.00
Deletions	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2023</b>	-	2.74	619.60	179.82	9,848.13	44.50	150.11	42.97	131.41	11,019.31
<b>Net carrying amount as at March 31, 2023</b>	3,418.45	6.23	2,415.39	308.22	17,339.48	34.26	130.06	4.67	15.02	23,671.32
<b>Net carrying amount as at March 31, 2022</b>	3,305.66	6.39	2,448.26	242.48	14,102.88	37.94	116.84	15.42	25.02	20,300.89

## Notes:

(i) Charge has been created over property, plant and equipments of the Company in respect of borrowings (refer note 23 &amp; 27)

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

- 4 (b) Title Deeds of all immovable properties not held in the name of Company (other than properties where the Company is the lessee and the lease agreement are duly executed in favour of the Company).

(Rs in lakhs)						
Relevant line item in the Balance Sheet	Description of item of property	Gross carrying amount	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the company
Property, Plant and Equipment	Freehold Land	3,028.83	Krishna Jhunjunwala and Neha Jhunjunwala	Yes	FY. 2016-17	Being agricultural land cannot be held in the name of the Company.
Property, Plant and Equipment	Freehold Land	69.33	Krishna Jhunjunwala and Neha Jhunjunwala	Yes	FY. 2022-23	The Company is in process of conversion of agricultural land to non-agricultural land.
Property, Plant and Equipment	Freehold Land	43.46	Krishna Jhunjunwala	Yes	FY. 2022-23	

## 5 (a) Capital Work in Progress (CWIP) (Rs in lakhs)

Particulars	As at 31.03.2023	As at 31.03.2022
Capital Work in Progress (CWIP)	-	1,564.38
<b>Total</b>	<b>-</b>	<b>1,564.38</b>

## (b) Capital work in progress ageing schedule as on March 31, 2023 (Rs in lakhs)

Particulars	Amount in CWIP / Intangible Assets under development for a period of				TOTAL
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	-	-	-	-	-

## Capital work in progress ageing schedule as on March 31, 2022 (Rs in lakhs)

Particulars	Amount in CWIP / Intangible Assets under development for a period of				TOTAL
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
<b>Projects in Progress</b>					
Nylon High Tenacity 6 & 66 Project	1,460.20	40.88	-	-	1,501.08
Other Projects	63.30	-	-	-	63.30
<b>Total</b>	<b>1,523.50</b>	<b>40.88</b>	<b>-</b>	<b>-</b>	<b>1,564.38</b>

## Note:

CWIP completion schedule, whose completion is overdue or has exceeded its cost compared to its original plan: None (March 31, 2022: None)

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**6 Intangible assets (Rs in lakhs)**

Gross carrying amount (at cost)	Enterprise Resource Planning (ERP) Software	Total
<b>Balance as at April 01, 2021</b>	<b>138.91</b>	<b>138.91</b>
Additions	21.27	21.27
Deletions	-	-
<b>Balance as at March 31, 2022</b>	<b>160.18</b>	<b>160.18</b>
Additions	10.45	10.45
Deletions	-	-
<b>Balance as at March 31, 2023</b>	<b>170.63</b>	<b>170.63</b>
<b>Accumulated Amortisation</b>		
<b>Balance as at April 01, 2021</b>	<b>39.86</b>	<b>39.86</b>
Additions	26.49	26.49
Deletions	-	-
<b>Balance as at March 31, 2022</b>	<b>66.35</b>	<b>66.35</b>
Additions	29.35	29.35
Deletions	-	-
<b>Balance as at March 31, 2023</b>	<b>95.70</b>	<b>95.70</b>
<b>Net carrying amount as at March 31, 2023</b>	<b>74.93</b>	<b>74.93</b>
<b>Net carrying amount as at March 31, 2022</b>	<b>93.83</b>	<b>93.83</b>

**Note:**

There are no Intangible Assets under development as on March 31, 2023 and March 31, 2022.

**7 Investments in Subsidiaries (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Investments in Equity shares at cost (fully paid)</b>		
<b>Unquoted</b>		
4,35,000 (March 31, 2022: 4,35,000) Shares of USD 1 each of Sarla Overseas Holdings Limited	183.22	183.22
9,89,000 (March 31, 2022: 9,89,000) Shares of USD 1 each of Sarlaflex Inc. USA	596.50	596.50
Less: provision for Impairment	(596.50)	(596.50)
<b>Investments in Preference shares at cost (fully paid)</b>		
<b>Unquoted</b>		
11 (March 31, 2022: 11) 1% redeemable Preference shares of USD 1,000,000 each of Sarlaflex Inc. USA (Refer below note)	7,824.85	7,824.85
Less: provision for Impairment	(1,840.10)	(1,840.10)
<b>Total</b>	<b>6,167.98</b>	<b>6,167.98</b>
Aggregate amount of quoted investments - at cost	-	-
Aggregate amount of quoted investments - at market value	-	-
Aggregate amount of unquoted investments	8,604.57	8,604.57
Aggregate amount of impairment in the value of investments	2,436.59	2,436.59

**Note:**

During the financial year 2019-20 based on request by subsidiary loan amount has been converted into 1% non cumulative redeemable preference Shares which are redeemable after 3 years at the option of issuer.

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**8 Non current financial assets - Investments (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Quoted</b>		
Investments in debentures at amortised cost	3,042.87	2,168.49
Investments in debentures at FVTPL	264.46	-
<b>Quoted</b>		
Investments in units of mutual fund at FVTPL	7,315.77	1,479.82
<b>Total</b>	<b>10,623.09</b>	<b>3,648.31</b>
<b>Aggregate amount of quoted investments - at cost</b>	<b>10,532.39</b>	<b>3,632.56</b>
<b>Aggregate amount of quoted investments - at market value</b>	<b>10,623.09</b>	<b>3,648.31</b>
<b>Aggregate amount of impairment in the value of investments</b>	<b>-</b>	<b>-</b>

**9 Non-current financial assets - Loans (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>At Amortised Cost</b>		
Other loans and advance (refer note (i))	210.78	194.32
Loan to Staff	15.53	16.73
<b>Total</b>	<b>226.31</b>	<b>211.05</b>
<b>Sub-classification of Loans</b>		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	15.53	16.73
Loans which have significant increase in credit risk	210.78	194.32
Loans - credit impaired	-	-
<b>Total</b>	<b>226.31</b>	<b>211.05</b>

**Note:**

- Other loans and advance includes loan amounting to Rs.210.78 lakhs (as at March 31, 2022: Rs. 194.32 lakhs) given to related party (Refer note 43)
- The above loan given to subsidiary is without specifying any terms or period of repayment.
- No loans are due from directors or other Officers of the Company either severally or jointly with any other person. Further, no loans are due from firms or private companies respectively in which any director is a partner, a director or a member.
- The Company has not given any loans or advances in nature of loans to key managerial persons (KMP), directors or promoters either severally or jointly with any other person except note (i) above.

Amount of loans/ advances in the nature of loans outstanding from Subsidiaries

Particulars	As at March 31, 2023		As at March 31, 2022	
	Amount of loan or advance in the nature of loan outstanding (Rs in lakhs)	Percentage to the total Loans and Advances in the nature of loans	Amount of loan or advance in the nature of loan outstanding (Rs in lakhs)	Percentage to the total Loans and Advances in the nature of loans
Related Parties	210.78	84.81%	194.32	87.09%



## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**10 Non-current financial assets - Others****(Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>At Amortised Cost</b>		
<b>Unsecured, considered good</b>		
Fixed deposits with remaining maturity of more than 12 months	184.29	704.84
Interest Receivable on fixed deposits	12.72	26.80
Security deposits	175.10	232.25
<b>Total</b>	<b>372.11</b>	<b>963.89</b>

**Note:**

Fixed Deposits amounting to Rs. 0.28 lakhs (As at March 31, 2022 Rs. 24.30 lakhs) pledged as margin money deposit for facilities from Banks. (Refer note 23 and 27)

**11 Non current Tax Assets (Net)****(Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
Taxes paid in advance (Net of Provision for tax)	44.53	230.99
<b>Total</b>	<b>44.53</b>	<b>230.99</b>

**12 Other Non-Current Assets****(Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, considered good</b>		
Capital Advances	86.64	676.80
Less : Provision for Doubtful advances	(30.00)	-
	56.64	676.80
Security Deposits with government authorities	89.59	89.59
<b>Total</b>	<b>146.24</b>	<b>766.40</b>

**13 Inventories (at lower of cost and net realisable value)****(Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
Raw Materials	1,855.17	2,520.26
Raw Materials - Stock in Transit	86.71	72.66
Work-In -Progress	3,546.35	4,237.95
Finished goods	1,641.70	1,677.76
Finished goods - Stock in Transit	387.39	294.91
Stores and Spares	222.66	320.79
Oil & lubricants	284.51	107.67
Fuel	6.55	22.15
Packing Materials	421.79	393.01
<b>Total</b>	<b>8,452.83</b>	<b>9,647.16</b>

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**Note:**

(i) Inventories of Rs. 8,452.83 lakhs (as at March 31, 2022: Rs. 9,647.16 lakhs) are hypothecated against working capital facilities from banks. (refer note 23)

(ii) There has been no write down of inventories during the year.

**14 Investments****(Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Quoted</b>		
Investments in Equity shares at FVTPL	994.36	428.94
Investments in debentures at FVTPL	107.31	1,058.98
Investments in Treasury Bills at amortised cost	787.22	-
<b>Total</b>	<b>1,888.89</b>	<b>1,487.92</b>
<b>Aggregate amount of quoted investments - at cost</b>	<b>1,903.99</b>	<b>1,472.55</b>
<b>Aggregate amount of quoted investments - at market value</b>	<b>1,888.89</b>	<b>1,487.92</b>
<b>Aggregate amount of unquoted investments</b>	-	-
<b>Aggregate amount of impairment in value of investments</b>	-	-

**Note:**

Investments of Rs. 1888.89 lakhs (as at March 31, 2022: 1487.92 lakhs) are hypothecated against working capital facilities from banks. (Refer note 27)

**15 Trade Receivables in lakhs)****(Rs**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>At Amortised Cost</b>		
(a) Trade Receivables considered good - Secured	-	-
(b) Trade Receivables considered good - Unsecured	6,171.47	10,086.10
(c) Trade Receivables which have significant increase in credit risk	17.46	284.92
(d) Trade Receivables - credit impaired	-	-
Less : Allowance as per Expected credit loss model	(17.46)	(284.92)
<b>Total</b>	<b>6,171.47</b>	<b>10,086.10</b>

**Note:**

(i) Trade receivable includes Rs. 289.96 lakhs (As at March 31, 2022: Rs.404.05 lakhs), receivable from subsidiary.

(ii) Trade Receivables of Rs. 6,188.93 lakhs (as at March 31, 2022: Rs. 10,371.02 lakhs) are hypothecated as security for bank borrowings. (Refer note 27)

(iii) No Trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Further, no loans are due from firms or private companies respectively in which any director is a partner, a director or a member except note (i).

(iv) Movement in the expected credit loss allowance

**(Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Balance at the beginning of the year</b>	284.92	235.22
Provision/(Reversal) during the year	(267.46)	49.70
<b>Balance at the end of the year</b>	<b>17.46</b>	<b>284.92</b>

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

(i) Trade receivables ageing schedule  
As at March 31, 2023

Particulars	Outstanding for following periods from due date of payment						TOTAL
	Not Due	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	5,495.24	-	217.08	102.66	356.49	-	6,171.47
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	5.07	12.39	-	17.46
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Impairment allowance for trade receivables – which have significant increase in credit risk	-	-	-	(5.07)	(12.39)	-	(17.46)
<b>Total Current Trade Receivables</b>	<b>5,495.24</b>	<b>-</b>	<b>217.08</b>	<b>102.66</b>	<b>356.49</b>	<b>-</b>	<b>6,171.47</b>

Particulars	Outstanding for following periods from due date of payment						TOTAL
	Not Due	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	9,402.06	-	684.04	-	-	-	10,086.10
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	284.92	284.92
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Impairment allowance for trade receivables – which have significant increase in credit risk	-	-	-	-	-	(284.92)	(284.92)
<b>Total Current Trade Receivables</b>	<b>9,402.06</b>	<b>-</b>	<b>684.04</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,086.10</b>

There are no unbilled receivable as on 31-03-2023 and 31-03-2022

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

## 16 Cash &amp; cash equivalents

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>At Amortised Cost</b>		
Balances with Banks	354.43	268.01
Cash on Hand	6.51	6.17
<b>Total</b>	<b>360.95</b>	<b>274.18</b>

## 17 Bank balances other than Cash &amp; Cash equivalents

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Earmarked Balance with Bank:		
Balance in unpaid dividend account	93.62	60.81
<b>At Amortised Cost</b>		
Fixed deposits with original maturity for less than 3 months	500.00	500.00
Fixed deposits with original maturity for more than 3 months but less than 12 months	469.11	5,735.44
<b>Total</b>	<b>1,062.73</b>	<b>6,296.26</b>

## Note:

- Fixed Deposits amounting to Rs.1,153.40 lakhs (As at March 31, 2022 Rs. 2,457.29 lakhs) pledged as margin money deposit for facilities from Banks. (Refer note 23 and 27)
- Fixed Deposit amounting to Rs. 500 lakhs (As at March 31, 2022 Rs. 500 Lakhs) pledged as security against possible claims.

## 18 Loans

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>At Amortised Cost</b>		
Unsecured, considered good		
<b>Others</b>		
Loans to Staff	22.21	12.09
<b>Total</b>	<b>22.21</b>	<b>12.09</b>
<b>Sub-classification of loans</b>		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	22.21	12.09
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
<b>Total</b>	<b>22.21</b>	<b>12.09</b>

- No loans are due from directors or other Officers of the Company either severally or jointly with any other person. Further, no loans are due from firms or private companies respectively in which any director is a partner, a director or a member.
- The Company has not given any loans or advances in nature of loans to key managerial persons (KMP), directors or promoters either severally or jointly with any other person.
- The Company has not given any short term loan to related party.



## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**19 Other financial assets (Rs in lakhs)**

Particulars	As at	
	March 31, 2023	March 31, 2022
<b>At Amortised Cost</b>		
Unsecured considered good		
Interest Receivable on fixed deposits	16.47	303.49
Other Receivables	172.26	433.58
<b>At FVTPL</b>		
Derivative financial assets:		
Forward Contracts	411.44	754.94
<b>Total</b>	<b>600.16</b>	<b>1,492.01</b>

**20 Other Current Assets (Rs in lakhs)**

Particulars	As at	
	March 31, 2023	March 31, 2022
<b>Unsecured, considered good</b>		
Advances to Suppliers (For Raw Materials and expenses)*	754.47	294.69
Less : Provision for doubtful advances	(104.00)	(104.00)
	<b>650.47</b>	<b>190.69</b>
Goods & Service Tax recoverable	341.06	1,045.02
Export incentives receivables	181.38	147.57
Prepaid Expenses	178.27	301.54
<b>Total</b>	<b>1,351.18</b>	<b>1,684.82</b>

\* Advance to Suppliers includes Rs. 434.18 lakhs (As at March 31, 2022: Nil), receivable from subsidiary.

**21 Equity Share Capital (Rs in lakhs)**

Particulars	As at	
	March 31, 2023	March 31, 2022
<b>Authorised</b>		
100,000,000 (As at March 31, 2022: 100,000,000) Equity Shares of Re. 1 each	1,000.00	1,000.00
<b>Issued, Subscribed and Paid up</b>		
83,503,000 (As at March 31, 2022: 83,503,000) Equity Shares of Re. 1 each fully paid up	835.03	835.03
<b>Total</b>	<b>835.03</b>	<b>835.03</b>

**21.1 Reconciliation of number of equity shares (Rs in lakhs)**

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs
Opening Balance	8,35,03,000	835.03	8,35,03,000	835.03
Changes during the year	-	-	-	-
<b>Closing Balance</b>	<b>8,35,03,000</b>	<b>835.03</b>	<b>8,35,03,000</b>	<b>835.03</b>

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**21.2 Shares held by shareholders each holding more than 5% of the shares (Rs in lakhs)**

Particulars	As at	
	March 31, 2023	31st March, 2022
<b>Hindustan Cotton Company - through its partners</b>		
No. of Shares	1,13,58,058	1,12,14,790
Percentage	13.60%	13.43%
<b>Satidham Industries Private Limited</b>		
No. of Shares	2,39,59,222	2,39,59,222
Percentage	28.69%	28.69%

**21.3 Rights, Preferences and restrictions attached to Equity Shares**

The company has only one class of equity shares having par value of Re. 1/- each (PY. Re. 1/- each). Holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**21.4** During the 5 years immediately preceding the balance sheet date, there were no equity shares allotted as fully paid up pursuant to contract without payment being received in cash, no bonus shares were issued and there was no buy-back of equity shares of the Company.

**21.5 Shares held by promoters at the end of the year are as follows:**

S. No	Promoter Name	As on 31.03.2023		As on 31.03.2022		% change during the year
		No of shares	% of total shares	No of shares	% of total shares	
1	Neha Krishna Jhunjhunwala	4,000	0.00	4,000	0.00	0.00
2	Krishnakumar and sons HUF	3,25,000	0.39	3,25,000	0.39	0.00
3	Vrinda Krishna Jhunjhunwala	8,80,252	1.05	4,59,720	0.55	0.50
4	Kanav K Jhunjhunwala	6,47,000	0.77	6,47,000	0.77	0.00
5	Krishna Madhusudan Jhunjhunwala	13,14,000	1.57	13,14,000	1.57	0.00
6	Madhusudan S Jhunjhunwala	19,55,000	2.34	19,55,000	2.34	0.00
7	Madhusudan Jhunjhunwala HUF	24,69,596	2.96	24,69,596	2.96	0.00
8	Sarladevi Madhusudan Jhunjhunwala	38,94,000	4.66	38,94,000	4.66	0.00
9	Hindustan Cotton Company - Sarladevi Madhusudan Jhunjhunwala (Partner)	1,13,58,058	13.60	1,12,14,790	13.43	0.17
10	Sarla Estate Developers Private Limited	1,45,537	0.17	1,45,537	0.17	0.00
11	Harmony Estates Private Limited	2,08,095	0.25	2,08,095	0.25	0.00
12	Satidham Industries Private Limited	2,39,59,222	28.69	2,39,59,222	28.69	0.00
	<b>Total</b>	<b>4,71,59,760</b>	<b>56.45</b>	<b>4,65,95,960</b>	<b>55.78</b>	<b>0.68</b>

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**22 Other Equity (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
Capital reserve	182.40	182.40
Securities premium	4,529.00	4,529.00
General reserve	8,274.38	8,274.38
Retained Earnings	29,276.46	28,037.38
<b>Total</b>	<b>42,262.24</b>	<b>41,023.16</b>

The movement in other Equity:

**22.1 Capital reserve (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at beginning of the year	182.40	182.40
Movement during the year	-	-
<b>Balance as at end of the year</b>	<b>182.40</b>	<b>182.40</b>

Capital reserve represents forfeiture of application money received for share warrants on lapse of option due to non subscription.

**22.2 Securities premium reserve (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at beginning of the year	4,529.00	4,529.00
Movement during the year	-	-
<b>Balance as at end of the year</b>	<b>4,529.00</b>	<b>4,529.00</b>

Securities premium reserve is generated by premium on issue of shares. The reserve is eligible for utilisation in accordance with the provisions of the Act.

**22.3 General reserve (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at beginning of the year	8,274.38	8,274.38
Movement during the year	-	-
<b>Balance as at end of the year</b>	<b>8,274.38</b>	<b>8,274.38</b>

General reserve represents appropriation of retained earnings and are available for distribution to shareholders.

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**22.4 Retained earnings (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
Balance as at beginning of the year	28,037.38	22,764.30
Profit for the year	2,881.18	5,274.71
Re measurement of Net defined benefit plans (net of tax)	27.96	(1.63)
Dividend (refer note below 22.5)	(1,670.06)	-
<b>Balance as at end of the year</b>	<b>29,276.46</b>	<b>28,037.38</b>

Retained earning represents surplus/accumulated earnings of the company and are available for distribution to shareholders.

**22.5 Dividend (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Dividend on equity shares paid during the year</b>		
Final dividend for the FY. 2021-22 :Rs. 2 (previous year Rs. Nil) per equity share of Re. 1 each)	1,670.06	-
<b>Total</b>	<b>1,670.06</b>	<b>-</b>

**Note:** No dividend has been proposed by the directors for FY. 2022-23.

**23 Non-current borrowings (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>At Amortised Cost</b>		
Term loans(Secured)	-	-
<b>From Banks:</b>		
Standard Chartered Bank (Foreign Currency Loan) (refer note (ii)(I))	-	1,931.31
Yes Bank (Rupee Term Loan) for Vehicles (refer note (ii)(II))	10.56	24.66
<b>Total</b>	<b>10.56</b>	<b>1,955.96</b>

**Note:**

i) Term loans were applied for the purpose for which the loans were obtained.

ii) Nature of security	Terms of repayment
(I) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat	1. Term loan of EURO 35,00,000 is repayable in 16 equal quarterly installment of EURO 2,18,750 each till Jan 2024. Repayment starting from May 2020.
(b) (i) First pari passu charge on the movable fixed assets (P&M) of Dadra Plant. (ii) First pari passu charge on the movable fixed assets of the company (except Unit 1 Silvassa)	2. Term loan of EURO 45,00,000 is repayable in 16 equal quarterly installment of EURO 2,81,250 each till June 2024. Repayment starting from Sep 2020.
(c) First pari passu charge on the immovable fixed assets of the company located at Vapi and unit II Silvassa	
(d) Cash Margin in form of FD equivalent of two quarters of Interest and principal repayment (INR 350 lakhs)	



Notes to Standalone Financial Statements for the year ended 31st March, 2023

(II) Specific charge on Vehicles financed by the Bank.	<p>1. Term loan of INR 52,00,000 is repayable in 60 equated monthly installment of INR 1,05,687 each till April 2023. Repayment starting from May 2018.</p> <p>2. Term loan of INR 59,00,000 is repayable in 60 equated monthly installment of INR 1,21,759 each till December 2024. Repayment starting from Jan 2020.</p>
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**24 Non-current lease liabilities (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
Lease Liabilities	208.85	162.94
<b>Total</b>	<b>208.85</b>	<b>162.94</b>

Refer note 49 for Disclosure in respect of leases.

**25 Non-current provisions (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Provision for employee benefits (Refer note 42)</b>		
Gratuity - In respect of Employees	85.14	124.60
Gratuity - In respect of directors	20.00	20.00
<b>Total</b>	<b>105.14</b>	<b>144.60</b>

**26 Tax Expense And Deferred Tax Liabilities (Net)**

**(a) Amounts recognized in profit and loss (Rs in lakhs)**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Current tax expense (A)</b>		
In respect of current year	1,119.45	1,909.69
	<b>1,119.45</b>	<b>1,909.69</b>
<b>Deferred tax expense (B)</b>		
In respect of current year	(128.74)	(113.98)
	<b>(128.74)</b>	<b>(113.98)</b>
<b>Adjustment for earlier years (C)</b>	94.38	-
<b>Tax expense recognized in the income statement (A+B+C)</b>	<b>1,085.13</b>	<b>1,795.71</b>

Notes to Standalone Financial Statements for the year ended 31st March, 2023

**(b) Amounts recognized in other comprehensive income (Rs in lakhs)**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of the defined benefit plans	(9.40)	0.55
<b>Items that will be reclassified to profit or loss</b>		
	<b>(9.40)</b>	<b>0.55</b>

**(c) Reconciliation of effective tax rate (Rs in lakhs)**

Particulars	For the year ended 31st March, 2023		For the year ended 31st March, 2022	
	%	Amounts	%	Amounts
<b>Profit before tax</b>		<b>3,966.27</b>		<b>7,070.42</b>
Tax using the Company's domestic tax rate	25.17%	998.23	25.17%	1,779.48
<b>Tax effect of:</b>				
Disallowable expenses	0.85%	33.91	0.26%	18.28
Tax exemptions	-0.13%	(5.03)	0.00%	-
Tax paid at lower rate	-0.27%	(10.55)	-0.08%	(5.80)
Other non deductible differences	0.00%	-	0.05%	3.74
Others	-0.65%	(25.88)	0.00%	-
	<b>24.98%</b>	<b>990.68</b>	<b>25.40%</b>	<b>1,795.71</b>
Adjustment for earlier years	2.38%	94.38	0.00%	-
<b>Effective income tax rate</b>	<b>27.36%</b>	<b>1,085.05</b>	<b>25.40%</b>	<b>1,795.71</b>

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

## (d) Movement in deferred tax (Rs in lakhs)

Particulars	As at March 31, 2023						Deferred tax liability
	Net balance April 01, 2022	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Net	Deferred tax asset	
<b>Deferred tax (Asset)/Liabilities</b>							
Property, plant and equipment	(2,325.45)	127.17	-	-	(2,198.28)	-	(2,198.28)
Fair valuation of Mutual Funds and Equity shares	(3.96)	(3.81)	-	-	(7.77)	-	(7.77)
Employee benefits	51.66	(35.62)	-	-	16.03	16.03	-
Fair valuation of investments (Preference Shares)	(4.98)	4.98	-	-	-	-	-
Fair valuation of derivatives	(190.00)	86.45	-	-	(103.55)	-	(103.55)
Fair valuation of Security Deposits	3.79	(0.06)	-	-	3.72	3.72	-
Allowance for expected credit losses	97.88	(59.76)	-	-	38.12	38.12	-
<b>Tax assets (Liabilities)</b>	<b>(2,371.06)</b>	<b>119.33</b>	-	-	<b>(2,251.72)</b>	<b>57.88</b>	<b>(2,309.60)</b>

Particulars	As at March 31, 2022						Deferred tax liability
	Net balance April 01, 2021	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Net	Deferred tax asset	
<b>Deferred tax Asset / (Liabilities)</b>							
Property, plant and equipment	(2,464.62)	139.17	-	-	(2,325.45)	-	(2,325.45)
Fair valuation of Mutual Funds and Equity shares	(17.34)	13.39	-	-	(3.96)	-	(3.96)
Employee benefits	23.84	27.27	0.55	-	51.66	51.66	-
Fair valuation of investments (Preference Shares)	(3.22)	(1.76)	-	-	(4.98)	-	(4.98)
Fair valuation of derivatives	(83.59)	(106.41)	-	-	(190.00)	-	(190.00)
Fair valuation of Security Deposits	0.70	3.09	-	-	3.79	3.79	-
Allowance for expected credit losses	59.20	38.68	-	-	97.88	97.88	-
<b>Tax assets (Liabilities)</b>	<b>(2,485.04)</b>	<b>113.43</b>	<b>0.55</b>	-	<b>(2,371.06)</b>	<b>153.27</b>	<b>(2,524.38)</b>

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

## 27 Borrowings

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>At Amortised Costs</b>		
<b>From Banks</b>		
<b>Secured</b>		
Packing Credit	7,993.40	7,131.19
(refer note no. (b) (i),(ii) & (iii))		
Buyer's Credit	908.50	2,348.20
(refer note no. (b) (i),(ii) & (iii))		
Current maturities of long term borrowings	1,527.33	1,717.18
<b>Total</b>	<b>10,429.23</b>	<b>11,196.57</b>

## Note:

- a) Bank returns/stock statements filed by the Company with its bankers are in materially agreement with books of accounts.
- b) **Term of repayment and securities for current borrowings**  
All the working capital facilities are secured against:
- First pari passu charge on entire current assets of the Company, excluding those kept, stored, lying loose at Unit No. 1, both present and future.
  - Second pari passu charge on the entire movable property, plant and equipment, excluding the movable property, plant and equipment situated or kept at unit no. 1, of the Company.(save and except for vehicles)
  - Second pari passu charge on immovable property, plant and equipment of the Company situated at silvassa plant unit II bearing survey no. 64/2, 64/3, 64/4, 61/1, 61/2, 63/5, 63/7, 62/5 and all the piece and parcel of Industrial non-agricultural land bearing Survey No. 62/5, admeasuring 2700 sq.mtrs., situated at village - Aml, Silvassa Union Territory of Dadra & Nagar Haveli.

## 28 Trade payables

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>At Amortised Cost</b>		
<b>Trade payables:</b>		
Total outstanding dues of Micro and small enterprises	41.67	199.27
Total outstanding dues of creditors other than Micro and small enterprises	3146.14	3990.12
<b>Total</b>	<b>3187.81</b>	<b>4189.39</b>

## Note:

- a) Micro and Small enterprises under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 have been determined based on the information available with the Company and the required disclosure are given below:



Notes to Standalone Financial Statements for the year ended 31st March, 2023

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act</b>		
- Principal	41.67	199.27
- Interest	-	-
The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as deductible expenditure under section 23 of MSMED Act, 2006	-	-
<b>Total</b>	<b>41.67</b>	<b>199.27</b>

**b) Trade payables ageing details**

As at March 31, 2023 (Rs in lakhs)

Particulars	Outstanding for following periods from due date of payment					TOTAL
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	41.67	-	-	-	-	41.67
(ii) Others	2674.74	341.92	69.66	45.58	14.25	3146.15
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
<b>Total Trade payables</b>	<b>2,716.41</b>	<b>341.92</b>	<b>69.66</b>	<b>45.58</b>	<b>14.25</b>	<b>3187.81</b>

As at March 31, 2022 (Rs in lakhs)

Particulars	Outstanding for following periods from due date of payment					TOTAL
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	199.27	-	-	-	-	199.27
(ii) Others	3870.63	100.04	19.45	-	-	3990.12
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues Others	-	-	-	-	-	-
<b>Total Trade payables</b>	<b>4069.90</b>	<b>100.04</b>	<b>19.45</b>	<b>-</b>	<b>-</b>	<b>4189.39</b>

Notes to Standalone Financial Statements for the year ended 31st March, 2023

**29 Other financial liabilities**

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>At Amortised Costs</b>		
Liabilities for Capital goods	200.12	1,415.13
Interest Accrued	23.25	31.40
Unpaid dividend (refer note (i) & (ii))	93.62	60.81
Salaries , wages & other payable	367.11	247.53
Book overdraft with banks	685.26	723.82
Others	-	6.09
<b>At FVTPL</b>		
Derivative financial liabilities:		
Future and Options Trading	0.10	0.32
<b>Total</b>	<b>1,369.47</b>	<b>2,485.11</b>

**Note:**

- (i) There are no amounts due for payment to the Investor Education and Protection Fund Under Section 125 of the Act, as at the year end.
- (ii) Amount of Rs. 10.16 lakhs (P.Y. 2021-22: 9.80 lakhs) is transferred to Investor Education and Protection Fund during the year.

**30 Other current liabilities**

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance from customers	318.75	180.44
<b>Others</b>		
Statutory dues	34.90	44.25
<b>Total</b>	<b>353.65</b>	<b>224.69</b>

**31 Provisions**

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Provision for employee benefits</b> (Refer note 42)		
Gratuity	24.45	31.80
Leave Encashment	57.43	44.11
Bonus	23.34	19.63
<b>Total</b>	<b>105.22</b>	<b>95.54</b>

**32 Current tax liabilities (Net)**

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for Tax (Net of Taxes paid in advance)	38.42	196.54
<b>Total</b>	<b>38.42</b>	<b>196.54</b>

Notes to Standalone Financial Statements for the year ended 31st March, 2023

33 Revenue From Operations

(Rs in lakhs)

Particulars	for the year ended March 31, 2023	For the year ended March 31, 2022
<b>(a) Sale of Products/ Services:</b>		
- Local Sales	17,882.13	19,926.20
- Export Sales	19,889.52	21,804.99
- Sale of Wind Power	524.27	550.11
Sale of Products/ Services	<b>38,295.92</b>	<b>42,281.29</b>
<b>(b) Other Operating Revenues:</b>		
- Export incentives	321.48	515.84
- Sale of Scrap	37.29	72.86
Other Operating Revenues	<b>358.77</b>	<b>588.69</b>
<b>Revenue from operations</b>	<b>38,654.70</b>	<b>42,869.99</b>

Disclosures as per Ind AS 115

(Rs in lakhs)

Particulars	for the year ended March 31, 2023	For the year ended March 31, 2022
1a) Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its statement of Profit and loss.		
<b>Revenue from contracts with customers</b>		
<b>(Transferred at point in time)</b>		
Sale of speciality yarns	37,771.65	41,731.19
Sale of wind power	524.27	550.11
	<b>38,295.92</b>	<b>42,281.29</b>
Sale of Scrap	37.29	72.86
<b>Total revenue from contracts with customers</b>	<b>38,333.21</b>	<b>42,354.15</b>
b) <b>Reconciliation of the revenue from contracts with customers with revenue from operations</b>		
Total revenue from contracts with customers	38,333.21	42,354.15
Export Incentives	321.48	515.84
<b>Total Revenue from operations (Refer note 33)</b>	<b>38,654.70</b>	<b>42,869.99</b>

Notes to Standalone Financial Statements for the year ended 31st March, 2023

2 Disaggregate Revenue

The table below presents disaggregated revenues of the Company from contracts with customers by geography/ offerings/ contract-type/market. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Total revenue from contracts with customers</b>		
<b>Speciality Yarn</b>		
India	17,919.42	19,999.05
Export	19,889.52	21,804.99
<b>Wind Power</b>		
India	524.27	550.11
<b>Total</b>	<b>38,333.21</b>	<b>42,354.15</b>

3 Reconciliation between revenue with customers and contracted price:

Revenue as per contracted price	<b>38,383.89</b>	<b>42,553.45</b>
<b>Less: Adjustments</b>		
Sales return	(32.00)	(161.75)
Discounts/ Rebates	(18.58)	(37.55)
<b>Revenue from contracts with Customers</b>	<b>38,333.21</b>	<b>42,354.15</b>

4 Sales by performance obligations

Upon Shipment	37,808.94	41,804.04
Upon Delivery	-	-
Upon Transmission into grid	524.27	550.11
<b>Total</b>	<b>38,333.21</b>	<b>42,354.15</b>

5 Contract balances

The following table provides information about receivables from contracts with customers:

(a) Trade receivables	6,188.93	10,371.02
Allowance as per Expected credit loss model	(17.46)	(284.92)
<b>Total</b>	<b>6,171.47</b>	<b>10,086.10</b>
Trade receivables are non-interest bearing and are generally on terms of up to 180 days.		
(b) Contract liability		
Advances from Customers	<b>318.75</b>	<b>180.44</b>

The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended March 31, 2023.



Notes to Standalone Financial Statements for the year ended 31st March, 2023

**34 Other Income** (Rs in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>a) Interest income</b>		
Instruments measured at amortised costs		
- on fixed deposits with bank	268.86	538.04
- on debenture and bonds	218.40	109.96
- on treasury bills	33.86	-
- others	3.16	2.09
<b>b) Dividend Income</b>		
- Dividend Income from investments valued at FVTPL	10.94	1.42
<b>c) Other non-operating Income</b>		
- Gain on sale of investments valued at FVTPL	77.67	42.80
- Gain on Future and option trading	183.44	9.47
- Fair Valuation gain on Investments	10.95	26.59
- Gain or loss on foreign currency transaction and translation (net)	-	478.99
- Miscellaneous Income	115.76	13.46
<b>Total</b>	<b>923.05</b>	<b>1,222.83</b>

**35 Cost of material consumed** (Rs in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Inventories at the beginning of the year	2,520.26	1,660.07
Purchases	18,892.76	24,482.25
Inventories at the end of the year	(1,855.17)	(2,520.26)
<b>Total</b>	<b>19,557.85</b>	<b>23,622.06</b>

Notes to Standalone Financial Statements for the year ended 31st March, 2023

**36 Changes in inventories of finished goods and work in progress**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Closing inventories</b>		
Work-in-progress	3,546.35	4,237.95
Finished goods	2,029.09	1,972.67
<b>Subtotal (A)</b>	<b>5,575.45</b>	<b>6,210.62</b>
<b>Opening inventories</b>		
Work-in-progress	4,237.95	1,657.88
Finished goods	1,972.67	1,833.23
<b>Subtotal (B)</b>	<b>6,210.62</b>	<b>3,491.11</b>
<b>Net (Increase)/decrease in Inventories [(B)-(A)]</b>	<b>635.17</b>	<b>(2,719.50)</b>

**37 Employee benefits expense** (Rs in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages, bonus etc.	1,455.49	1,512.70
Contribution to provident and other funds	85.56	87.18
Staff welfare expenses	31.27	45.48
<b>Total</b>	<b>1,572.32</b>	<b>1,645.36</b>

**38 Finance costs** (Rs in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>At Amortised Cost</b>		
<b>Interest expenses</b>		
Interest on borrowings	380.12	329.67
Exchanges differences regarded as an adjustment to borrowing costs	76.68	2.95
Interest expense on lease liability	22.55	11.02
Interest on Income tax and TDS	3.93	25.15
<b>Total</b>	<b>483.28</b>	<b>368.78</b>

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

## 39 Depreciation and amortisation expenses

(Rs in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on property, plant and equipment	1,988.68	1,794.12
Depreciation charged for right of use assets - building	89.32	42.29
Amortisation of intangible assets	29.35	26.49
<b>Total</b>	<b>2,107.35</b>	<b>1,862.90</b>

## 40 Other expenses

(Rs in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Consumption of stores and spare parts	362.97	684.14
Power and fuel	2,223.54	2,211.24
Consumption of packing materials	1,424.02	1,785.49
Consumption of oils and chemicals	371.88	487.85
Labour charges	2,327.82	2,583.24
Repairs and Maintenance:		
- Building	47.70	58.48
- Machinery	148.84	232.02
- Others	92.57	150.69
Water, waste and effluent treatment charges	111.89	100.39
Rent	43.20	18.00
Insurance	87.35	126.59
Director sitting fees	5.00	2.40
Legal, professional and consultancy charges	294.64	197.36
Corporate Social Responsibility Expenses (Refer note 49)	99.90	82.83
Gain or loss on foreign currency transaction and translation (net)	421.08	-
Miscellaneous expenses	725.57	489.26
Payment to auditor:		
- Audit fees	9.00	8.50
- For tax audit and certification	7.50	10.20
Freight and forwarding charges	1,506.53	1,906.69
Loss due to fire	115.00	108.06
Commission on sales	799.48	845.67
Provision for doubtful receivables/advances	30.00	153.70
<b>Total</b>	<b>11,255.49</b>	<b>12,242.80</b>

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

## 41 Earnings per share (EPS)

(Rs in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit for the year	2,881.18	5,274.71
Weighted average number of Equity shares for basic earning per share	8,35,03,000	8,35,03,000
Nominal value of each share (in Rs.)	1	1
Basic and Diluted earning per share	3.45	6.32

## 42 Employee benefits

## A Defined Contribution plans:

The Company contributes to the Government managed provident and pension fund for all qualifying employees.

Contribution to provident fund of Rs. (9.45) lakhs (March 31, 2022: Rs. 40.51 lakhs) is recognised as an expense and included in "Contribution to provident and other funds" in Statement of Profit and Loss.

## B Defined benefit plans:

The Company has defined benefit plan for payment of gratuity to all qualifying employees. It is governed by the Payment of Gratuity Act, 1972. Under this Act, an employee who has completed five years of service is entitled to the specified benefits provided which depends on the employee's length of service and salary at retirement age. The Company's defined benefit plan is funded with Life Insurance Corporation (LIC).

There are no other post retirement benefits provided by the Company.

The present value of the defined benefit obligation, the related current service cost and past service cost, were measured using the projected unit credit method.

## Reconciliation in present value of obligations (PVO)

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
PVO at the beginning of the year	274.67	269.17
Interest cost	17.17	15.48
Current service cost	21.66	33.58
Benefits paid	(17.03)	(39.89)
Past Service cost	(40.89)	-
Actuarial (Gains)/Losses	(36.93)	(3.66)
<b>PVO at the end of the year</b>	<b>218.65</b>	<b>274.67</b>

## Reconciliation of Fair value of plan assets:

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets at the beginning of the year	118.27	148.56
Adjustments:		
Return on plan assets excl. interest income	0.44	(5.84)
Interest income	7.39	8.54
Contributions by the employer	-	6.90
Benefits paid	(17.03)	(39.89)
<b>Fair value of plan assets at the end of the year</b>	<b>109.07</b>	<b>118.27</b>

## Net Liabilities / (Assets) recognised in the balance sheet:

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
PVO of the defined benefit obligation at the end of period	218.65	274.67
Fair value of planned assets at end of year	(109.07)	(118.27)
<b>Net liabilities / (Assets) recognised in the balance sheet</b>	<b>109.58</b>	<b>156.40</b>



## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**Amount recognised in Statement of Profit and Loss** (Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Current service cost	21.66	33.58
Past service cost and loss/(gain) on curtailments and settlement	(40.89)	-
Net interest	9.77	6.93
<b>Net charge to the statement of profit or loss</b>	<b>(9.45)</b>	<b>40.51</b>

**Amount recognised in Other Comprehensive Income (OCI)** (Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Actuarial (Gain)/Loss recognised for the period	(36.93)	(3.66)
Return on plan assets excluding net interest	(0.44)	5.84
<b>Recognised in OCI for the year</b>	<b>(37.37)</b>	<b>2.18</b>

**Expected Payout** (Rs in lakhs)

Year	As at March 31, 2023	As at March 31, 2022
Expected Outflow in 1st Year	61.34	65.15
Expected Outflow in 2nd Year	41.93	50.44
Expected Outflow in 3rd Year	32.64	43.29
Expected Outflow in 4th Year	28.04	34.52
Expected Outflow in 5th Year	27.23	31.24
Expected Outflow in 6th to 10th Year	64.82	87.70

The weighted average duration of the defined benefit plan obligations at the end of reporting period is 3.83 years

**Major category of plan assets as a % of total plan**

The plan assets are being managed by LIC. No further details are made available by the fund manager. (LIC)

**Sensitivity analysis**

Significant actuarial assumptions for the determination of defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	As at March 31, 2023	As at March 31, 2022
Impact on present value of defined benefit obligation:		
If discount rate is increased by 0.5%	(3.44)	(4.86)
If discount rate is decreased by 0.5%	3.78	5.03
If salary escalation rate is increased by 0.5%	3.78	4.46
If salary escalation rate is decreased by 0.5%	(3.86)	(4.06)

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

**Principal Actuarial Assumptions** (Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Discount Rate	7.31%	6.25%
Expected return on plan assets	7.83	2.70
Expected rate of salary increase	7.00%	7.00%
Employee attrition rate	20.00%	20.00%
Mortality	Indian Assured Lives (2012-14)	Indian Assured Lives (2012-14)

Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market

These plans typically expose the Company to actuarial risks such as interest rate risk and salary risk.

- Interest risk: a decrease in the bond interest rate will increase the plan liability.
- Salary risk: the present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, a variation in the expected rate of salary increase of the plan participants will change the plan liability.

**C Other short term employee benefits****Short term leave**

The expenses towards compensated absences (annual and short term leave) for the year ended March 31, 2023 of Rs. (9.45) lakhs (March 31, 2022: Rs. 40.51 lakhs), which is included in the 'Employee benefits expense' in the Statement of Profit and Loss.

**43 Related party disclosures****1 Relationships****(a) Subsidiaries**

Sarla Overseas Holding Limited - Subsidiary Company

Sarlaflex Inc. - Subsidiary Company

**(b) Fellow subsidiary**

Sarla Europe,Lda - Step down Subsidiary Company

**(c) Joint Ventures of Subsidiary ( Refer note 50)**

Savitex SA De C.V., Honduras

MRK SA De C.V., Honduras

Sarla Texstill Filament Sanayi Ticaret A.S.

**(d) Entities controlled by Key Management Personnel**

Satidham Industries Private Limited

Hindustan Cotton Company

**(e) Entities over which Key Managerial Personnel are able to exercise significant influence**

Shri Narayani Seva Sansthan

Shivchandrai Jhunjhunwala Charitable Trust

**(f) Directors & Key Managerial Personnel****(i) Executive Director**

Madhusudan Jhunjunwala - Chairman &amp; Whole Time Director (Till July 19, 2021)

Krishna Jhunjunwala - Managing Director (Till August 09, 2021)

Krishna Jhunjunwala - Chairman &amp; Managing Director (From August 10, 2021)

Kanav Jhunjunwala - Director (from February 14, 2022)

Neha Jhunjunwala - Director (from February 14, 2022)

**(ii) Non Executive Directors**

Shreya Desai - Independent and Non Executive Director

Parantap Dave - Independent and Non Executive Director

Neha Jhunjunwala - Non Executive Director (up to February 11, 2022)

Paulo Manuel Castro - Independent and Non Executive Director

**(iii) Key Managerial Personnel**

Mukesh Deopura - Chief Financial officer (From November 03, 2021)

Mahendra Sheth - Chief Financial officer and Company Secretary (Till November 01, 2021)

Neha Somani - Company Secretary (From February 12, 2022)

**(g) Relatives of Key Managerial Personnel**

Chanda Deopura - Relative of Chief Financial officer (From November 03, 2021)

Vrinda Jhunjunwala - Relative of Chairman and Managing Director (from April 01, 2022)

Sarladevi Jhunjunwala - Relative of Chairman &amp; Managing Director and Promoter

Krishnakumar and Sons HUF - Relative of Chairman &amp; Managing Director

Madhusudan Jhunjunwala &amp; Sons HUF - Relative of Chairman &amp; Managing Director and Promoter

**Notes to Standalone Financial Statements for the year ended 31st March, 2023****2 Details of transactions with above related parties**

Nature of Transaction	Subsidiaries		Fellow subsidiary		Entities over which Key Managerial Personnel are able to exercise significant influence		Key Managerial Personnel / Directors		Relatives of Key Managerial Personnel	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
	(Rs in lakhs)	(Rs in lakhs)	(Rs in lakhs)	(Rs in lakhs)	(Rs in lakhs)	(Rs in lakhs)	(Rs in lakhs)	(Rs in lakhs)	(Rs in lakhs)	(Rs in lakhs)
<b>(a) Remuneration (including Retirement Benefits)</b>										
Madhusudan Jhunjunwala	-	-	-	-	-	-	-	267.36	-	-
Krishna Jhunjunwala	-	-	-	-	-	-	180.00	180.00	-	-
Kanav Jhunjunwala	-	-	-	-	-	-	12.00	1.61	-	-
Neha Jhunjunwala	-	-	-	-	-	-	18.00	2.41	-	-
Mukesh Deopura	-	-	-	-	-	-	35.09	15.01	-	-
Mahendra Sheth	-	-	-	-	-	-	-	35.06	-	-
Neha Somani	-	-	-	-	-	-	15.48	2.58	-	-
Chanda Deopura	-	-	-	-	-	-	-	-	20.97	8.74
Vrinda Jhunjunwala	-	-	-	-	-	-	-	-	6.00	-
<b>(b) Sitting Fees</b>										
Shreya Desai	-	-	-	-	-	-	2.50	0.90	-	-
Parantap Dave	-	-	-	-	-	-	2.50	0.90	-	-
Neha Jhunjunwala	-	-	-	-	-	-	-	0.60	-	-
<b>(c) Commission paid</b>										
Sarla Europe, LDA	-	-	170.70	194.32	-	-	-	-	-	-
<b>(d) Plant &amp; Equipment purchases</b>										
Sarlaflex Inc	4.58	4.57	-	-	-	-	-	-	-	-
<b>(e) CSR expenditure</b>										
Shri Narayani Seva Sansthan	-	-	-	-	-	-	-	-	-	72.00
Shivchandrai Jhunjunwala Charitable Trust	-	-	-	-	15.62	10.00	-	-	-	-



(Rs in lakhs)	
(f) Advance Given for Goods	435.77
Sarlaflex Inc.	-
(g) Dividend paid	-
Madhusudan S Jhunjhunwala	49.39
Madhusudan Jhunjhunwala & Sons HUF	39.10
Krishna Madhusudan Jhunjhunwala	26.28
Krishnakumar and Sons HUF	6.50
Sarladevi Jhunjhunwala	77.88
Hindustan Cotton Co.	-
Kanav K Jhunjhunwala	12.94
Neha Krishna Jhunjhunwala	0.08
Vrinda Krishna Jhunjhunwala	9.20
Satidham Industries Pvt.Ltd.	-
Harmony Estates Pvt Ltd	479.18
Sarla Estate Developers Pvt Ltd	4.16
Mukesh Deopura	2.91
Neha Somani	0.02
Chanda Deopura	0.01
(h) Rent Paid	0.00
Krishna Jhunjhunwala	21.60
Madhusudan Jhunjhunwala & Sons HUF	21.60
(i) Security Deposit	-
Krishna Jhunjhunwala	11.00
Madhusudan Jhunjhunwala & Sons HUF	11.00

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

Key management personnel compensation

(Rs in lakhs)

Particulars	2022-2023	2021-2022
Short-term employee benefits	260.56	284.42
Post-employment benefits	-	219.62
Others (including sitting fees to non-executive directors)	5.00	2.40

## 3 Balances Outstanding:

Nature of Transaction	As at March 31, 2023	As at March 31, 2022
<b>(a) Investment in Shares (refer note c)</b>		
Sarla Overseas Holding Limited	183.22	183.22
Sarlaflex Inc.-Equity	596.50	596.50
Sarlaflex Inc.-Preference	7,824.85	7,824.85
<b>(b) Unsecured Loan Given</b>		
Sarlaflex Inc.	210.78	194.32
<b>(c) Trade Receivables</b>		
Sarla Overseas Holding Limited	289.96	404.05
<b>(d) Advances given for goods</b>		
Sarlaflex Inc.	431.18	-
<b>(e) Security Deposit</b>		
Krishna Jhunjhunwala	11.00	-
Madhusudan Jhunjhunwala & Sons HUF	11.00	-

Notes:

- The transactions with related parties are made in the normal course of business and on the terms equivalent to those that prevails in the arm's length transactions.
- Amounts outstanding are unsecured and will be settled in cash or receipts of goods and services.
- There have been no guarantees provided or received for any related party receivables or payables.

## 44 Segment information

As per the requirements of para 4 of Ind AS 108 -Operating Segments, segment information has been provided under the Notes to Consolidated Financial Statements.

## 45.1 Contingent liabilities not provided for:

## Claims against the Company not acknowledged as debt

Claim against Company not acknowledged as debt, comprises of excise duty & Custom duty disputed by company relating to issue of applicability of duty and classification of goods aggregating to Rs.963.16 lakhs (As at March 31, 2022: Rs. 963.16 lakhs).

The Differential CST liability in respect of Non Collection of C Forms of Rs. 42.12 lakhs (As at March 31, 2022: Rs. 42.12 lakhs).

Notes to Standalone Financial Statements for the year ended 31st March, 2023

**45.2 Capital Commitment**

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
For capital expenditures (net of advances of Rs. 86.64 lakhs (As at March 31, 2022: Rs. 676.80 lakhs))	127.28	248.82

**46 Financial instruments**

**A Capital Management:**

The Company manages its capital structure with a view to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 23, 27 and 29) and total equity of the Company.

The Company's management reviews the capital structure of the Company on an annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the end of the reporting period was as follows:

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current borrowings	10.56	1,955.96
Current maturities of non-current borrowings	1,527.33	1,717.18
Current borrowings	8,901.89	9,479.39
<b>Total Debt</b>	<b>10,439.79</b>	<b>13,152.54</b>
Equity	43,097.27	41,858.19
<b>Net debt to equity ratio</b>	<b>0.24</b>	<b>0.31</b>

**B Financial Instruments-Accounting Classifications and Fair value measurements (Ind AS 107)**

**i) Classification of Financial Assets and Liabilities:**

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Financial assets</b>		
<b>At Amortised cost</b>		
Investments in Debentures	3,042.87	3,227.47
Investments in Treasury Bill	787.22	-
Trade receivables	6,171.47	10,086.10
Cash and cash equivalents	360.95	274.18
Bank balances other than above	1,062.73	6,296.26
Loans	248.52	223.14
Other financial assets	560.83	1,700.96
<b>At Fair value through Profit and Loss</b>		
Investments in equity shares	994.36	428.94
Derivative contracts	411.44	754.94
Investments in Debentures	371.77	-
Investments in Mutual Funds	7,315.77	1,479.82
<b>Total</b>	<b>21,327.93</b>	<b>24,471.81</b>
<b>Financial liabilities</b>		
<b>At Amortised cost</b>		
Borrowings	10,439.79	13,152.54
Lease Liabilities	288.45	210.59
Trade payables	3,187.81	4,189.39
Other Financial liabilities	1,369.36	2,484.79
<b>At Fair value through Profit and Loss</b>		
Derivative contracts - Future and Options Trading	0.10	0.32
<b>Total</b>	<b>15,285.52</b>	<b>20,037.63</b>

*Note: Above table excludes Investment in subsidiaries which are measured at cost. (Refer note 7)*

Notes to Standalone Financial Statements for the year ended 31st March, 2023

**ii) Fair Value Measurements (Ind AS 113):**

The fair values of the Financial Assets and Liabilities are included at the amount, at which instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments based on the input that is significant to the fair value measurement as a whole:

Level 1: This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of all Equity Shares which are traded on the stock exchanges, is valued using the closing price at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(Rs in lakhs)

Particulars	Fair Values	
	As at March 31, 2023	As at March 31, 2022
<b>Financial Assets at Fair Value through Profit and Loss</b>		
Investments in equity shares (Level 1)	994.36	428.94
Derivative contracts (Level 2)	411.44	754.94
Investments in Mutual Funds (Level 2)	7,315.77	1,479.82
<b>Total</b>	<b>8721.56</b>	<b>2663.69</b>

The management assessed that cash and bank balances, trade receivables, loans, trade payables, borrowings (cash credit, foreign currency loans, working capital loans) and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

During the reporting period ending March 31, 2023 and March 31, 2022, there was no transfer between level 1 and level 2 fair value

**Key Inputs for Level 1 and 2 Fair valuation Technique:**

1. Mutual Funds : Based on Net Asset Value of the Scheme (Level 2)
2. Derivative (forward) contracts : The fair value is determined using quoted forward exchange rates at the reporting date. (Level 2)
3. Debentures: Based on comparable instruments (Level 2)
4. Listed Equity Investments: Quoted Bid Price on Stock Exchange (Level 1)

**47 Financial risk management objectives (Ind AS 107)**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The key risks and mitigating actions are also placed before the Audit Committee of the Company.

The Company has exposure to the following risks arising from financial instruments:

- A) Credit risk;
- B) Liquidity risk; and
- C) Market risk



## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**A. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from financial assets such as trade receivables, investments in mutual funds, preference shares, debentures, derivative financial instruments, other balances with banks, loans and other receivables.

**Trade and other receivables**

Customer credit is managed by each business unit subject to the Company's established policies, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 0 to 180 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Company does not hold collateral as security. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

The Company measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

The following table provides information about the exposure to credit risk and Expected Credit Loss Allowance for trade and other receivables:

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
up to 180 days	5,495.24	9,402.06
181-365 days	217.08	684.04
Above 365 days	476.61	284.92
<b>Total</b>	<b>6,188.93</b>	<b>10,371.02</b>

**Movement in allowances as per expected credit loss model** (Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at beginning of the year	284.92	235.22
Movement in expected credit loss allowance	(267.46)	49.70
<b>Balance at end of the year</b>	<b>17.46</b>	<b>284.92</b>

**Loans**

The Company has given interest free unsecured loan to subsidiary, Sarlaflex Inc. The subsidiary has suspended its manufacturing operations since December, 2017 and has a negative net worth as on March 31, 2023. Credit risk have been increased significantly for these loans and accordingly necessary impairment provisions have been made.

**Other financial assets**

The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in Debentures, Preference shares, mutual funds and derivative contracts. The Company has diversified portfolio of investment with various number of counter-parties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Management of the Company.

**B. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by Company through effective fund management. The Company's principal sources of liquidity are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

Company believes that current cash and cash equivalents, tied up borrowing lines and cash flow that is generated from operations is sufficient to meet requirements. Accordingly, liquidity risk is perceived to be low.

The following are the remaining contractual maturities of financial liabilities at the reporting date. Amounts disclosed are the contractual un-discounted cash flows.

**Maturity analysis of significant financial liabilities**

(Rs in lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Carrying amount	Contractual cash flows		Carrying amount	Contractual cash flows	
		Upto 1 year	More than 1 year		Upto 1 year	More than 1 year
<b>Financial liabilities</b>						
Borrowings (including Current Maturities of Long-Term Borrowings)	10,439.79	10,429.23	10.56	13,152.54	11,196.57	1,955.96
Trade and other payables	3,187.81	3,187.81	-	4,189.39	4,189.39	-
Other financial liabilities	1,369.36	1,369.36	-	2,484.79	2,484.79	-
Lease Liabilities	288.45	79.60	208.85	210.59	47.65	162.94
<b>Total</b>	<b>15,285.42</b>	<b>15,066.00</b>	<b>219.42</b>	<b>20,037.31</b>	<b>17,918.40</b>	<b>2,118.91</b>

**C. Market risk**

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

**I Currency Risk**

The Company is exposed to currency risk on account of its operating and financing activities. The functional currency of the Company is Indian Rupee. Company's exposure is mainly denominated in U.S. dollars (USD). The USD exchange rate has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Company has put in place a Financial Risk Management Policy to Identify the most effective and efficient ways of managing the currency risks. The Company uses derivative instruments (mainly foreign exchange forward contracts) to mitigate the risk of changes in foreign currency exchange rate.

The Company does not use derivative financial instruments for trading or speculative purposes.

**Exposure to currency risk**

The currency profile of financial assets and financial liabilities are as below:

Particulars	As at March 31, 2023			As at March 31, 2022		
	USD	GBP	EURO	USD	GBP	EURO
<b>Financial assets</b>						
Cash and cash equivalents	58.77	-	0.39	67.13	-	-
Trade receivables	3,916.55	440.82	5,092.90	4,440.52	299.24	1,124.43
Loans	210.78	-	-	194.32	-	-
Less: Foreign currency forward exchange contracts	(2,474.73)	-	(6,541.35)	(7,398.08)	-	(5,629.89)
<b>Net exposure for assets</b>	<b>1,711.48</b>	<b>440.79</b>	<b>(1,447.94)</b>	<b>(2,696.10)</b>	<b>299.24</b>	<b>4,505.46</b>
<b>Financial liabilities</b>						
Foreign Currency Loans	-	-	1,513.25	2,348.20	-	3,624.51
Short term borrowings	908.50	-	-	454.80	-	-
Trade and other payables	1,474.50	-	3.09	1,776.13	-	13.16
Less: Foreign currency forward exchange contracts	-	-	-	-	-	-
<b>Net exposure for liabilities</b>	<b>2,383.00</b>	<b>-</b>	<b>1,516.34</b>	<b>4,579.13</b>	<b>-</b>	<b>3,637.67</b>
<b>Net exposure (Assets - Liabilities)</b>	<b>(671.51)</b>	<b>440.82</b>	<b>(2,964.28)</b>	<b>(7,275.23)</b>	<b>299.24</b>	<b>(8,143.14)</b>

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**Sensitivity analysis**

The following table details the Company's sensitivity to a 5% increase and decrease in the Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. This is mainly attributable to the net exposure outstanding on receivables or payables in the Company at the end of the reporting period. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rate. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. In cases where the related foreign exchange fluctuation is capitalised to fixed assets or recognised directly in reserves, the impact indicated below may affect the Company's income statement over the remaining life of the related fixed assets or the remaining tenure of the borrowing respectively.

**Impact on profit or loss (Rs in lakhs)**

Movement in currency (Before tax) Particulars	Increase in Exchange rate by 5%		Decrease in Exchange rate by 5%	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
USD	(33.58)	(363.76)	33.58	363.76
GBP	22.04	14.96	(22.04)	(14.96)
EURO	(148.21)	(407.16)	148.21	407.16

**II Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing market interest rates. The Company's exposure to the risk due to changes in interest rates relates primarily to the Company's short-term and long term borrowings with floating interest rates. The Company constantly monitors the credit markets and revisits its financing strategies to achieve an optimal maturity profile and financing cost.

The Company has given interest free loan to Subsidiaries for business purpose.

The Company's investments in term deposits (i.e., certificates of deposits) with banks, investments in preference shares, mutual funds and debentures are at fixed interest rate and therefore do not expose the Company to significant interest rates risk.

**Interest Rate Exposure: (Rs in lakhs)**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Term loans - long term</b>		
Floating Rate Borrowings	-	-
Fixed Rate Borrowings	1,537.89	3,673.15
Short term borrowings	8,901.89	9,479.39
<b>Total</b>	<b>10,439.79</b>	<b>13,152.54</b>

**Interest rate sensitivities for floating rate borrowings: (Rs in lakhs)**

Movement in rate Particulars	Increase in interest rate by 0.25%		Decrease in interest rate by 0.25%	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Short term borrowings	(22.25)	(23.70)	22.25	23.70

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period.

**III Price Risk**

The Company has deployed its surplus fund into various financial instruments including units of mutual fund, bond, debentures etc. The Company is exposed to price risk on such investments, which arises on account of interest rate, liquidity and credit quality of underlying securities.

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**48. Financial Performance Ratios: (Rs in lakhs)**

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Variation	Reason for variation
Current Ratio (Times)	Current Assets	Current Liabilities	1.28	1.68	-23.87%	
Debt-Equity Ratio (Times)	Total Debt	Shareholder's Equity	0.24	0.31	-22.58%	
Debt Service Coverage Ratio (Times)	Earnings available for debt service	Debt Service	4.59	6.05	-24.13%	
Return on Equity Ratio (%)	Net Profits after taxes - Preference Dividend	Average Shareholder's Equity	6.78%	13.45%	-49.59%	The Ratio has declined due to reduction in profit after tax for the financial year as compared to previous financial year.
Inventory turnover ratio (Times)	Cost of goods sold	Average Inventory	4.21	5.52	-23.73%	
Trade Receivables turnover ratio (Times)	Net Credit Sales	Avg. Accounts Receivable	4.76	4.30	10.70%	
Trade payables turnover ratio (Times)	Net Credit Purchases	Average Trade Payables	8.11	10.68	-24.06%	
Net capital turnover ratio (Times)	Net Sales	Working Capital	4.58	3.46	32.37%	Primarily on account of reduction in Trade receivable and other financial asset during the financial year as compared to previous financial year.
Net profit ratio (%)	Net Profit	Net Sales	7.45%	12.30%	-39.43%	The Ratio has declined due to reduction in profit after tax and sales as compared to last financial year.
Return on Capital employed (%)	Earning before interest and taxes	Capital Employed	7.93%	12.90%	-38.53%	The ratio has declined due to reduction in profit before interest on borrowings and tax for the reason mentioned above in current financial year as compared to last financial year.
Return on Investment (%)	Income from Investment	Average Investment	6.53%	6.61%	16.56%	

**Note:** Explanation for change in ratio by more than 25%

**49 Leases**

I Disclosure in respect of operating lease (as Lessee):

a) Additions to right of use assets during the reporting year ended March 31, 2023 and its carrying value as on that date

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Addition of right-of-use assets that do not meet the definition of investment property</b>		
Lease hold Land and Buildings	155.06	247.04
<b>Total</b>	<b>155.06</b>	<b>247.04</b>
<b>Depreciation charged during the current year</b>		
Lease hold Land and Buildings	89.76	42.72
<b>Total</b>	<b>89.76</b>	<b>42.72</b>
<b>Carrying value of Right-of-use assets</b>		
Lease hold Land and Buildings	314.45	248.87
<b>Total</b>	<b>314.45</b>	<b>248.87</b>



**(b) Movement in lease liabilities for the year ended: (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	210.59	6.74
Additions	174.94	244.90
Payment of lease liabilities	(97.08)	(41.04)
<b>Total Lease liabilities</b>	<b>288.45</b>	<b>210.59</b>

**(c) Maturity Analysis of Lease liabilities (Rs in lakhs)**

Maturity analysis for lease hold Land and Buildings	As at March 31, 2023	As at March 31, 2022
Less than one year	61.37	59.63
One to five years	117.40	179.35
More than five years	2.59	3.50
<b>Total undiscounted lease liabilities for the year ended</b>	<b>181.35</b>	<b>242.48</b>
Lease liabilities included in the statement of financial position		
Current	79.60	47.65
Non-current	208.85	162.94
<b>Total Lease Liabilities</b>	<b>288.45</b>	<b>210.59</b>

**(d) Amounts recognised in the statement of profit or loss (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
Depreciation charge for right-of-use assets	89.76	42.29
Interest on lease liabilities (included in finance cost)	22.55	11.02
The expense relating to short-term leases	-	-
The expense relating to leases of low-value assets	-	-
The expense relating to variable lease payments not included in the measurement of lease liabilities	-	-
Income from subleasing right-of-use assets	-	-
Gains or losses arising from sale and leaseback transactions	-	-
<b>Total Amount recognised in the statement of profit or loss</b>	<b>112.31</b>	<b>53.31</b>

**(e) Amount recognised in the statement of cash flows (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
Total cash outflow for leases (excluding short-term leases, leases of low-value assets)	97.08	41.04

**50 CSR Expenditure**

- Gross amount required to be spent by the Company during the year – Rs. 83.39 lakhs (March 31, 2022: Rs. 82.83 lakhs)
- Amount spent during the year

Notes to Standalone Financial Statements for the year ended 31st March, 2023

		For the period ended March 31, 2023						For the period ended March 31, 2022									
Opening Balance	Amount required to be spent during the year	Amount spent during the year	(Shortfall)/ Excess for the year	Total of previous years shortfall	Reason for shortfall	Nature of CSR Activities	Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the amount of provision made and movements in the provision during the year.	Opening Balance	Amount required to be spent during the year	Amount spent during the year	(Shortfall)/ Excess for the year	Total of previous years shortfall	Reason for shortfall	Nature of CSR Activities	Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the amount of provision made and movements in the provision during the year.
225.00	99.90	15.62	140.72	-	-	Medical Facilities	Out of above, Rs. 15.62 lakhs Contributed to Shivchandrai Jhunjhunwala Charitable Trust which are related parties.	N.A.	6.00	82.83	301.83	225.00	-	-	Medical Facilities	Out of above, Rs. 72 lakhs Contributed to Shri Narayani Seva Sansthan and Rs. 10 lakhs to Shivchandrai Jhunjhunwala Charitable Trust which are related parties.	N.A.

c) Unspent amount of CSR expenditure for prior years is Rs. 295 lakhs

**51 (a) Advance(s) in the nature of Loan as per Regulation 34 (3) read with schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015**

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

Particulars	Relationship	31.03.2023	31.03.2022
Name of the loanee - Sarlaflex Inc.			
<b>In respect of Inter Corporate Deposits</b>	Wholly owned Subsidiary		
Amount as at year end		210.78	194.32
Maximum amount outstanding		210.78	194.32

**(b) Particulars of Loans, Guarantees or Investments covered under section 186(4) of the Companies Act, 2013**  
(Rs in lakhs)

Name of the Party	Nature	Amount	Purpose
Sarla Overseas Holding Ltd	Investments in Equity Shares	183.22	Capital Investment
Sarlaflex Inc.*	Investments in Equity Shares	596.50	Capital Investment
	Investments in Preference Shares	7,824.85	Capital Investment
	Inter - Corporate Loans	210.78	Capital Expenditure and Working Capital

\* Excluding Impairment provisions

**52** Balances in loans and advances, trade receivables, trade payables and borrowings are subject to confirmations and reconciliations, if any, however the management does not expect any material differences.

**53 Other disclosures**

- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The Company is not declared as wilful defaulter by any bank or financial Institution or other lender.
- There is no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
- The Company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- The Company have not traded or invested in Crypto currency or Virtual Currency during the year.
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- The Company has complied with the requirement in respect of number of layers prescribed under Section 2(87) of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rule, 2017.

## Notes to Standalone Financial Statements for the year ended 31st March, 2023

**54 Relationship with Struck off Companies**

(Rs in lakhs)

Sr. No.	Name of struck off Company	Nature of transactions with struck off Company	Transaction during the year ended March 31, 2023	Balance outstanding as on March 31, 2023	Transaction during the year ended March 31, 2022	Balance outstanding as on March 31, 2022	Relationship with the Struck off company
1	DeSimran Cartons Pvt Ltd	Advance paid towards purchase of Property	-	55.00	-	55.00	Seller
		Security Deposit against Lease of property	-	60.00	-	60.00	Lessor
2	Blue Blends (India) Limited	Sale of yarn	-	160.00	-	160.00	Customer

**Note-** The Company has initiated legal proceedings against both the above Companies for claiming the outstanding amount and the same is sub-judiced. The balances whether recoverable will be decided on the basis of Hon'ble Court's judgement.

**55 Events after the reporting period**

No adjusting or significant non - adjusting events have occurred between the reporting date (March 31, 2023) and the report release date (May 13, 2023)



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF

### SARLA PERFORMANCE FIBERS LIMITED

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of **Sarla Performance Fibers Limited** ("the Holding Company") and its subsidiaries (the Holding Company and Subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31<sup>st</sup> March 2023, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2023, its consolidated profit including other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on consolidated financial statements.

#### Emphasis of Matters

- a) As reported in the respective component auditor's reports of Sarlaflex Inc., and Sarla Overseas Holdings Limited ('SOHL'), the financial statements of the respective companies are prepared on 'Going Concern' basis due to suspension of manufacturing operations since December 2017 and net worth becoming negative respectively;
- b) As reported in the component auditor's report of SOHL, the investments made by SOHL in three Joint Ventures are not consolidated on account of non-resolution of disputes, or non-receipt of financial statements for the year ended 31<sup>st</sup> March, 2023. Though these investments have been tested for impairment and necessary provisions have been made in FY 2017-18 on transition to Ind AS, we are unable to comment about impact of the same on the consolidated financial statements;

Our opinion is not modified in respect of these matters.

#### Key Audit Matters

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

Sr no	Key Audit Matter	Auditor's Response
1.	<p><b>Litigations, Provisions and contingent liabilities</b></p> <p>The Holding Company has litigations which also include matters under dispute involving significant management judgement and estimates on the possible outcome of the litigations and consequent provisioning thereof or disclosure as contingent liabilities.</p> <p>Refer Note 45.1 to the consolidated financial statements.</p>	<p><b>Principal Audit Procedures</b></p> <p>As part of audit process, we obtained from the Holding Company's management details of matters under dispute including ongoing and completed tax assessments, demands and litigations.</p> <p>Our audit approach for the above consists of the following audit procedures:</p> <ul style="list-style-type: none"> <li>• Evaluation and testing of the design of internal controls followed by the Holding Company relating to litigations and open tax positions for indirect taxes and process followed to decide provisioning or disclosure as Contingent Liabilities;</li> </ul>
		<ul style="list-style-type: none"> <li>• Discussed with Holding Company's management for sufficient understanding of on-going and potential legal matters impacting the Company;</li> <li>• We involved our internal experts to evaluate the Holding Company's management's underlying judgements in making their estimates with regards to such matters.</li> </ul>
2.	<p><b>Information Technology (IT) systems and controls over financial reporting</b></p> <p>We identified IT systems and controls over financial reporting as a key audit matter for the Holding Company because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, specifically with respect to revenue and inventories. Also, due to large transaction volumes and the increasing challenge to protect the integrity of the Holding Company's systems and data, cyber security has become more significant;</p> <p>Automated accounting procedures and IT environment controls, which include IT governance, IT general controls over program development and changes, access to program and data and IT operations, IT application controls and interfaces between IT applications are required to be designed and to operate effectively to ensure accurate financial reporting.</p>	<p><b>Audit procedures followed by us include:</b></p> <ul style="list-style-type: none"> <li>• Assessed the complexity of the IT environment through discussion with the IT team and identified IT applications that are relevant to our audit;</li> <li>• Evaluated the operating effectiveness of IT general controls over program development and changes, access to program and data and IT operations;</li> <li>• Performed inquiry procedures with the IT team of the Holding Company in respect of the overall security architecture and any key threats addressed by the Holding Company in the current year;</li> <li>• Evaluated the operating effectiveness of IT application controls in the key processes impacting financial reporting of the Holding Company.</li> </ul>

#### Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis including Annexures to Directors' Report, and Corporate Governance, but does not include the consolidated financial statements and our auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

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

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

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India including the Ind AS specified under section 133 of the Act. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the Companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless respective Management and Board of Directors either intends to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a

high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are independent auditors and whose financial information we have audited to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion;
- Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance of the Holding Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards;

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

### Other Matter

We did not audit the financial statements of two subsidiaries included in the consolidated financial statements, whose financial statements reflect total assets (before consolidation adjustments) of Rs.4,052.54 lakhs, total liabilities (before consolidation adjustments) of Rs.8,918.71 lakhs as at 31<sup>st</sup> March, 2023; total revenue (before consolidation adjustments) of Rs.320.50 lakhs and total comprehensive loss (before consolidation adjustments) of Rs.432.18 lakhs for the year ended 31<sup>st</sup> March, 2023 as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors, and such other procedures performed by us as stated in the preceding paragraph above.

These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's Management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's Management. Our opinion, in so far as it relates to the balances and affairs of such subsidiaries is based on the report of other auditors and conversion adjustments prepared by the Management of the Holding Company and audited by us;



Our opinion on the consolidated financial statements, and our report on Legal and Regulatory requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

#### Report on Other Legal and Regulatory Requirements

1. Reporting under Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act is not applicable to subsidiaries incorporated outside India, hence, our report on consolidated financial statements does not contain a statement on the matters specified in paragraph 3(xxii) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of subsidiaries, as were audited by other auditors, as noted in the 'other matter' paragraph, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b) In our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d) In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements comply with the Ind AS;

- e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2023 taken on record by the Board of Directors of the Holding Company, none of the director of the Holding Company is disqualified as on 31<sup>st</sup> March, 2023 from being appointed as a director in terms of Section 164(2) of the Act;
- f) As per the Guidance Note on 'Audit of Internal Financial Controls over Financial Reporting' (revised) issued by Institute of Chartered Accountants of India, since there are no subsidiaries incorporated in India, no reporting on the adequacy of the internal financial controls with reference to financial statements of subsidiaries and the operating effectiveness of such controls is required. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and operating effectiveness of such controls, refer to our report in 'Annexure B' of the standalone financial statements;
- g) 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
  1. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group (Refer note 45.1 to the consolidated financial statements);
  2. The Group has made provision in the consolidated financial statements, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended 31<sup>st</sup> March, 2023;

4. a) The Management of the Holding Company has represented that, to the best of its knowledge and belief, other than as disclosed in the note no. 54(7) to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The Management of Holding Company has represented, that, to the best of its knowledge and belief, other than as disclosed note no. 54(8) to the standalone financial statements, no funds have been received by the Holding Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under 4(a) and 4(b) above, contain any

material misstatement.

5. The final dividend paid by the Holding Company during the year, in respect of the same declared in the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.
6. As the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining of books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Holding Company only w.e.f. April 1, 2023, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31<sup>st</sup> March, 2023.
3. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

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

**For CNK & Associates LLP**  
Chartered Accountants

Firm Registration Number: 101961W/W-100036

**Himanshu Kishnadwala**  
Partner

Membership No.: 37391  
UDIN: 23037391BGULVW6335

Place: Mumbai  
Date: 13<sup>th</sup> May, 2023

## Consolidated Balance Sheet as at 31st March 2023

Particulars	Note No.	(Rs in lakhs)		
		As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<b>I ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Property, Plant and Equipment	4	25,849.02	23,090.73	25,027.32
(b) Capital Work in progress	5	(0.00)	1,564.38	40.88
(c) Intangible assets	6	74.93	93.83	99.05
(d) Investments accounted for using equity method	7	-	-	-
(e) <b>Financial Assets</b>				
(i) Investments	8	10,623.09	3,648.30	1,486.53
(ii) Loans	9	15.53	37.94	35.40
(iii) Other financial assets	10	372.11	963.89	516.77
(f) Non current Tax Assets (Net)	11	44.53	230.99	184.35
(g) Other non-current assets	12	146.24	766.40	486.95
<b>Total non-current assets</b>		<b>37,125.46</b>	<b>30,396.46</b>	<b>27,877.25</b>
<b>(2) Current assets</b>				
(a) Inventories	13	9,832.88	10,919.44	6,925.07
(b) <b>Financial Assets</b>				
(i) Investments	14	1,888.89	1,487.92	176.69
(ii) Trade receivables	15	6,071.58	9,997.00	9,314.06
(iii) Cash and cash equivalents	16	508.36	437.38	1,121.26
(iv) Bank balances other than (iii) above	17	1,062.73	6,296.26	8,647.91
(v) Loans	18	22.21	28.82	132.98
(vi) Other financial assets	19	600.16	1,492.01	1,572.62
(c) Other current assets	20	923.29	1,689.41	2,735.45
<b>Total current assets</b>		<b>20,910.10</b>	<b>32,348.25</b>	<b>30,626.04</b>
<b>Total Assets</b>		<b>58,035.56</b>	<b>62,744.73</b>	<b>58,503.29</b>
<b>II EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share capital	21	835.03	835.03	835.03
(b) Other Equity	22	38,656.52	38,010.67	33,314.57
<b>Equity attributable to equity share holders</b>		<b>39,491.55</b>	<b>38,845.70</b>	<b>34,149.60</b>
Non-controlling interests		25.59	19.83	16.69
<b>Total equity</b>		<b>39,517.14</b>	<b>38,865.53</b>	<b>34,166.29</b>
<b>Liabilities</b>				
<b>(1) Non-current liabilities</b>				
(a) <b>Financial Liabilities</b>				
(i) Borrowings	23	133.86	2,069.62	3,843.60
(ia) Lease Liabilities	24	208.85	162.94	4.76
(b) Provisions	25	105.14	144.60	119.31
(c) Deferred tax liabilities (Net)	26	2,250.64	2,371.06	2,485.04
<b>Total non-current liabilities</b>		<b>2,698.50</b>	<b>4,748.23</b>	<b>6,452.70</b>
<b>(2) Current liabilities</b>				
(a) <b>Financial Liabilities</b>				
(i) Borrowings	27	10,429.23	11,196.57	11,055.91
(ia) Lease Liabilities		79.60	47.65	1.98
(ii) Trade payables	28			
(A) total outstanding dues of micro enterprises and small enterprises		41.67	199.27	16.54
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		3,131.27	4,135.68	2,734.17
(iii) Other financial liabilities	29	1,369.48	2,485.10	3,250.46
(b) Other current liabilities	30	625.03	774.61	668.30
(c) Provisions	31	105.22	95.54	41.30
(d) Current Tax Liabilities (Net)	32	38.42	196.54	115.63
<b>Total current liabilities</b>		<b>15,819.91</b>	<b>19,130.97</b>	<b>17,884.29</b>
<b>Total Liabilities</b>		<b>18,518.41</b>	<b>23,879.20</b>	<b>24,336.99</b>
<b>Total Equity and Liabilities</b>		<b>58,035.56</b>	<b>62,744.73</b>	<b>58,503.29</b>

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For C N K & ASSOCIATES LLP  
Chartered Accountants  
ICAI Firm's Registration No.: 101961W/W-100036HIMANSHU KISHNADWALA  
Partner  
Membership No. 37391

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director  
(DIN: 00097175)MUKESH DEOPURA  
Chief Financial OfficerNEHA JHUNJHUNWALA  
Director  
(DIN: 07144529)NEHA SOMANI  
Company SecretaryPlace: Mumbai  
Date: May 13, 2023Place: Mumbai  
Date: May 13, 2023

## Consolidated Statement of profit and loss for the year ended 31st March, 2023

Sr. No.	Particulars	Note No.	(Rs in lakhs)		
			For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended April 01, 2021
<b>I</b>	Revenue from Operations	33	38,740.02	43,087.69	25,780.92
<b>II</b>	Other Income	34	987.52	1,231.38	1,633.12
<b>III</b>	<b>TOTAL INCOME (I+II)</b>		<b>39,727.53</b>	<b>44,319.08</b>	<b>27,414.04</b>
<b>IV</b>	<b>Expenses</b>				
(a)	Cost of materials consumed	35	19,528.85	23,611.70	11,083.22
(b)	Changes in inventories of finished goods and work-in-progress	36	566.24	(2,737.54)	(522.69)
(c)	Employee benefits expense	37	1,674.32	1,738.25	1,217.21
(d)	Finance costs	38	483.29	368.78	1,142.18
(e)	Depreciation and amortization expense	39	2,959.48	2,652.82	2,572.68
(f)	Other expenses	40	11,287.53	12,253.32	8,377.24
	<b>TOTAL EXPENSES (a to f)</b>		<b>36,499.73</b>	<b>37,887.31</b>	<b>23,869.84</b>
<b>V</b>	<b>Profit before share of net profits of investment accounted for using equity method and tax (III-IV)</b>		<b>3,227.82</b>	<b>6,431.76</b>	<b>3,544.20</b>
<b>VI</b>	Share of net profit/(loss) of Joint ventures accounted for using the equity method		-	-	-
<b>VII</b>	<b>Profit before tax (V+VI)</b>		<b>3,227.82</b>	<b>6,431.76</b>	<b>3,544.20</b>
<b>VIII</b>	<b>Tax expense:</b>				
	Current tax		1,123.95	1,914.74	1,155.61
	Deferred tax		(128.74)	(113.98)	(267.10)
	Adjustments for earlier years		94.38	-	-
	<b>Total tax expense</b>		<b>1,089.59</b>	<b>1,800.76</b>	<b>887.51</b>
<b>IX</b>	<b>Profit / (Loss) for the year (VII-VIII)</b>		<b>2,138.23</b>	<b>4,631.00</b>	<b>2,656.69</b>
<b>X</b>	<b>Other Comprehensive Income ('OCI')</b>				
<b>A</b>	(i) Items that will not be reclassified to profit or loss				
	Remeasurement of defined benefit plan		37.37	(2.18)	57.49
	(ii) Income tax relating to items that will not be reclassified to profit or loss				
	Remeasurement of defined benefit plan		(9.40)	0.55	(14.47)
	<b>Total (A)</b>		<b>27.96</b>	<b>(1.63)</b>	<b>43.02</b>
<b>B</b>	(i) Items that will be reclassified to profit or loss				
	Foreign exchange differences in translating financial statements of foreign operations		155.00	69.43	(89.42)
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-	-
	<b>Total (B)</b>		<b>155.00</b>	<b>69.43</b>	<b>(89.42)</b>
	<b>Total Other comprehensive income (A+B)</b>		<b>182.96</b>	<b>67.80</b>	<b>(46.40)</b>
<b>XI</b>	<b>Total comprehensive income for the year (IX+X)</b>		<b>2,321.19</b>	<b>4,698.80</b>	<b>2,610.29</b>
	<b>Profit attributable to:</b>				
	Owners of the Company		2,133.91	4,627.51	2,625.80
	Non-Controlling Interest		4.32	3.49	30.89
	<b>Other Comprehensive Income attributable to:</b>				
	Owners of the Company		181.52	68.15	(46.43)
	Non-Controlling Interest		1.44	(0.35)	0.03
	<b>Total Comprehensive Income attributable to:</b>				
	Owners of the Company		2,315.43	4,695.66	2,579.37
	Non-Controlling Interest		5.76	3.14	30.92
<b>XII</b>	<b>Earnings per equity share</b>	41			
	- Basic and Diluted (Face value Re. 1)		2.56	5.54	3.14

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For C N K & ASSOCIATES LLP  
Chartered Accountants  
ICAI Firm's Registration No.: 101961W/W-100036HIMANSHU KISHNADWALA  
Partner  
Membership No. 37391

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director  
(DIN: 00097175)MUKESH DEOPURA  
Chief Financial OfficerNEHA JHUNJHUNWALA  
Director  
(DIN: 07144529)NEHA SOMANI  
Company SecretaryPlace: Mumbai  
Date: May 13, 2023Place: Mumbai  
Date: May 13, 2023



## Consolidated Statement of cash flows for the year ended 31st March, 2023

(Rs in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A Cash flows from operating activities</b>		
Profit before tax	3,227.83	6,431.72
<b>Adjustments for:</b>		
Finance costs	483.28	368.78
Depreciation and amortisation expenses	2,959.47	2,652.82
Interest on income tax	-	25.12
Interest income	(524.28)	(650.09)
Gain on disposal of investments	(77.67)	(69.40)
Gain on fair value of investments	(10.95)	(9.47)
Dividend Income	(10.94)	(1.42)
Unrealised exchange gain or loss on foreign currency translations	488.37	(360.62)
Foreign currency translation reserve	(437.24)	(134.30)
Loss on sale of Property, Plant and Equipment	115.00	-
Loss due to fire	-	108.06
Sundry Balances written off / (written back)	187.84	(1.17)
<b>Operating profit before working capital changes</b>	<b>6,400.71</b>	<b>8,360.02</b>
<b>Changes in Assets and Liabilities:</b>		
<b>Adjustments for (increase)/decrease in:</b>		
Inventories	1,086.57	(3,994.39)
Trade receivables	3,767.59	(682.94)
Loans and Advances	48.22	96.75
Other assets	1,375.03	328.82
Trade payables	(1,162.02)	1,602.16
Other current financial liabilities	(119.13)	(146.53)
<b>Cash generated from operations</b>	<b>11,396.97</b>	<b>5,563.89</b>
Direct taxes paid (net)	(1,195.00)	(1,905.59)
<b>Net cash generated from operating activities (A)</b>	<b>10,201.96</b>	<b>3,658.30</b>
<b>B Cash flows from investing activities</b>		
Bank balances other than Cash & Cash equivalents	5,754.08	1,924.04
Purchase of Property, Plant and Equipment	(4,646.90)	(3,336.79)
Purchase of Intangible Assets	(10.45)	(21.27)
Purchase/Proceeds of non current investments	(7,290.34)	(2,534.33)
Loans given	65.28	(182.85)
Interest received	538.36	1,565.11
Dividend Income on Current investments	9.44	1.42
<b>Net cash (used in) investing activities (B)</b>	<b>(5,580.53)</b>	<b>(2,584.67)</b>
<b>C Cash flows from financing activities</b>		
Proceeds/Repayments from non current borrowings	(1,622.29)	(2,785.69)
Repayment of non current borrowings	-	-
Proceeds from current borrowings	(681.80)	1,438.01
Payments for the principal portion of lease liability	(74.53)	(30.02)
Payments for the interest portion of lease liability	(22.55)	(11.02)
Interest paid	(479.22)	(368.78)
Dividend paid	(1,670.06)	-
<b>Net cash (used in) financing activities (C)</b>	<b>(4,550.45)</b>	<b>(1,757.52)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS [(A) + (B) + (C)]</b>	<b>70.98</b>	<b>(683.88)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD (Refer note 16)</b>		
Balances with banks in current accounts and deposit accounts	427.66	1,132.89
Effect of exchange rate changes on cash and cash equivalents	1.07	(22.08)
Cash on hand	8.64	10.45
<b>CASH AND CASH EQUIVALENTS</b>	<b>437.37</b>	<b>1,121.26</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (Refer note 16)</b>		
Balances with banks in current accounts and deposit accounts	496.19	450.82
Effect of exchange rate changes on cash and cash equivalents	3.39	(22.08)
Cash on hand	8.78	8.64
<b>CASH AND CASH EQUIVALENTS</b>	<b>508.36</b>	<b>437.38</b>
Supplemental Information		
Cash Transactions from Operating Activities:		
Spent towards Corporate Social Responsibility	15.62	301.83

## Consolidated Statement of cash flows for the year ended 31st March, 2023

## Explanatory notes to Statement of Cash Flows:

- The Statement of Cash Flows is prepared as per Ind AS 7 as notified by Ministry of Corporate Affairs.
- In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.
- The net profit / loss arising due to conversion of current assets / current liabilities, receivable / payable in foreign currency is furnished under the head "Foreign Exchange Fluctuations".
- Changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes:

## Reconciliation of Liabilities arising from financing activities

(Rs in lakhs)

Particulars	As at 1st April 2022	Cash flow	Foreign Exchange movement/ Non Cash Adjustments	As at 31st March, 2023
Non-current borrowing (including current maturities of non current borrowing)	3,787	(2,202)	76.69	133.86
Current borrowing	9,479	(577)		10,429.23
	<b>13,266</b>	<b>(2,780)</b>	<b>76.69</b>	<b>10,563.09</b>
Particulars	As at 1st April 2021	Cash flow	Foreign Exchange movement/ Non Cash Adjustments	As at 31st March, 2022
Non-current borrowing (including current maturities of non current borrowing)	6,888	(3,039)	(61.55)	3,786.81
Current borrowing	8,012	1,433	34.30	9,479.39
	<b>14,900</b>	<b>(1,606)</b>	<b>(27.25)</b>	<b>13,266.20</b>

## The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For C N K & ASSOCIATES LLP  
Chartered Accountants  
ICAI Firm's Registration No.: 101961W/W-100036

For and on behalf of the Board of Directors

HIMANSHU KISHNADWALA  
Partner  
Membership No. 37391

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director  
(DIN: 00097175)

NEHA JHUNJHUNWALA  
Director  
(DIN: 07144529)

MUKESH DEOPURA  
Chief Financial Officer

NEHA SOMANI  
Company Secretary

Place: Mumbai  
Date: May 13, 2023

Place: Mumbai  
Date: May 13, 2023

## Consolidated Statement of changes in equity for the year ended 31st March, 2023

(Rs in lakhs)

Particulars	Amount
Balance as at April 01, 2021	835.03
Changes in equity share capital during the year 2021-22	-
Balance as at March 31, 2022	835.03
Changes in equity share capital during the year 2022-23	-
Balance as at March 31, 2023	835.03

## b. Other Equity (note 22)

(Rs in lakhs)

Particulars	Reserves and surplus					Total attributable to Owners of the Company	Attributable to NCI	Total
	Capital reserve	Securities premium	General reserve	Foreign currency translation reserve	Foreign currency monetary item translation difference account			
<b>As at April 01, 2020</b>	183.46	4,529.00	8,274.38	(40.64)	(36.31)	18,097.36	(14.38)	30,992.87
Profit for the year 2020-21	-	-	-	-	-	2,624.22	31.04	2,655.26
Other comprehensive income for the year 2020-21 (net of tax)*	-	-	-	(89.45)	-	43.02	0.03	(46.40)
Addition/(Deletions) during the year	-	-	-	-	-	-	-	-
Amortisation during the year	-	-	-	-	36.31	-	-	36.31
<b>Total comprehensive income for the year</b>	-	-	-	(89.45)	36.31	2,667.24	31.07	2,645.17
Dividend	-	-	-	-	-	-	-	-
<b>As at March 31, 2021</b>	183.46	4,529.00	8,274.38	(130.09)	(0.00)	20,764.61	16.69	33,638.04
<b>Adjustment for earlier years</b>	-	-	-	-	-	(306.78)	-	(306.78)
<b>As at April 01, 2021 (Restated)</b>	183.46	4,529.00	8,274.38	(130.09)	(0.00)	20,457.83	16.69	33,331.26
Profit for the year 2021-22	-	-	-	-	-	4,627.46	3.49	4,630.95
Other comprehensive income for the year 2021-22 (net of tax)*	-	-	-	69.78	-	(1.63)	(0.35)	67.80
Addition/(Deletions) during the year	-	-	-	-	-	-	-	-
Amortisation during the year	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	69.78	1.00	4,625.83	3.14	4,698.75
Dividend	-	-	-	-	-	-	-	-

## Consolidated Statement of changes in equity for the year ended 31st March, 2023

Particulars	Reserves and surplus					Total attributable to Owners of the Company	Attributable to NCI	Total
	Capital reserve	Securities premium	General reserve	Foreign currency translation reserve	Foreign currency monetary item translation difference account			
<b>As at March 31, 2022</b>	183.46	4,529.00	8,274.38	(60.31)	(0.00)	25,083.66	19.83	38,030.48
Profit for the year 2022-23	-	-	-	-	-	2,133.91	4.32	2,138.23
Other comprehensive income for the year 2022-23 (net of tax)*	-	-	-	153.56	-	27.96	1.44	182.96
Amortisation during the year	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	153.56	-	2,161.87	5.76	2,321.19
Dividend	-	-	-	-	-	(1,670.05)	-	(1,670.05)
<b>As at March 31, 2023</b>	183.46	4,529.00	8,274.38	93.25	(0.00)	25,575.48	25.59	38,681.63

\* represents remeasurement of defined benefit plans

## The accompanying notes are an integral part of the financial statements

As per our attached report of even date

## For CN K &amp; ASSOCIATES LLP

Chartered Accountants

ICAI Firm's Registration No.: 101961W/W-100036

HIMANSHU KISHNADWALA

Partner

Membership No. 37391

## For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA

Managing Director

(DIN: 00097175)

NEHA JHUNJHUNWALA

Director

(DIN: 07144529)

MUKESH DEOPURA

Chief Financial Officer

NEHA SOMANI

Company Secretary

Place: Mumbai

Date: May 13, 2023

Place: Mumbai

Date: May 13, 2023



## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**1. CORPORATE INFORMATION:**

Sarla Performance Fibers Limited ('SPFL' or 'the Company') is a public limited Company incorporated and domiciled in India and has its registered office at Survey No. 59/1/4, Amil Piparia Industrial Estate, Silvassa – 396 230, U.T. of Dadra & Nagar Haveli, India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India;

The Company and its subsidiaries (collectively the 'Group') is engaged primarily in manufacturing of polyester and nylon yarns. The Company has a global presence with key subsidiaries in United States of America (USA) and British Virgin Islands (BVI) that are engaged in the manufacture and/or sale of various types of polyester and nylon yarns.

The Group caters to both domestic and international markets. The Group has four plants, 2 at Silvassa, 1 at Dadra, Union territory of Dadra and Nagar haveli and 1 at Vapi, Gujarat in India.

**2. BASIS OF COMPLIANCE, BASIS OF PREPARATION, CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS AND SIGNIFICANT ACCOUNTING POLICIES:****2.1. Basis of compliance:**

The Consolidated Financial Statements (CFS) comply in all material aspects with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('Act') read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

**2.2. Basis of preparation and presentation:**

The CFS of the Group have been prepared under historical cost convention using the accrual method of accounting basis, except for certain financial instruments that are measured at fair values. The accounting policies are applied consistently to all the periods presented in the standalone financial statements.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle, para 66 and 69 of Ind AS 1 and other criteria as set out in the Division II of Schedule III to the Act.

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

All amounts disclosed in the CFS and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

The CFS of the Group for the year ended 31<sup>st</sup> March, 2023 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 13<sup>th</sup> May, 2023.

**2.3. Use of Judgements and Estimates:**

The preparation of the CFS requires management to make estimates, assumptions and judgments that affect the reported amounts of revenue, expenses, assets, liabilities and accompanying disclosures.

Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities in future periods. The Group continually evaluates these estimates and assumptions based on the most recently available information.

In particular, information about significant areas of estimates and judgments in applying accounting policies have most significant effect on amounts recognised in the CFS are as below:

- Estimates of useful lives and residual value of property, plant and equipment and intangible assets;
- Measurement of defined benefit obligations;
- Measurement and likelihood of occurrence of provisions and contingencies;
- Measurement of Right of Use assets and Lease liabilities;
- Measurement of recoverable amounts of cash-generating units;
- Valuation of inventories;
- Provision for loss allowances;
- Fair value measurement of financial instruments;
- Recognition of deferred tax assets.

Revisions to accounting estimates are recognised prospectively.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**2.4 Basis of Consolidation:**

The CFS comprise the financial statements of the Group, its subsidiaries and the Group's interest in joint ventures as at the reporting date.

**2.4.1 Subsidiaries:**

Subsidiaries include all the entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns through its involvement in the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are consolidated from the date on which Group attains control and are deconsolidated from the date that control ceases to exist;

**2.4.2 Joint Venture:**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Interests in joint venture are accounted for using the equity method of accounting;

**2.4.3 The CFS have been prepared on the following basis:**

- The financial statements of the Group and its subsidiary companies have been consolidated on a line by- line basis by adding together of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profit or losses, unless cost cannot be recovered, as per the applicable Accounting Standard in India. Accounting policies of the respective subsidiaries are aligned wherever necessary, so as to ensure consistency with the accounting policies that are adopted by the Group under Ind AS;
- The Financial Statements of the Subsidiary Companies used in preparation of the CFS are drawn up to the same reporting date as that of the Group. i.e. 31<sup>st</sup> March, 2023;
- The results of subsidiaries acquired or disposed of during the year are included in the CFS from the effective date of acquisition and up to the effective date of disposal, as appropriate;
- Refer note no. 50 of the consolidated financial statements for not consolidating the share of profit / loss of the joint ventures as per the 'equity method';
- CFS are presented, to the extent applicable, in accordance with the requirements of Schedule III of the 2013 Act as applicable to the Group's separate financial statements;
- Non-controlling interests in the net assets of the subsidiaries that are consolidated consists of the amount of equity attributable to non-controlling shareholders at the date of acquisition and subsequent addition of their share of changes in equity.

Profit or loss and each component of OCI are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

**2.4.4 The percentage of ownership interest of the Company in the Subsidiary Companies and Joint Ventures as on 31<sup>st</sup> March, 2023 are as under:**

Particulars	Country of Incorporation	Percentage of actual ownership interest as on	
		31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
<b>Subsidiaries</b>			
Sarlaflex Inc	USA	100%	100%
Sarla Overseas Holding Limited	British Virgin Islands (BVI)	100%	100%
<b>Joint Ventures*</b>			
Savitex SA De C.V., Honduras	Honduras	40%	40%
MRK SA C.V., Honduras	Honduras	33.33%	33.33%
Sarla Tekstil Filament Sanayi Ticaret A.S.	Turkey	45%	45%

\*All the Joint Ventures are held by Sarla Overseas Holding Limited. (Refer note 50 of consolidated financial statements)

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**2.5 Property, plant and equipment and Depreciation:**

- 2.5.1** Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any;
- 2.5.2** The initial cost of an asset comprises its purchase price (including import duties and non-refundable taxes), any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use);
- 2.5.3** Directly attributable costs includes cost of testing (net off proceeds from selling any items produced). Excess of net sale proceeds of items produced over the cost of testing, if any, is deducted directly from attributable costs of an item of property, plant, and equipment.
- 2.5.4** Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group;
- 2.5.5** Spare parts which meet the definition of property, plant and equipment are capitalised as property, plant and equipment in case the unit value of the spare part is above the threshold limit. In other cases, the spare part is inventorised on procurement and charged to Statement of profit and loss on consumption;
- 2.5.6** Property, plant and equipment which are not ready for intended use as on date of Balance Sheet are disclosed as "Capital work-in-progress";
- 2.5.7** An item of property, plant and equipment and any significant part initially recognised separately as part of property, plant and equipment is derecognised upon disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised;
- 2.5.8** The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates;
- 2.5.9** Depreciation is provided on a pro-rata basis on the straight line method (after retaining the estimated residual value up to 5%) based on estimated useful life prescribed under Schedule II to the Act, except for assets costing Rs. 5,000/- or less are fully depreciated or fully written off in the year of purchase;
- 2.5.10** Components of the main asset that are significant in value and have different useful lives as compared to the main asset are depreciated over their estimated useful life. Useful life of such components has been assessed based on historical experience and internal technical assessment except in respect of following useful lives of assets of a subsidiary:

Type of asset	Useful lives
Equipment	10 years
Buildings	39 years
Computers	5 years
Vehicles	5 years
Furniture and fixtures	7 years

- 2.5.11** Depreciation on spare parts specific to an item of property, plant and equipment is based on life of the related property, plant and equipment. In other cases, the spare parts are depreciated over their estimated useful life based on the technical assessment;
- 2.5.12** The Group had chosen the carrying value of Property, Plant and Equipment existing as per previous GAAP as on date of transition to Ind AS i.e. 1st April, 2015 as deemed cost.

**2.6 Intangible Assets and Amortisation:**

- 2.6.1** Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably;
- 2.6.2** Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any;

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

- 2.6.3** An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses on de-recognition are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses);
- 2.6.4** The estimated useful life is reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates;
- 2.6.5** Intangible assets are not ready for intended use as on date of Balance Sheet are disclosed as "Intangible assets under development";
- 2.6.6** The intangible assets with a finite useful life are amortised using straight line method over their estimated useful lives. The management's estimates of the useful lives for various class of Intangibles are as given below:

Asset	Useful life
Enterprise Resource Planning (ERP) software	5 years

**2.7 Investment property:**

- 2.7.1** Investment property is property (land or a building – or part of a building – or both) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any;
- 2.7.2** Any gain or loss on disposal of investment property is calculated as the difference between the net proceeds from disposal and the carrying amount of the investment property is recognised in Statement of Profit and Loss;

**2.8 Non-currents assets held for sale:**

- 2.8.1** Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets;
- 2.8.2** Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell;
- 2.8.3** Non-current assets classified as held for sale are not depreciated or amortized from the date when they are classified as held for sale.

**2.9 Leases:**

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

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether

- the contract involves the use of an identified asset;
- the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
- the Group has the right to direct the use of the asset.

**2.9.1 As a lessee**

The right-of-use asset is a lessee's right to use an asset over the life of a lease. At the date of commencement of the lease, the Group recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases and leases of low value assets. For these, the Group recognises the lease payments as an operating expense.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

**2.9.2 As a lessor**

A lessor shall classify each of its leases as either an operating lease or a finance lease.

Finance leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Group shall recognise assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Group shall recognise lease payments from operating leases as income on straight line basis over the term of relevant lessee.

**2.10 Impairment of Non-financial Assets:**

Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of the asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets;

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**2.11 Inventories:**

**2.11.1** Inventories are valued at lower of cost and net realisable value. The cost of raw material is arrived on First-in-first-out basis;

**2.11.2** Cost of raw materials and stores and spares includes all charges in bringing the goods to their present location and condition. The aforesaid items are valued at net realisable value if the finished products in which they are to be incorporated are expected to be sold at a loss;

**2.11.3** Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

**2.12 Fair Value measurement:**

**2.12.1** The Group measures certain financial instruments at fair value at each reporting date;

**2.12.2** Certain accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities;

**2.12.3** 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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability also reflects its non-performance risk;

**2.12.4** The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out;

**2.12.5** While measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3:** inputs for the assets or liability that are not based on observable market data (unobservable inputs)

**2.12.6** When quoted price in active market for an instrument is available, the Group measures the fair value of the instrument using that price. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis;

**2.12.7** If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction;

**2.12.8** The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group assesses the evidence obtained from third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

**2.13 Financial Instruments:**

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

**2.13.1 Financial Assets:****I. Initial recognition and measurement:**

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are recognised at fair value, except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are initially measured at the transaction price determined under Ind AS 115.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Financial assets are classified at the initial recognition as financial assets measured at fair value or as financial assets measured at amortised cost.

**II. Subsequent measurement:**

Financial assets are subsequently classified as measured at

- a) amortised cost
- b) fair value through profit and loss (FVTPL)
- c) fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Group changes its business model for managing financial assets;

**a) Measured at amortised cost:**

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss;



## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**b) Measured at FVOCI:**

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

For equity instruments, the Group may make an irrevocable election (on initial recognition) to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit & Loss.

**c) Measured at FVTPL:**

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

**III. De-recognition:**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset and the transfer qualifies for derecognition under Ind AS 109.

**IV. Impairment of Financial assets:**

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets measured at amortised costs and debt instruments measured at FVOCI.

Loss allowance on receivables from customers are measured following the 'simplified approach' at an amount equal to lifetime ECL at each reporting date. In respect of other financial assets, the loss allowance is measured at 12 months ECL only if there is no significant deterioration in the credit risk since initial recognition of the asset or asset is determined to have a low credit risk at the reporting date.

**2.13.2 Financial Liabilities:****I. Initial recognition and measurement:**

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**II. Subsequent measurement:**

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at FVTPL are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

**III. De-recognition:**

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires;

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**2.13.3 Financial guarantees:**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the fair value initially recognised less cumulative amortisation;

**2.13.4 Derivative financial instruments:**

The Group uses derivative financial instruments to manage the exposure on account of fluctuation in interest rate and foreign exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value with the changes being recognised in the Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative;

**2.13.5 Embedded derivatives:**

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the classification requirements contained in Ind AS 109 are applied to the entire hybrid contract.

Derivatives embedded in all other host contracts, including financial liabilities are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVTPL.

These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments.

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows;

**2.13.6 Offsetting of financial instruments:**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**2.14 Revenue Recognition:****2.14.1 Sale of goods:**

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch / delivery of goods, based on contracts with the customers. Export sales are recognized on the issuance of Bill of Lading / Airway bill by the carrier. Revenue from sale of power from wind operated generators is accounted when the same is transmitted to and confirmed by the Electricity Board to whom the same is sold.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Revenue excludes taxes collected from customers on behalf of the government.

**Contract Balances****Trade Receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**Contract liabilities**

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

**2.14.2 Rendering of Services**

Revenue is recognized from rendering of services when the performance obligation is satisfied and the services are rendered in accordance with the terms of customer contracts. Revenue is measured based on the transaction price, which is the consideration, as specified in the contract with the customer.

Revenue from services is recognised over time by measuring progress towards satisfaction of performance obligation for the services rendered;

Revenue also excludes taxes collected from customers on behalf of government.

**2.14.3** Export incentives under various schemes notified by the Government have been recognised on the basis of applicable regulations, and when reasonable assurance to receive such revenue is established;

**2.14.4** Interest income is recognized using the effective interest rate (EIR) method;

**2.14.5** Dividend income on investments is recognised when the right to receive dividend is established;

**2.14.6** Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

**2.15 Employee Benefits:****2.15.1 Short-term employee benefits:**

Short-term employee benefits (including leave) are recognized as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered;

**2.15.2 Post-employment benefits:**

The Group operates the following post – employment schemes:

- Defined contribution plans such as provident fund; and
- Defined benefit plans such as gratuity

**Defined Contribution Plans:**

Obligations for contributions to defined contribution plans such as provident fund are recognised as an expense in the Statement of Profit and Loss as the related service is rendered by the employee. The said benefits are classified as Defined Contribution Schemes as the Group has no further defined obligations beyond the monthly contributions.

**Defined Benefit Plans:**

The Group's net obligation in respect of defined benefit plans such as gratuity is calculated by estimating the amount of future benefit that the employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed at each reporting period end by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

The current service cost of the defined benefit plan, recognized in the Statement of Profit and Loss as part of employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in the Statement of Profit and Loss. The net interest is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This net interest is included in employee benefit expense in the Statement of Profit and Loss.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

**2.16 Borrowing costs:**

**2.16.1** Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs;

**2.16.2** Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss;

**2.16.3** Investment Income earned on the temporary investment of funds of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

**2.17 Foreign Currency Transactions:**

**2.17.1** The functional currency of the Group is Indian Rupees (₹), whereas functional currency of foreign subsidiaries is USD (\$). The presentation currency of the group is Indian Rupees (₹);

**2.17.2 Monetary items:**

Transactions in foreign currencies are initially recorded at their respective exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss either as profit or loss on foreign currency transaction and translation or as borrowing costs to the extent regarded as an adjustment to borrowing costs.

**2.17.3 Non – Monetary items:**

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**2.17.4 Foreign operations:**

For the purpose of consolidation, those operations that have a functional currency different from the Group's presentation currency, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. The net impact of such translation are recognised in OCI and held in Foreign Currency Translation Reserve ('FCTR'), a component of Equity.

**2.18 Government Grants:**

**2.18.1** Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with;

**2.18.2** When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed;

**2.18.3** Government grants relating to property, plant and equipment are presented as deferred income and are credited to the Statement of Profit and Loss on a systematic and rationale basis over the useful life of the asset;

**2.19 Provisions and Contingent Liabilities:**

**2.19.1** Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation;

**2.19.2** The expenses relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any;

**2.19.3** If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost;

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**2.19.4** Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Group, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability;

**2.19.5** Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

**2.20 Taxes on Income****2.20.1 Current Tax**

Income-tax Assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of reporting period.

Current Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity;

**2.20.2 Deferred tax**

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**2.21 Segment reporting:**

The Group identifies operating segments based on the dominant source, nature of risks and returns and the internal organisation. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Managing Director (who is the Group's chief operating decision maker) in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in conformity with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

**2.22 Earnings per share**

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

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

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

**2.23 Cash and Cash equivalents:**

Cash and cash equivalents in the Balance Sheet include cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, Cash and cash equivalents include cash at bank, cash, cheque and draft on hand. The Group considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

**2.24 Cash Flows:**

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a 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 from operating, investing and financing activities are segregated.

**2.25 Dividend:**

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the respective Group's Board of Directors.

**3 Recent Pronouncements:**

On March 31, 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into following amendments in the existing Accounting Standards which are applicable from April 1, 2023.

- i. Ind AS 101 – First time adoption of Ind AS** – modification relating to recognition of deferred tax asset by a first-time adopter associated with (a) right to use assets and related liabilities and (b) decommissioning, restoration and similar liabilities and corresponding amounts recognised as cost of the related assets.
- ii. Ind AS 102 – Share-based Payment** – modification relating to adjustment after vesting date to the fair value of equity instruments granted.
- iii. Ind AS 103 – Business Combination** – modification relating to disclosures to be made in the first financial statements following a business combination.
- iv. Ind AS 107 – Financial Instruments Disclosures** – modification relating to disclosure of material accounting policies including information about basis of measurement of financial instruments.
- v. Ind AS 109 – Financial Instruments** – modification relating to reassessment of embedded derivatives.
- vi. Ind AS 1 – Presentation of Financials Statements** – modification relating to disclosure of 'material accounting policy information' in place of 'significant accounting policies'.
- vii. Ind AS 8 – Accounting Policies, Change in Accounting Estimates and Errors** – modification of definition of 'accounting estimate' and application of changes in accounting estimates.
- viii. Ind AS 12 – Income Taxes** – modification relating to recognition of deferred tax liabilities and deferred tax assets.
- ix. Ind AS 34 – Interim Financial Reporting** – modification in interim financial reporting relating to disclosure of 'material accounting policy information' in place of 'significant accounting policies'.

The Group is evaluating the amendments and the expected impact, if any, on the Group's financial statements on application of the amendments for annual reporting periods beginning on or after 1 April 2023.





## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**Note:**

There are no Intangible Assets under development as on March 31, 2023 and March 31, 2022.

**7 Investments accounted for using equity method (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<b>Investments in Joint Ventures</b>			
<b>Unquoted</b>			
Savitex SA De C.V., Honduras	1,856.76	1,856.76	1,856.76
MRK SA C.V., Honduras	127.39	127.39	127.39
Sarla Tekstil Filament Sanayi Ticaret A.S.	74.97	74.97	74.97
Less: Provision for Diminution in value of investments	(2,059.12)	(2,059.12)	(2,059.12)
<b>Total</b>	-	-	-

**Note:**

Refer note 50 for details of interest in other entities.

**8 Non current financial asset - Investments (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<b>Quoted</b>			
Investments in debentures at amortised cost	3,042.87	2,168.49	1,058.62
Investments in debentures at FVTPL	264.46	-	-
<b>Quoted</b>			
Investments in units of Mutual fund at FVTPL	7,315.77	1,479.82	427.91
<b>Total</b>	<b>10,623.09</b>	<b>3,648.30</b>	<b>1,486.53</b>
<b>Aggregate amount of quoted investments - at cost</b>	<b>10,532.39</b>	<b>3,632.56</b>	<b>1,486.53</b>
<b>Aggregate amount of quoted investments - at market value</b>	<b>10,623.09</b>	<b>3,648.30</b>	<b>1,486.53</b>
<b>Aggregate amount of impairment in the value of investments</b>	-	-	-

**9 Non-current financial assets - Loans (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<b>At Amortised Cost</b>			
Other loans and advance	253.40	222.42	211.80
Loan to Staff	15.53	-	-
Allowance for Bad and Doubtful Advances	(253.40)	(184.48)	(176.40)
<b>Total</b>	<b>15.53</b>	<b>37.94</b>	<b>35.40</b>
<b>Sub-classification of loans</b>			
Loans considered good - Secured	-	-	-
Loans considered good - Unsecured	15.53	-	-
Loans which have significant increase in credit risk	253.40	222.42	211.80
Loans - credit impaired	-	-	-
Provision for unrealisable advances	(253.40)	(184.48)	(176.40)
<b>Total</b>	<b>15.53</b>	<b>37.94</b>	<b>35.40</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**Amount of loans/ advances in the nature of loans outstanding from Subsidiaries (Rs in lakhs)**

Particulars	As at March 31, 2023		As at March 31, 2022	
	Amount of loan or advance in the nature of loan outstanding (Rs in Lakhs)	Percentage to the total Loans and Advances in the nature of loans	Amount of loan or advance in the nature of loan outstanding (Rs in Lakhs)	Percentage to the total Loans and Advances in the nature of loans
Others	-	-	37.94	56.83%
Loans to Staff - (Refer note no. 18)	37.74	100.00%	28.82	43.17%
<b>Total</b>	<b>37.74</b>		<b>66.76</b>	

**10 Non-current financial assets - others (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<b>At Amortised Cost</b>			
<b>Unsecured, considered good</b>			
Fixed deposits with remaining maturity for more than 12 months	184.29	704.84	287.09
Interest Receivable	12.72	26.80	4.84
Security deposits	175.10	232.25	224.84
<b>Total</b>	<b>372.11</b>	<b>963.89</b>	<b>516.77</b>

**Note:**

Fixed Deposits amounting to Rs. 0.28 lakhs (As at March 31, 2022 Rs. 24.30 lakhs) pledged as margin money deposit for facilities from Banks. (Refer note 23 and 27)

**11 Non current Tax Assets (Net) (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Taxes paid in advance (Net of Provision for tax)	44.53	230.99	184.35
<b>Total</b>	<b>44.53</b>	<b>230.99</b>	<b>184.35</b>

**12 Other Non-Current Assets (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<b>Unsecured, considered good</b>			
Capital Advances	86.64	676.80	391.45
Less : Provision for Doubtful advances	(30.00)	-	-
	56.64	676.80	391.45
Security Deposits with government authorities	89.59	89.59	95.50
<b>Total</b>	<b>146.24</b>	<b>766.40</b>	<b>486.95</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**13 Inventories (at lower of cost and net realisable value)****(Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Raw Materials	2,225.79	2,861.94	1,812.42
Raw Materials - Stock in Transit	86.71	72.66	178.96
Work-In-Progress	3,546.35	4,237.95	1,657.88
Finished goods	2,524.53	2,490.65	2,628.09
Finished goods - Stock in Transit	387.39	294.91	-
Stores and Spares	229.68	327.27	324.00
Oil & lubricants	304.58	126.16	97.78
Fuel	6.55	22.15	9.52
Packing Materials	521.30	484.75	215.42
<b>Total</b>	<b>9,832.88</b>	<b>10,919.44</b>	<b>6,925.07</b>

**Note:**

- (i) Inventories of Rs. 8,452.83 lakhs (as at March 31, 2022: Rs. 9,647.16 lakhs) are hypothecated against working capital facilities from banks. (refer note 23 & 27)
- (ii) There has been no write down of inventories during the year.

**14 Investments****(Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<b>Quoted</b>			
Investment in Equity shares at FVTPL	994.36	428.94	45.69
Investments in debentures at FVTPL	107.31	1,058.98	131.00
Investments in Treasury Bills at amortised cost	787.22	-	-
<b>Total</b>	<b>1,888.89</b>	<b>1,487.92</b>	<b>176.69</b>
<b>Aggregate amount of quoted investments - at cost</b>	<b>1,903.99</b>	<b>1,472.55</b>	<b>141.14</b>
<b>Aggregate amount of quoted investments - at market value</b>	<b>1,888.89</b>	<b>1,487.92</b>	<b>176.69</b>
<b>Aggregate amount of unquoted investments</b>	-	-	-
<b>Aggregate amount of impairment in value of investments</b>	-	-	-

**Note:**

Investments of Rs. 1888.89 lakhs (as at March 31, 2022: 1487.92 lakhs) are hypothecated against working capital facilities from banks. (Refer note 23 & 27)

**15 Trade Receivables****(Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
(a) Trade Receivables considered good - Secured	-	-	-
(b) Trade Receivables considered good - Unsecured	6,071.58	9,997.00	9,314.06
(c) Trade Receivables which have significant increase in credit risk	81.64	345.52	300.66
(d) Trade Receivables - credit impaired	-	-	-
Less: Allowance as per Expected credit loss model	(81.64)	(345.52)	(300.66)
<b>Total</b>	<b>6,071.58</b>	<b>9,997.00</b>	<b>9,314.06</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**Note:**

- (i) Trade receivables includes Rs. 289.96 lakhs (As at March 31, 2022: Rs.404.05 lakhs), receivable from subsidiary.
- (ii) Trade receivables of Rs. 6,188.93 lakhs (as at March 31, 2022: Rs. 10,371.02 lakhs) are hypothecated against working capital facilities from banks. (Refer note 23 & 27)
- (iii) No Trade receivables are due from directors or other Officers of the Company either severally or jointly with any other person. Further, no loans are due from firms or private companies respectively in which any director is a partner, a director or a member except note (i).
- (iv) Movement in the expected credit loss allowance

**(Rs in lakhs)**

Particulars	As at 31st March, 2023	As at March 31, 2022
<b>Balance at the beginning of the year</b>	(345.52)	(300.66)
Provision reversed during the year	263.88	(44.86)
<b>Balance at the end of the year</b>	<b>(81.64)</b>	<b>(345.52)</b>

**(i) Trade receivables ageing schedule****As at March 31, 2023****(Rs in lakhs)**

Particulars	Outstanding for following periods from due date of payment						TOTAL
	Not Due	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
(i) Undisputed Trade receivables - considered good	5,469.10	-	463.27	102.66	36.55	-	6,071.58
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	5.07	12.39	64.18	81.64
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
Less: Impairment allowance for trade receivables - which have significant increase in credit risk	-	-	-	(5.07)	(12.39)	(64.18)	(81.64)
<b>Total Current Trade Receivables</b>	<b>5,469.10</b>	<b>-</b>	<b>463.27</b>	<b>102.66</b>	<b>36.55</b>	<b>-</b>	<b>6,071.58</b>



Notes to Consolidated Financial Statements for the year ended 31st March, 2023

As at March 31, 2022 (Rs in lakhs)

Particulars	Outstanding for following periods from due date of payment						TOTAL
	Not Due	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	9,312.96	-	684.04	-	-	-	9,997.00
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	345.52	345.52
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Impairment allowance for trade receivables – which have significant increase in credit risk	-	-	-	-	-	(345.52)	(345.52)
<b>Total Current Trade Receivables</b>	<b>9,312.96</b>	<b>-</b>	<b>684.04</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,997.00</b>

There are no unbilled receivable as on 31-03-2023 and 31-03-2022

16 Cash & cash equivalents (Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<b>At Amortised Cost</b>			
Balances with Banks	499.57	428.74	1,110.81
Cash on Hand	8.78	8.64	10.45
<b>Total</b>	<b>508.36</b>	<b>437.38</b>	<b>1,121.26</b>

17 Bank balances other than Cash & Cash equivalents (Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Earmarked Balance with Bank:			
Balance in unpaid dividend account	93.62	60.81	70.67
<b>At Amortised Cost</b>			
Fixed deposits with original maturity for less than 3 months	500.00	500.00	-
Fixed deposits with original maturity for more than 3 months but less than 12 months	469.11	5,735.44	8,577.24
<b>Total</b>	<b>1,062.73</b>	<b>6,296.26</b>	<b>8,647.91</b>

Note:

- Fixed Deposits amounting to Rs.1,153.40 lakhs (As at March 31, 2022 Rs. 2,457.29 lakhs) pledged as margin money deposit for facilities from Banks. (Refer note 23 and 27)
- Fixed Deposit amounting to Rs. 500 lakhs (As at 31st March, 2022 Rs. 500 lakhs) pledged as security against possible claims.

Notes to Consolidated Financial Statements for the year ended 31st March, 2023

18 Loans (Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Others			
Loans to staff	22.21	28.82	33.12
Others	-	-	99.86
<b>Total</b>	<b>22.21</b>	<b>28.82</b>	<b>132.98</b>
<b>Sub-classification of loans</b>			
Loans considered good – Secured	-	-	-
Loans considered good – Unsecured	22.21	28.82	132.98
Loans which have significant increase in credit risk	-	-	-
Loans – credit impaired	-	-	-
<b>Total</b>	<b>22.21</b>	<b>28.44</b>	<b>132.60</b>

- No loans are due from directors or other Officers of the Company either severally or jointly with any other person. Further, no loans are due from firms or private companies respectively in which any director is a partner, a director or a member.
- The Company has not given any loans or advances in nature of loans to key managerial persons (KMP), directors or promoters either severally or jointly with any other person.
- The Company has not given any short term loan to related party.

19 Other financial assets (Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<b>At Amortised Cost</b>			
<b>Unsecured considered good</b>			
Interest Receivable on fixed deposits	16.47	303.49	1,240.47
Other Receivables	172.26	433.58	-
<b>At FVTPL</b>			
Derivative financial assets:			
Forward Contracts	411.44	754.94	332.14
<b>Total</b>	<b>600.16</b>	<b>1,492.01</b>	<b>1,572.62</b>

20 Other Current Assets (Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Advances to Suppliers (For Raw Materials and expenses)	214.70	190.69	771.21
Goods & Service Tax recoverable	341.06	1,045.02	1,882.03
Export incentives receivables	181.38	147.57	33.26
Prepaid Expenses	178.27	301.54	43.90
Other receivable	7.88	4.59	5.05
<b>Total</b>	<b>923.29</b>	<b>1,689.41</b>	<b>2,735.45</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**21 Equity Share Capital (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<b>Authorised</b>			
100,000,000 (As at March 31, 2022: 100,000,000) Equity Shares of Re. 1 each	1,000.00	1,000.00	1,000.00
<b>Issued, Subscribed and Paid up</b>			
83,503,000 (As at March 31, 2022: 83,503,000) Equity Shares of Re. 1 each	835.03	835.03	835.03
<b>Total</b>	<b>835.03</b>	<b>835.03</b>	<b>835.03</b>

**21.1 Reconciliation of number of equity shares : (Rs in lakhs)**

Particulars	As at March 31, 2023		As at March 31, 2022		As at April 01, 2021	
	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs
Opening Balance	8,35,03,000	835.03	8,35,03,000	835.03	8,35,03,000	835.03
Changes during the year	-	-	-	-	-	-
<b>Closing Balance</b>	<b>8,35,03,000</b>	<b>835.03</b>	<b>8,35,03,000</b>	<b>835.03</b>	<b>8,35,03,000</b>	<b>835.03</b>

**21.2 Shares held by shareholders each holding more than 5% of the shares (Rs in lakhs)**

Shareholders	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<b>Hindustan Cotton Company - through its partners</b>			
No. of Shares	1,11,64,790.00	1,11,64,790.00	1,11,64,790.00
Percentage	13.37%	13.37%	13.37%
<b>Satidham Industries Private Limited</b>			
No. of Shares	2,39,49,222.00	2,39,05,972.00	2,39,49,222.00
Percentage	28.68%	28.63%	28.68%

**21.3 Rights, preferences and restrictions attached to Equity Shares**

The Company has only one class of equity shares having par value of Re. 1/- each (PY. Rs. 1/- each) holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**21.4** During the 5 years immediately preceding the balance sheet date, there were no equity shares allotted as fully paid up pursuant to contract without payment being received in cash, no bonus shares were issued and there was no buy-back of equity shares of the Company.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**22 Other Equity (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Capital reserve	183.46	183.46	183.46
Securities premium reserve	4,529.00	4,529.00	4,529.00
General reserve	8,274.38	8,274.38	8,274.38
Foreign Currency Translation Reserve	93.83	(60.23)	(130.52)
Retained Earnings	25,575.85	25,084.06	20,458.26
<b>Total</b>	<b>38,656.52</b>	<b>38,010.67</b>	<b>33,314.57</b>

**The movement in other Equity:****22.1 Capital reserve (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Balance as at beginning of the year	183.46	183.46	183.46
Movement during the year	-	-	-
<b>Balance as at end of the year</b>	<b>183.46</b>	<b>183.46</b>	<b>183.46</b>

Capital reserve represents forfeiture of application money received for share warrants on lapse of option due to non subscription.

**22.2 Securities premium reserve (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Balance as at beginning of the year	4,529.00	4,529.00	4,529.00
Movement during the year	-	-	-
<b>Balance as at end of the year</b>	<b>4,529.00</b>	<b>4,529.00</b>	<b>4,529.00</b>

**Note:**

Securities premium reserve is generated by premium on issue of shares. The reserve is eligible for utilisation in accordance with the provisions of the Act.

**22.3 General reserve (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Balance as at beginning of the year	8,274.38	8,274.38	8,274.38
Movement during the year	-	-	-
<b>Balance as at end of the year</b>	<b>8,274.38</b>	<b>8,274.38</b>	<b>8,274.38</b>

**Note:**

General reserve represents appropriation of retained earnings and are available for distribution to shareholders.

**22.4 Foreign Currency Translation Reserve (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Balance as at beginning of the year	(59.53)	(129.31)	(41.07)
Adjustments	-	-	-
Movement during the year	153.56	69.78	(88.95)
<b>Balance as at end of the year</b>	<b>94.03</b>	<b>(59.53)</b>	<b>(130.52)</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Currency Units) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

**22.5 Foreign currency monetary item translation difference account (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Balance as at beginning of the year	-	-	(36.00)
Movement during the year	-	-	36.00
<b>Balance as at end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>

Foreign Currency Monetary Item Translation Difference Account represents amounts recognised on account of translation of long term foreign currency denominated borrowings not related to acquisition of depreciable assets. Amounts so recognised are amortized in the Statement of Profit and Loss over the remaining maturity of related borrowings.

**22.6 Retained earnings (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Balance as at beginning of the year	25,087.08	20,459.91	18,099.03
Profit for the year	2,133.91	4,627.50	2,316.21
Adjustments	-	-	-
Re measurement of Net defined benefit plans (net of tax)	27.96	(1.63)	43.02
Dividend (refer note below)	(1,670.06)	-	-
<b>Balance as at end of the year</b>	<b>25,579.89</b>	<b>25,087.08</b>	<b>20,458.26</b>

Retained earning represents surplus/accumulated earnings of the Group and are available for distribution to shareholders.

**22.7 Dividend (Rs in lakhs)**

Particulars	Year 2022-23	Year 2021-22
<b>Dividend on equity shares paid during the year</b>		
Final dividend for the FY. 2021-22 :Rs. 2 (previous year Rs. Nil) per equity share of Re. 1 each)	1,670.06	-
<b>Total</b>	<b>1,670.06</b>	<b>-</b>

**Note:** No dividend has been proposed by the directors for FY. 2022-23.

**23 Non-Current borrowings (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<b>Term Loans:</b>			
<b>Secured Loans - From Bank</b>			
Standard Chartered Bank (Foreign Currency Loan) (refer note (ii)(I))	-	1,931.31	3,686.16
Yes Bank (Rupee Term Loan) for Vehicle (refer note (ii)(II))	10.56	24.66	48.63
<b>Unsecured Loans - From others</b>			
Other loans and advances	123.30	113.66	108.81
<b>Total</b>	<b>133.86</b>	<b>2,069.62</b>	<b>3,843.60</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**Note:**

- i) Term loans were applied for the purpose for which the loans were obtained.

Nature of security	Terms of repayment
(I) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat	Term loan of EURO 35,00,000 is repayable in 16 equal quarterly installment of EURO 2,18,750 each till Jan 2024. Repayment starting from May 2020. Term loan of EURO 45,00,000 is repayable in 16 equal quarterly installment of EURO 2,81,250 each till June 2024. Repayment starting from Sep 2020.
(b) (i) First pari passu charge on the movable fixed assets (P&M) of Dadra Plant.	
(ii) First pari passu charge on the movable fixed assets of the company (except Unit 1 Silvassa)	
(c) First pari passu charge on the immovable fixed assets of the company located at Vapi and unit II Silvassa	
(d) Cash Margin in form of FD equivalent of two quarters of Interest and principal repayment (INR 350 lakhs)	
(II) Specific charge on Vehicles financed by the Bank.	1. Term loan of INR 52,00,000 is repayable in 60 equated monthly installment of INR 1,05,687 each till April 2023. Repayment starting from May 2018. 2. Term loan of INR 59,00,000 is repayable in 60 equated monthly installment of INR 1,21,759 each till December 2024. Repayment starting from Jan 2020.

**24 Non-current lease liabilities (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Lease Liabilities	208.85	162.94	4.76
<b>Total</b>	<b>208.85</b>	<b>162.94</b>	<b>4.76</b>

Refer note 48 for Disclosure in respect of leases.

**25 Non-current provisions (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<b>Provision for employee benefits</b>			
Gratuity - In respect of Employees	85.14	124.60	79.31
Gratuity - In respect of directors	20.00	20.00	40.00
<b>Total</b>	<b>105.14</b>	<b>144.60</b>	<b>119.31</b>



Notes to Consolidated Financial Statements for the year ended 31st March, 2023

26 Tax Expense, Deferred Tax Liabilities (Net) and Deferred Tax Assets (Net)

(a) Amounts recognized in profit and loss

(Rs in lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
<b>Current tax expense (A)</b>		
In respect of current year	1,124	1,915
<b>Total</b>	<b>1,124</b>	<b>1,915</b>
<b>Deferred tax expense (B)</b>		
In respect of current year	(129)	(114)
<b>Total</b>	<b>(129)</b>	<b>(114)</b>
<b>Adjustments for earlier years (C)</b>	<b>94</b>	<b>-</b>
<b>Tax expense recognized in the income statement (A+B+C)</b>	<b>1,090</b>	<b>1,801</b>

(b) Amounts recognized in other comprehensive income

(Rs in lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of the defined benefit plans	(9)	1
<b>Items that will be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>
<b>Income tax benefit/(expense) recognised in OCI</b>	<b>(9)</b>	<b>1</b>

(c) Reconciliation of effective tax rate

(Rs in lakhs)

Particulars	For the year ended 31st March, 2023		For the year ended 31st March, 2022	
	%	Amounts	%	Amounts
<b>Profit before tax</b>		<b>3,228</b>		<b>6,432</b>
Tax using the Company's domestic tax rate	29.12%	940	29.12%	919
<b>Tax effect of:</b>				
Disallowable expenses	0.45%	15	0.15%	10
Tax holidays and similar exemptions	-2.49%	(80)	-2.14%	(138)
Tax impact of overseas subsidiaries (net)	6.77%	219	2.62%	169
Tax paid at lower rate	-0.21%	(7)	-0.87%	(56)
Other non deductible differences	0.00%	-	0.02%	1
Tax Rate Reduction	-11.84%	(382)	-9.30%	(598)
Others	1.89%	61	-0.30%	(19)
	<b>23.70%</b>	<b>765</b>	<b>19.29%</b>	<b>287</b>
Mat credit entitlement	-9.91%	(320)	-0.54%	(34)
Adjustments for earlier years	2.92%	94	-0.10%	(7)
<b>Effective income tax rate</b>	<b>16.71%</b>	<b>539</b>	<b>18.65%</b>	<b>246</b>

Notes to Consolidated Financial Statements for the year ended 31st March, 2023

(d) Movement in deferred tax liabilities (Net)

(Rs in lakhs)

Particulars	As at 31st March, 2023					
	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Net	Deferred tax asset	Deferred tax liability
<b>Deferred tax Asset / (Liabilities)</b>						
Property, plant and equipment	375	-	-	(2,465)	-	(2,465)
Fair valuation of Mutual Funds	(9)	-	-	(17)	-	(17)
Employee benefits	(2)	(14)	-	24	24	-
Fair valuation of investments (Preference Shares)	(2)	-	-	(3)	-	(3)
Fair valuation of derivatives	(68)	-	-	(84)	-	(84)
Amortisation of Foreign currency monetary item translation difference account	11	-	-	-	-	-
Fair valuation of Security Deposits	0	-	-	1	1	-
Allowance for expected credit losses	(5)	-	-	59	59	-
	<b>299</b>	<b>(14)</b>		<b>(2,485)</b>	<b>83</b>	<b>(2,568)</b>
MAT credit entitlement	320	-	-	320	320	-
Less: MAT credit utilised	-	-	-	(320)	(320)	-
<b>Tax assets (Liabilities)</b>	<b>619</b>	<b>(14)</b>		<b>(2,485)</b>	<b>83</b>	<b>(2,568)</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

Particulars	As at 31st March, 2022						
	Net balance April 1, 2021	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Net	Deferred tax asset	Deferred tax liability
<b>Deferred tax Asset / (Liabilities)</b>							
Property, plant and equipment	(3,351)	511	-	-	(2,840)	-	(2,840)
Investments in Mutual Funds	(25)	17	-	-	(8)	-	(8)
Employee benefits	12	35	(6)	-	41	41	-
Investments in Equity Shares	2	(2)	-	-	-	-	-
Investments in Preference Shares and Debentures	(25)	24	-	-	(1)	-	(1)
Derivatives	(143)	128	-	-	(15)	-	(15)
Foreign currency monetary item translation difference account	1	(11)	-	-	(11)	(11)	-
Security Deposits	(0)	1	-	-	1	1	-
Trade receivables	1	63	-	-	64	64	-
<b>MAT credit entitlement</b>	<b>(3,528)</b>	<b>766</b>	<b>(6)</b>	-	<b>(2,770)</b>	<b>95</b>	<b>(2,865)</b>
Less: MAT credit utilised	356	34	-	-	390	390	-
<b>Tax assets (Liabilities)</b>	<b>(3,172)</b>	<b>800</b>	<b>(6)</b>	-	<b>(2,770)</b>	<b>95</b>	<b>(2,865)</b>

**Note:**

Deferred Tax Liability (DTL) in respect of temporary differences related to undistributed earnings in subsidiaries has not been recognised, because the Company controls the dividend policy of its subsidiaries.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**27 Borrowings** (Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<b>From Bank</b>			
<b>Secured</b>			
Packing Credit Loan	7,993.40	7,131.19	8,011.88
(note no. (b) (i),(ii) & (iii))			
Buyer's Credit	908.50	2,348.20	-
(refer note no.(b) (i), (ii) & (iii))			
Current maturities of long term borrowings	1,527.33	1,717.18	3,044.03
<b>Total</b>	<b>10,429.23</b>	<b>11,196.57</b>	<b>11,055.91</b>

**Note:**

a) Bank returns/stock statements filed by the Company with its bankers are in materially agreement with books of accounts.

**b) Term of repayment and securities for current borrowings****All the working capital facilities are secured against:**

- First pari passu charge on entire current assets of the Company, excluding those kept, stored, lying loose at Unit No. 1, both present and future.
- Second pari passu charge on the entire Movable property, plant and equipment, excluding the movable property, plant and equipment situated or kept at unit no. 1, of the Company. (save and except for vehicles).
- Second pari passu charge on immovable fixed assets of the Company situated at silvassa plant unit II bearing survey no. 64/2, 64/3, 64/4, 61/1, 61/2, 63/5, 63/7, 62/5 and all the piece and parcel of Industrial non-agricultural land bearing Survey No. 62/5, admeasuring 2700 sq.mtrs., situated at village - Amlī, Silvassa Union Territory of Dadra & Nagar Haveli.

**28 Trade payables** (Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<b>Trade payables:</b>			
Total outstanding dues of Micro and Medium enterprises	41.67	199.27	16.54
Total outstanding dues of creditors other than Micro and Medium enterprises	3,131.27	4,135.68	2,734.17
<b>Total</b>	<b>3,172.94</b>	<b>4,334.95</b>	<b>2,750.71</b>

**Trade payables ageing details****As at March 31, 2023** (Rs in lakhs)

Particulars	Outstanding for following periods from due date of payment					TOTAL
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	41.67	-	-	-	-	41.67
(ii) Others	2,354.80	646.99	69.66	45.58	14.25	3,131.27
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
<b>Total Trade payables</b>	<b>2,396.47</b>	<b>646.99</b>	<b>69.66</b>	<b>45.58</b>	<b>14.25</b>	<b>3,172.94</b>

Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**As at March 31, 2022 (Rs in lakhs)**

Particulars	Outstanding for following periods from due date of payment					TOTAL
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	199.27	-	-	-	-	199.27
(ii) Others	4,016.19	100.04	19.45	-	-	4,135.68
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues Others	-	-	-	-	-	-
<b>Total Trade payables</b>	<b>4,215.46</b>	<b>100.04</b>	<b>19.45</b>	-	-	<b>4,334.95</b>

**29 Other financial liabilities (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Creditors for Capital goods	200.12	1,415.13	1,749.15
Interest Accrued	23.25	-	-
Unpaid dividend (refer note (i) & (ii))	93.62	60.81	70.67
Salaries, wages & other payable	367.11	278.93	226.29
Book overdraft	685.26	723.82	1,200.45
Derivative financial liabilities	-	0.32	-
Others	0.10	6.09	3.90
<b>Total</b>	<b>1,369.48</b>	<b>2,485.10</b>	<b>3,250.46</b>

**Note:**

- (i) There are no amounts due for payment to the Investor Education and Protection Fund Under Section 125 of the Act, as at the year end.
- (ii) Amount of Rs. 10.16 lakhs (PY. 2021-22: 9.80 lakhs) is transferred to Investor Education and Protection Fund during the year.

**30 Other current liabilities (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Advance from customers	318.75	180.44	181.44
<b>Others</b>			
Statutory dues	152.74	79.33	85.49
Creditors for Capital goods and expenses	45.70	42.13	42.80
Other liabilities	107.84	472.71	358.57
<b>Total</b>	<b>625.03</b>	<b>774.61</b>	<b>668.30</b>

**31 Provisions (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
<b>Provision for employee benefits</b> (Refer note 42)			
Gratuity	24.45	31.80	41.30
Leave Encashment	57.43	44.11	-
Bonus	23.34	19.63	-
<b>Total</b>	<b>105.22</b>	<b>95.54</b>	<b>41.30</b>

Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**32 Current tax liabilities (Net) (Rs in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022	As at April 01, 2021
Provision for Tax (Net of Taxes paid in advance)	38.42	196.54	115.63
<b>Total</b>	<b>38.42</b>	<b>196.54</b>	<b>115.63</b>

**33 Revenue From Operations (Rs in lakhs)**

Particulars	for the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended April 01, 2021
<b>(a) Sale of Products/ Services:</b>			
- Local Sales	17,882.13	19,926.20	9,922.31
- Export Sales	19,889.52	21,804.99	13,861.01
- Trading Sales	-	5.76	1,256.96
- Sale of Wind Power	524.27	550.11	500.04
<b>Sale of Products/ Services</b>	<b>38,295.92</b>	<b>42,287.05</b>	<b>25,540.32</b>
<b>(b) Other Operating Revenues:</b>			
- Export incentives	321.48	515.84	-
- Sale of Scrap	37.29	72.86	94.83
- Commission Income	85.32	211.93	145.76
<b>Other Operating Revenues</b>	<b>444.09</b>	<b>800.62</b>	<b>240.59</b>
<b>Revenue from operations</b>	<b>38,740.02</b>	<b>43,087.69</b>	<b>25,780.92</b>

**Disclosures as per Ind AS 115 (Rs in lakhs)**

Particulars	for the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended April 01, 2021
1a) Details of revenue from contracts with customers recognised by the Group, net of indirect taxes in its statement of Profit and loss.			
<b>Revenue from contracts with customers (Transferred at point in time)</b>			
Sale of yarns	37,771.65	41,736.95	25,040.28
Sale of wind power	524.27	550.11	500.04
	<b>38,295.62</b>	<b>42,287.05</b>	<b>25,540.32</b>
Sale of Scrap	37.29	72.86	94.83
<b>Total revenue from contracts with customers</b>	<b>38,332.91</b>	<b>42,359.91</b>	<b>25,635.15</b>
1b) <b>Reconciliation of the revenue from contracts with customers with revenue from operations</b>			
Total revenue from contracts with customers	38,332.91	42,359.91	25,635.15
Commission Income	85.32	211.93	145.76
Export Incentives	321.48	515.84	-
<b>Total Revenue from operations (Refer note 33)</b>	<b>38,740.02</b>	<b>43,087.69</b>	<b>25,780.92</b>



## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**2 Disaggregate Revenue**

The table below presents disaggregated revenues of the Group from contracts with customers by geography/ offerings/ contract-type/market. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

<b>Total revenue from contracts with customers</b>			
<b>Yarn</b>			
India	17,919.42	20,004.81	11,274.10
Export (Including deemed export)	19,889.52	21,804.99	13,861.01
<b>Wind Power</b>			
India	524.27	550.11	500.04
<b>Total</b>	<b>38,332.91</b>	<b>42,359.91</b>	<b>25,635.15</b>

**3 Reconciliation between revenue with customers and contracted price:**

Revenue as per contracted price	<b>38,397.49</b>	<b>42,516.81</b>	<b>25,699.73</b>
<b>Less: Adjustments</b>			
Sales return	(32.00)	(88.01)	(32.00)
Discounts/ Rebates	(32.58)	(68.89)	(32.58)
<b>Revenue from contracts with Customers</b>	<b>38,332.91</b>	<b>42,359.91</b>	<b>25,635.15</b>

**4 Sales by performance obligations**

Upon Shipment	37,808.94	41,809.80	25,135.11
Upon Delivery	-	-	-
Upon Transmission into grid	524.27	550.11	500.04
<b>Total</b>	<b>38,332.91</b>	<b>42,359.91</b>	<b>25,635.15</b>

**5 Contract balances**

The following table provides information about receivables from contracts with customers:

<b>Particulars</b>	<b>for the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>	<b>For the year ended April 01, 2021</b>
(a) Trade receivables	6,153.22	10,343.52	9,615.72
Allowance as per Expected credit loss model	(81.64)	(345.59)	(300.73)
<b>Total</b>	<b>6,071.58</b>	<b>9,997.93</b>	<b>9,314.99</b>

Trade receivables are non-interest bearing and are generally on terms of up to 180 days.

(b) Contract liability			
Advances from Customers	<b>185.34</b>	<b>97.00</b>	<b>181.44</b>

The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**34 Other Income****(Rs in lakhs)**

<b>Particulars</b>	<b>for the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>	<b>For the year ended April 01, 2021</b>
a) <u>Interest income</u>			
Instruments measured at amortised costs			
- on fixed deposits with bank	268.86	538.04	749.86
- on debenture	218.40	109.96	86.83
- on treasury bills	33.86	-	-
- others	3.16	2.09	3.55
b) <u>Dividend Income</u>			
- Dividend Income from Current investments at FVTPL	10.94	1.42	0.16
c) <u>Other non-operating Income</u>			
- Gain on sale of investments valued at FVTPL	77.67	42.80	6.49
- Gain on Future and option trading	183.44	9.47	-
- Fair Valuation gain on Investments	10.95	26.59	63.75
- Gain or loss on foreign currency transaction and translation (net)	-	478.99	69.85
- Provision for doubtful receivables written back	-	-	48.96
- Duty Drawback & Rebate	-	-	305.86
- Miscellaneous Income	180.23	22.01	297.81
<b>Total</b>	<b>987.52</b>	<b>1,231.38</b>	<b>1,633.12</b>

**35 Cost of material consumed****(Rs in lakhs)**

<b>Particulars</b>	<b>for the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>	<b>For the year ended April 01, 2021</b>
Inventories at the beginning of the year	2,862.96	1,992.42	1,074.91
Purchases	19,005.14	24,554.91	12,001.73
Inventories at the end of the year	(2,339.25)	(2,935.62)	(1,992.42)
<b>Total</b>	<b>19,528.85</b>	<b>23,611.70</b>	<b>11,083.22</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

## 36 Changes in inventories of finished goods (including stock in trade) and work in progress

(Rs in lakhs)

Particulars	for the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended April 01, 2021
<b>Closing stock</b>			
Work-in-progress	3,546.35	4,237.95	1,657.88
Finished goods	2,911.92	2,786.57	2,629.09
<b>Subtotal (A)</b>	<b>6,458.28</b>	<b>7,024.52</b>	<b>4,286.97</b>
<b>Opening stock</b>			
Work-in-progress	4,237.95	1,657.88	741.02
Finished goods	2,786.57	2,629.09	3,023.27
<b>Subtotal (B)</b>	<b>7,024.52</b>	<b>4,286.97</b>	<b>3,764.29</b>
<b>Net (Increase)/decrease in Inventories [(B)-(A)]</b>	<b>566.24</b>	<b>(2,737.54)</b>	<b>(522.69)</b>

## 37 Employee benefits expense

(Rs in lakhs)

Particulars	for the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended April 01, 2021
Salaries, wages and bonus	1,537.71	1,589.07	1,014.94
Contribution to provident and other funds	103.22	100.97	169.92
Staff welfare expenses	33.39	48.21	32.36
<b>Total</b>	<b>1,674.32</b>	<b>1,738.25</b>	<b>1,217.21</b>

## 38 Finance costs

(Rs in lakhs)

Particulars	for the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended April 01, 2021
<b>At Amortised Cost</b>			
<b>Interest expenses</b>			
Interest on borrowings	380.12	329.67	935.25
Exchanges differences regarded as an adjustment to borrowing costs	76.69	2.95	191.68
Interest expense on security deposits	22.55	11.02	1.62
Interest on Income tax and TDS	3.93	25.15	13.63
<b>Total</b>	<b>483.29</b>	<b>368.78</b>	<b>1,142.18</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

## 39 Depreciation and amortisation expenses

(Rs in lakhs)

Particulars	for the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended April 01, 2021
Depreciation on property, plant and equipment	2,840.81	2,584.04	2,530.27
Depreciation charged for right of use assets - building	89.32	42.29	24.40
Amortisation of intangible assets	29.35	26.49	18.00
<b>Total</b>	<b>2,959.48</b>	<b>2,652.82</b>	<b>2,572.68</b>

## 40 Other expenses

(Rs in lakhs)

Particulars	for the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended April 01, 2021
Consumption of stores and spare parts	362.97	684.14	358.51
Power and fuel	2,227.51	2,217.14	1,815.11
Consumption of packing materials	1,424.02	1,785.49	1,151.09
Consumption of oils and chemicals	371.88	487.85	457.91
Labour charges	2,327.82	2,583.24	1,822.81
Clearing and forwarding charges	-	-	44.75
Repairs and Maintenance:			
- Building	47.70	58.48	44.89
- Machinery	148.84	232.02	230.61
- Others	92.57	150.69	123.54
Water, waste and effluent treatment charges	111.89	100.39	134.17
Rent	127.84	136.22	12.47
Insurance	88.81	133.66	109.14
Director sitting fees	5.00	2.40	2.20
Legal, professional and consultancy charges	310.67	209.73	176.46
Corporate Social Responsibility Expenses	99.90	82.83	73.99
Gain or loss on foreign currency transaction and translation (net)	422.43	2.52	-
Miscellaneous expenses	749.94	507.06	521.36
Payment to auditor:			
- Audit fees	9.00	13.35	12.21
- For tax audit and certification	7.50	10.20	13.30
Freight and forwarding charges	1,577.46	36.11	901.56
Commission on sales	-	1,712.37	354.03
Loss due to fire	115.00	108.06	16.08
Commission on sales	628.77	845.67	-
Provision for doubtful receivables/advances	30.00	153.70	1.05
<b>Total</b>	<b>11,287.53</b>	<b>12,253.32</b>	<b>8,377.24</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**41 Earnings per share (EPS)** (Rs in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit for the year	2,133.91	4,627.49
Weighted average number of Equity shares for basic earning per share	8,35,03,000	8,35,03,000
Nominal value of each share (in Rs.)	1	1
Basic and Diluted earning per share	2.56	5.54

**42 Employee benefits****A Defined Contribution plans:**

The Group contributes to the Government managed provident and pension fund for all qualifying employees.

Contribution to provident fund of Rs. (9.45) lakhs (March 31, 2022: Rs. 40.51 lakhs) is recognised as an expense and included in "Contribution to provident and other funds" in Statement of Profit and Loss.

**B Defined benefit plans:**

The Group has defined benefit plan for payment of gratuity to all qualifying employees. It is governed by the Payment of Gratuity Act, 1972. Under this Act, an employee who has completed five years of service is entitled to the specified benefits provided which depends on the employee's length of service and salary at retirement age. The Company's defined benefit plan is funded with Life Insurance Corporation (LIC).

There are no other post retirement benefits provided by the Company.

The present value of the defined benefit obligation, the related current service cost and past service cost, were measured using the projected unit credit method.

**Reconciliation in present value of obligations (PVO)** (Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
PVO at the beginning of the year	274.67	269.17
Interest cost	17.17	15.48
Current service cost	21.66	33.58
Benefits paid	(17.03)	(39.89)
Past Service cost	(40.89)	-
Actuarial (Gains)/Losses	(36.93)	(3.66)
<b>PVO at the end of the year</b>	<b>218.65</b>	<b>274.67</b>

**Reconciliation of Fair value of plan assets:** (Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets at the beginning of the year	118.27	148.56
<u>Adjustments:</u>		
Return on plan assets excl. interest income	0.44	(5.84)
Interest income	7.39	8.54
Contributions by the employer	-	6.90
Benefits paid	(17.03)	(39.89)
<b>Fair value of plan assets at the end of the year</b>	<b>109.07</b>	<b>118.27</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**Net Liabilities / (Assets) recognised in the balance sheet:** (Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
PVO of the defined benefit obligation at the end of period	218.65	274.67
Fair value of planned assets at end of year	(109.07)	(118.27)
<b>Net liabilities / (Assets) recognised in the balance sheet</b>	<b>109.58</b>	<b>156.40</b>

**Amount recognised in Statement of Profit and Loss** (Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Current service cost	21.66	33.58
Past service cost and loss/(gain) on curtailments and settlement	(40.89)	-
Net interest	9.77	6.93
<b>Net charge to the statement of profit or loss</b>	<b>(9.45)</b>	<b>40.51</b>

**Amount recognised in Other Comprehensive Income (OCI)** (Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Actuarial (Gain)/Loss recognised for the period	(36.93)	(3.66)
Return on plan assets excluding net interest	(0.44)	5.84
<b>Recognised in OCI for the year</b>	<b>(37.37)</b>	<b>2.18</b>

**Expected Payout** (Rs in lakhs)

Year	As at March 31, 2023	As at March 31, 2022
Expected Outflow in 1st Year	61.34	65.15
Expected Outflow in 2nd Year	41.93	50.44
Expected Outflow in 3rd Year	32.64	43.29
Expected Outflow in 4th Year	28.04	34.52
Expected Outflow in 5th Year	27.23	31.24
Expected Outflow in 6th to 10th Year	64.82	87.70

The weighted average duration of the defined benefit plan obligations at the end of reporting period is 3.83 years

**Major category of plan assets as a % of total plan**

The plan assets are being managed by LIC. No further details are made available by the fund manager. (LIC)

**Sensitivity analysis**

Significant actuarial assumptions for the determination of defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.



## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

Particulars	(Rs in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Impact on present value of defined benefit obligation:		
If discount rate is increased by 0.5%	(3.44)	(4.86)
If discount rate is decreased by 0.5%	3.78	5.03
If salary escalation rate is increased by 0.5%	3.78	4.46
If salary escalation rate is decreased by 0.5%	(3.86)	(4.06)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

**Principal Actuarial Assumptions** (Rs in lakhs)

Particulars	(Rs in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Discount Rate	7.31%	6.25%
Expected return on plan assets	7.83	2.70
Expected rate of salary increase	7.00%	7.00%
Employee attrition rate	20.00%	20.00%
Mortality	Indian Assured Lives (2012-14)	Indian Assured Lives (2012-14)

Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

These plans typically expose the Company to actuarial risks such as interest rate risk and salary risk.

- Interest risk: a decrease in the bond interest rate will increase the plan liability.
- Salary risk: the present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, a variation in the expected rate of salary increase of the plan participants will change the plan liability.

**C Other short term employee benefits****Short term leave**

The expenses towards compensated absences (annual and short term leave) for the year ended March 31, 2023 of Rs. (9.45) lakhs (March 31, 2022: Rs. 40.51 lakhs), which is included in the 'Employee benefits expense' in the Statement of Profit and Loss.

**43 Related party disclosures****1 Relationships****(a) Joint Ventures of Subsidiary ( Refer note 50)**

- Savitex SA De C.V., Honduras
- MRK SA De C.V., Honduras
- Sarla Textstill Filament Sanayi Ticaret A.S.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**(b) Entities controlled by Key Management Personnel**

- Satidham Industries Private Limited
- Hindustan Cotton Company

**(c) Entities over which Key Managerial Personnel are able to exercise significant influence**

- Shri Narayani Seva Sansthan
- Shivchandrai Jhunjhunwala Charitable Trust

**(d) Directors & Key Managerial Personnel****(i) Executive Director**

- Madhusudan Jhunjhunwala - Chairman & Whole Time Director (Till July 19, 2021)
- Krishna Jhunjhunwala - Managing Director (Till August 09, 2021)
- Krishna Jhunjhunwala - Chairman & Managing Director (From August 10, 2021)
- Kanav Jhunjhunwala - Director (from February 14, 2022)
- Neha Jhunjhunwala - Director (from February 14, 2022)

**(ii) Non Executive Directors**

- Shreya Desai - Independent and Non Executive Director
- Parantap Dave - Independent and Non Executive Director
- Neha Jhunjhunwala - Non Executive Director (up to February 11, 2022)
- Paulo Manuel Castro - Independent and Non Executive Director

**(iii) Key Managerial Personnel**

- Mukesh Deopura - Chief Financial officer (From November 03, 2021)
- Mahendra Sheth - Chief Financial officer and Company Secretary (Till November 01, 2021)
- Neha Somani - Company Secretary (From February 12, 2022)

**(g) Relatives of Key Managerial Personnel**

- Chanda Deopura - Relative of Chief Financial officer (From November 03, 2021)
- Vrinda Jhunjhunwala - Relative of Chairman and Managing Director (from April 01, 2022)
- Sarladevi Jhunjhunwala - Relative of Chairman & Managing Director and Promoter
- Krishnakumar and Sons HUF - Relative of Chairman & Managing Director
- Madhusudan Jhunjhunwala & Sons HUF - Relative of Chairman & Managing Director and Promoter

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

## 2 Details of transactions with above related parties

Nature of Transaction	Subsidiaries		Fellow subsidiary		Entities over which Key Managerial Personnel are able to exercise significant influence		Key Managerial Personnel / Directors		Relatives of Key Managerial Personnel	
	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2022
	(Rs in lakhs)									
<b>(a) Remuneration (including Retirement Benefits)</b>										
Madhusudan Jhunjhunwala	-	-	-	-	-	-	-	-	267.36	-
Krishna Jhunjhunwala	-	-	-	-	-	-	180.00	180.00	-	-
Kanav Jhunjhunwala	-	-	-	-	-	-	12.00	1.61	-	-
Neha Jhunjhunwala	-	-	-	-	-	-	18.00	2.41	-	-
Mukesh Deopura	-	-	-	-	-	-	35.09	15.01	-	-
Mahendra Sheth	-	-	-	-	-	-	-	35.06	-	-
Neha Somani	-	-	-	-	-	-	15.48	2.58	-	-
Chanda Deopura	-	-	-	-	-	-	-	-	20.97	8.74
Vrinda Jhunjhunwala	-	-	-	-	-	-	-	-	6.00	-
<b>(b) Sitting Fees</b>										
Shreya Desai	-	-	-	-	-	-	2.50	0.90	-	-
Parantap Dave	-	-	-	-	-	-	2.50	0.90	-	-
Neha Jhunjhunwala	-	-	-	-	-	-	-	0.60	-	-
<b>(c) CSR expenditure</b>										
Shri Narayani Seva Sansthan	-	-	-	-	-	-	72.00	-	-	-
Shivchandrai Jhunjhunwala Charitable Trust	-	-	-	-	-	-	15.62	10.00	-	-

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

<b>(d) Dividend paid</b>										
Madhusudan S Jhunjhunwala	-	-	-	-	-	-	49.39	-	-	-
Madhusudan Jhunjhunwala & Sons HUF	-	-	-	-	-	-	39.10	-	-	-
Krishna Madhusudan Jhunjhunwala	-	-	-	-	-	-	26.28	-	-	-
Krishnakumar and Sons HUF	-	-	-	-	-	-	-	-	6.50	-
Sarladevi Jhunjhunwala	-	-	-	-	-	-	-	-	77.88	-
Hindustan Cotton Co.	-	-	-	-	-	-	226.01	-	-	-
Kanav K Jhunjhunwala	-	-	-	-	-	-	12.94	-	-	-
Neha Krishna Jhunjhunwala	-	-	-	-	-	-	0.08	-	-	-
Vrinda Krishna Jhunjhunwala	-	-	-	-	-	-	-	-	9.20	-
Satidham Industries Pvt.Ltd.	-	-	-	-	-	-	479.18	-	-	-
Harmony Estates Pvt Ltd	-	-	-	-	-	-	4.16	-	-	-
Sarla Estate Developers Pvt Ltd	-	-	-	-	-	-	2.91	-	-	-
Mukesh Deopura	-	-	-	-	-	-	0.02	-	-	-
Neha Somani	-	-	-	-	-	-	0.01	-	-	-
Chanda Deopura	-	-	-	-	-	-	-	-	0.00	-
<b>(e) Rent Paid</b>										
Krishna Jhunjhunwala	-	-	-	-	-	-	-	-	21.60	-
Madhusudan Jhunjhunwala & Sons HUF	-	-	-	-	-	-	-	-	21.60	-
<b>(f) Security Deposit</b>										
Krishna Jhunjhunwala	-	-	-	-	-	-	-	-	11.00	-
Madhusudan Jhunjhunwala & Sons HUF	-	-	-	-	-	-	-	-	11.00	-

Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**Key management personnel compensation**

(Rs in lakhs)

Particulars	2022-2023	2021-2022
Short-term employee benefits	260.56	284.42
Post-employment benefits**	-	219.62
Others (including sitting fees to non-executive directors)	5.00	2.40

\*\* As the liabilities for gratuity is provided on actuarial basis for the Company as a Whole, the amounts pertaining to the directors and KMP are not included.

**Notes:**

- The transactions with related parties are made in the normal course of business and on the terms equivalent to those that prevails in the arm's length transactions.
- Amounts outstanding are unsecured and will be settled in cash or receipts of goods and services.

**44 Products from which reportable segments derive their revenues**

Information reported to the chief operating decision maker (CODM) for the purpose of resources allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Segments have been identified and reported taking into account the nature of products, the integration of manufacturing processes, the organization structure and the internal financial reporting systems.

In accordance with paragraph 4 of notified Ind AS 108 "Operating segments" the Group has disclosed segment information only on the basis of the consolidated financial statements.

The Group is predominantly involved into activity of manufacturing and processing of synthetic yarn which mainly have similar risk and nature. The Group has also diversified its activities into Wind Power Generation. Accordingly, the Group's business segment falls under two segments:

- Manufacturing of Yarn
- Generation of Wind Power

**Segment revenue and results**

The following is an analysis of the Group's revenue and results from operations by reportable segment

(Rs in lakhs)

Segment	Segment revenue	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Yarn	38,215.75	42,537.58
Generation of Wind Power	659.62	679.58
	38,875.37	43,217.16
Elimination of Intersegment revenues	(135.35)	(129.47)
Unallocated	-	-
	<b>38,740.02</b>	<b>43,087.68</b>

Segment	Segment Results	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Yarn	3,864.10	7,333.41
Generation of Wind Power	161.65	16.55
	<b>4,025.75</b>	<b>7,349.96</b>
Finance costs	(483.29)	(368.78)
Other expenses	(1,302.16)	(1,780.81)
Other income	987.52	1,231.38
Profit before tax	<b>3,227.82</b>	<b>6,431.74</b>
Current Tax	<b>(1,218.33)</b>	<b>(1,914.74)</b>
Deferred Tax	<b>128.74</b>	<b>113.98</b>
<b>Profit after tax</b>	<b>2,138.23</b>	<b>4,630.98</b>

Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**Notes:**

Segment revenue consist of sales of products including excise duty. (refer footnote to note 34)

Segment profit represents the profit before tax earned by each segment without allocation of finance cost, other expenses, as well as other income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

**Segment assets and liabilities**

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Segment assets</b>		
Yarn	39,135.44	50,081.18
Generation of Wind Power	6,388.14	7,527.33
<b>Total segment assets</b>	<b>45,523.58</b>	<b>57,608.51</b>
Unallocated	12,511.98	5,136.22
<b>Consolidated Total assets</b>	<b>58,035.56</b>	<b>62,744.73</b>

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Segment liabilities</b>		
Yarn	18,499.74	22,692.24
Generation of Wind Power	18.68	1,186.96
<b>Total segment liabilities</b>	<b>18,518.42</b>	<b>23,879.20</b>
Unallocated	-	-
<b>Consolidated Total liabilities</b>	<b>18,518.42</b>	<b>23,879.20</b>

**Other segment information**

(Rs in lakhs)

Particulars	Depreciation and amortisation		Capital expenditure	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Yarn	2,681.79	2,256.23	5,698.87	2,254.80
Generation of Wind Power	277.69	396.59	-	-
<b>Total</b>	<b>2,959.48</b>	<b>2,652.82</b>	<b>5,698.87</b>	<b>2,254.80</b>

**Revenue from major products**

(Rs in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Yarn	38,215.75	42,537.58
Generation of Wind Power	524.27	550.11
<b>Total</b>	<b>38,740.02</b>	<b>43,087.69</b>

**Geographical information**

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets\* by location of assets are detailed below:



## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

(Rs in lakhs)

Particulars	Revenue from external customers		Non current assets*	
	For the year ended March 31, 2023	For the year ended March 31, 2022	As at March 31, 2023	As at March 31, 2022
India	38,483.99	42,675.67	23,885.02	22,956.49
U.S.A.	-	-	2,207.08	2,840.91
Other countries	256.03	412.01	22.82	1.13
<b>Total</b>	<b>38,740.02</b>	<b>43,087.68</b>	<b>26,114.92</b>	<b>25,798.53</b>

\* Non-current assets exclude those relating to financial assets and deferred tax assets.

**Information about major customers**

Only one customer contributed 10% or more to the Group's revenue for the period ended March 31, 2023 and March 31, 2022 in case of Yarn business

**45.1 Contingent liabilities not provided for:****(a) Claims against the Group not acknowledged as debt**

Claim against Group not acknowledged as debt, comprises of excise duty & Custom duty disputed by company relating to issue of applicability of duty and classification of goods aggregating to Rs.963.16 lakhs (As at March 31, 2022: Rs. 963.16 lakhs).

The Differential CST liability in respect of Non Collection of C Forms of Rs. 42.12 lakhs (As at March 31, 2022: Rs. 42.12 lakhs).

**45.2 Capital Commitment**

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
For capital expenditures (net of advances of Rs. 86.64 lakhs (As at March 31, 2022: Rs. 676.80 lakhs))	127.28	248.82

**46 Financial instruments****A Capital Management:**

The Group manages its capital structure with a view to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as detailed in notes 23, 27 and 29) and total equity of the Group.

The Group's management reviews the capital structure of the Group on an annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the end of the reporting period was as follows:

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current borrowings	133.86	2,069.62
Current borrowings	10,429.23	11,196.57
<b>Total Debt</b>	<b>12,090.42</b>	<b>14,983.38</b>
Equity	39,517.14	38,865.53
<b>Net debt to equity ratio</b>	<b>0.31</b>	<b>0.39</b>

For the purpose of computing debt to equity ratio, equity includes Equity Share Capital and Other Equity and Debt includes Long term borrowings, short term borrowings and current maturities of long term borrowings.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**B Financial Instruments-Accounting Classifications and Fair value measurements (Ind AS 107)****i) Classification of Financial Assets and Liabilities:**

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Financial assets</b>		
<b>At Amortised cost</b>		
Investments in Debentures	3,042.87	2,168.49
Investments in Treasury Bill	787.22	-
Trade receivables	6,071.58	9,997.00
Cash and cash equivalents	508.36	437.38
Bank balances other than above	1,062.73	6,296.26
Loans	37.74	66.76
Other financial assets	1,348.05	1,700.96
<b>At Fair value through Profit and Loss</b>		
Investments in equity shares	994.36	428.94
Derivative contracts	411.44	754.94
Investments in Debentures	371.77	1,058.98
Investments in Mutual Funds	7,315.77	1,479.82
<b>Total</b>	<b>21,951.89</b>	<b>24,389.53</b>
<b>Financial liabilities</b>		
<b>At Amortised cost</b>		
Borrowings	10,563.09	13,266.20
Lease Liabilities	288.45	210.59
Trade payables	3,172.94	4,334.95
Other Financial liabilities	1,369.37	2,484.79
<b>Total</b>	<b>15,393.92</b>	<b>20,296.53</b>
<b>At Fair value through Profit and Loss</b>		
Derivative contracts - Future and Options Trading	0.10	0.32

**ii) Fair Value Measurements (Ind AS 113):**

The fair values of the Financial Assets and Liabilities are included at the amount, at which instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments based on the input that is significant to the fair value measurement as a whole:

Level 1 :This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of all Equity Shares which are traded on the stock exchanges, is valued using the closing price at the reporting date.

Level 2:The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3:If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

(Rs in lakhs)

Particulars	Fair Values	
	As at March 31, 2023	As at March 31, 2022
<b>Financial Assets at Fair Value through Profit and Loss</b>		
Investments in equity shares (Level 1)	994.36	428.94
Derivative contracts (Level 2)	411.44	754.94
Investments in debentures (Level 2)	371.77	1,058.98
Investments in Mutual Funds (Level 2)	7,315.77	1,479.82
<b>Total</b>	<b>9,093.33</b>	<b>3,722.68</b>

The management assessed that cash and bank balances, trade receivables, loans, trade payables, borrowings (cash credit, foreign currency loans, working capital loans) and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

During the reporting period ending March 31, 2023 and March 31, 2022, there was no transfer between level 1 and level 2 fair value measurement.

**Key Inputs for Level 1 and 2 Fair valuation Technique:**

1. Mutual Funds : Based on Net Asset Value of the Scheme (Level 2)
2. Derivative (forward) contracts : The fair value is determined using quoted forward exchange rates at the reporting date. (Level 2)
3. Debentures: Based on comparable instruments (Level 2)
4. Listed Equity Investments: Quoted Bid Price on Stock Exchange (Level 1)

**47 Financial risk management objectives (Ind AS 107)**

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The key risks and mitigating actions are also placed before the Audit Committee of the Group.

The Group has exposure to the following risks arising from financial instruments:

- A) Credit risk;
- B) Liquidity risk; and
- C) Market risk

**A Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from financial assets such as trade receivables, investments in mutual funds, preference shares, debentures, derivative financial instruments, other balances with banks, loans and other receivables.

**Trade and other receivables**

Customer credit is managed by each business unit subject to the Group's established policies, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 0 to 180 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Group does not hold collateral as security. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

The Group measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

The following table provides information about the exposure to credit risk and Expected Credit Loss Allowance for trade and other receivables:

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Not due		
up to 180 days	5,395.35	9,312.96
181-365 days	217.08	684.04
Above 365 days	540.79	345.52
<b>Total</b>	<b>6,152.93</b>	<b>10,341.52</b>

**Movement in provisions of doubtful debts**

(Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening provision	345.52	300.66
Additional provision made	(263.88)	43.88
Reinstatement of provision	-	0.98
<b>Closing provision</b>	<b>81.64</b>	<b>345.52</b>

**Other financial assets**

The Group maintains exposure in cash and cash equivalents, term deposits with banks, investments in Debentures, Preference shares, mutual funds and derivative contracts. The Group has diversified portfolio of investment with various number of counter-parties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Management of the Group.

**B Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by Group through effective fund management. The Group's principal sources of liquidity are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Group believes that current cash and cash equivalents, tied up borrowing lines and cash flow that is generated from operations is sufficient to meet requirements. Accordingly, liquidity risk is perceived to be low.

The following are the remaining contractual maturities of financial liabilities at the reporting date. Amounts disclosed are the contractual un-discounted cash flows.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**Maturity analysis of significant financial liabilities (Rs in lakhs)**

Particulars	As at March 31, 2023			As at March 31, 2022		
	Carrying amount	Contractual cash flows		Carrying amount	Contractual cash flows	
		Upto 1 year	More than 1 year		Upto 1 year	More than 1 year
<b>Financial liabilities</b>						
Borrowings (including Current Maturities of Long-Term Debts)	12,090.42	11,956.56	133.86	14,983.38	12,913.76	2,069.62
Trade and other payables	3,172.94	3,172.94	-	4,334.95	4,334.95	-
Other financial liabilities	1,369.48	1,369.48	-	2,485.10	767.92	-
Lease Liabilities	288.45	79.60	208.85	210.59	47.65	162.94
<b>Total</b>	<b>16,632.90</b>	<b>16,499.67</b>	<b>133.72</b>	<b>22,014.03</b>	<b>18,064.28</b>	<b>2,232.57</b>

**C Market risk**

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

**I Currency Risk**

The Group is exposed to currency risk on account of its operating and financing activities. The functional currency of the Group is Indian Rupee. Group's exposure is mainly denominated in U.S. dollars (USD). The USD exchange rate has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Group has put in place a Financial Risk Management Policy to Identify the most effective and efficient ways of managing the currency risks. The Group uses derivative instruments (mainly foreign exchange forward contracts) to mitigate the risk of changes in foreign currency exchange rate.

The Group does not use derivative financial instruments for trading or speculative purposes.

**Exposure to currency risk**

The currency profile of financial assets and financial liabilities are as below: (Rs in lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022		
	USD	GBP	EURO	USD	GBP	EURO
<b>Financial assets</b>						
Cash and cash equivalents	58.77	-	0.39	67.13	-	-
Trade receivables	3,916.55	440.82	5,092.90	4,440.52	299.24	1,124.43
Loans	210.78	-	-	194.32	-	-
Less: Foreign currency forward exchange contracts	(2,474.73)	-	(6,541.35)	(7,398.08)	-	(5,629.89)
<b>Net exposure for assets</b>	<b>1,711.37</b>	<b>440.82</b>	<b>(1,448.06)</b>	<b>(2,696.10)</b>	<b>299.21</b>	<b>(4,505.34)</b>
<b>Financial liabilities</b>						
Foreign Currency Loans	-	-	1,513.25	2,348.20	-	3,624.51
Short term borrowings	908.50	-	-	454.80	-	-
Trade and other payables	1,474.50	-	3.09	1,776.13	-	13.16
Less: Foreign currency forward exchange contracts	-	-	-	-	-	-
<b>Net exposure for liabilities</b>	<b>2,383.00</b>	<b>-</b>	<b>1,516.34</b>	<b>4,579.13</b>	<b>-</b>	<b>3,637.67</b>
<b>Net exposure (Assets - Liabilities)</b>	<b>(671.62)</b>	<b>440.82</b>	<b>(2,964.40)</b>	<b>(7,275.23)</b>	<b>299.21</b>	<b>(8,143.02)</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**Sensitivity analysis**

The following table details the Group's sensitivity to a 5% increase and decrease in the Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. This is mainly attributable to the net exposure outstanding on receivables or payables in the Group at the end of the reporting period. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rate. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. In cases where the related foreign exchange fluctuation is capitalised to fixed assets or recognised directly in reserves, the impact indicated below may affect the Group's income statement over the remaining life of the related fixed assets or the remaining tenure of the borrowing respectively.

**Impact on profit or loss (Rs in lakhs)**

Particulars	Increase in Exchange rate by 5%		Decrease in Exchange rate by 5%	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
USD	(33.58)	(363.76)	33.58	363.76
GBP	22.04	14.96	(22.04)	(14.96)
EURO	(148.22)	(407.15)	148.22	407.15

**II Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing market interest rates. The Group's exposure to the risk due to changes in interest rates relates primarily to the Group's short-term and long term borrowings with floating interest rates. The Group constantly monitors the credit markets and revisits its financing strategies to achieve an optimal maturity profile and financing cost.

The Group's investments in term deposits (i.e. certificates of deposits) with banks, investments in preference shares, mutual funds and debentures are at fixed interest rate and therefore do not expose the Group to significant interest rate risk.

**Interest Rate Exposure: (Rs in lakhs)**

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Term loans - long term</b>		
Floating Rate Borrowings	-	-
Fixed Rate Borrowings	10.56	1,955.96
Non Interest bearing	123.30	113.66
Short term borrowings	8,901.89	9,479.39
<b>Total</b>	<b>9,036.42</b>	<b>11,548.01</b>

**Interest rate sensitivities for floating rate borrowings: (Rs in lakhs)**

Particulars	Increase in Exchange rate by 0.25%		Decrease in Exchange rate by 0.25%	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Short term borrowings	22.25	23.70	(22.25)	(23.70)



## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period.

**III Price Risk**

The Company has deployed its surplus fund into various financial instruments including units of mutual fund, bond, debentures etc. The Company is exposed to price risk on such investments, which arises on account of interest rate, liquidity and credit quality of underlying securities.

**48 Leases****I Disclosure in respect of operating lease (as Lessee):****(a) Additions to right of use assets during the reporting year ended March 31, 2023 and its carrying value as on that date**

Particulars	(Rs in lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>Addition of right-of-use assets that do not meet the definition of investment property</b>		
Lease hold Land and Buildings	155.06	247.04
<b>Total</b>	<b>155.06</b>	<b>247.04</b>
<b>Depreciation charged during the current year</b>		
Lease hold Land and Buildings	89.76	42.72
<b>Total</b>	<b>89.76</b>	<b>42.72</b>
<b>Carrying value of Right-of-use assets</b>		
Lease hold Land and Buildings	314.45	248.87
<b>Total</b>	<b>314.45</b>	<b>248.87</b>

**(b) Movement in Lease liabilities for the year ended:**

Particulars	(Rs in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	210.59	6.74
Additions	174.94	244.90
Payment of Lease liabilities	(97.08)	(41.04)
<b>Total Lease liabilities</b>	<b>288.45</b>	<b>210.59</b>

**(c) Maturity Analysis of Lease liabilities**

Maturity analysis for Leasehold Land and Buildings	(Rs in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Less than one year	61.37	59.63
One to five years	117.40	179.35
More than five years	2.59	3.50
<b>Total undiscounted Lease liabilities for the year ended</b>	<b>181.35</b>	<b>242.48</b>
Lease liabilities included in the statement of financial position		
Current	79.60	47.65
Non-current	208.85	162.94
<b>Total Lease Liabilities</b>	<b>288.45</b>	<b>210.59</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**(d) Amounts recognised in the statement of profit or loss** (Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Depreciation	89.76	42.72
Interest on lease liabilities (included in finance cost)	22.55	11.02
The expense relating to short-term leases accounted for applying paragraph 6. This expense need not include the expense relating to leases with a lease term of one month or less	-	-
The expense relating to leases of low-value assets accounted for applying paragraph 6. This expense shall not include the expense relating to short-term leases of low-value assets included in paragraph 53(c)	-	-
The expense relating to variable lease payments not included in the measurement of lease liabilities	-	-
Income from subleasing right-of-use assets	-	-
Gains or losses arising from sale and leaseback transactions	-	-
<b>Total Amount recognised in the Statement of profit or loss</b>	<b>112.31</b>	<b>53.74</b>

**(e) Amount recognised in the statement of cash flows** (Rs in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Total cash outflow for leases (excluding short-term leases, leases of low-value assets)	97.08	41.04

**49 Disclosures as required under schedule III to the Companies Act 2013 with respect to Consolidated Financial Statements**

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other comprehensive income		Share in Total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated Other comprehensive income	Amount	As % of consolidated profit or loss	Amount
<b>Parent</b>								
Sarla Performance Fibers Limited	109.06%	43,097	134.75%	2,881	15.28%	28	125.33%	2,909
<b>Subsidiaries</b>								
<b>Foreign</b>								
Sarlaflex Inc.	-12.22%	(4,831)	-36.87%	(788)	-232.00%	(424)	-52.25%	(1,213)
Sarla Overseas Holding Limited	-0.15%	(61)	3.20%	68	-5.00%	(9)	2.55%	59
Intercompany Elimination	3.25%	1,286	-1.28%	(27)	320.93%	587	24.12%	560
Non - Controlling Interest in subsidiaries	0.06%	26	0.20%	4	0.79%	1	0.25%	6

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**50 Entities not consolidated**

Sarla Overseas Holdings Limited(SOHL) has commercial disputes with its JV partners Savitex S.A. De C.V. & MRK S.A. De C.V., resulting into the matter being referred to the appropriate judicial authority in Honduras. The matter being subjudice, the financial performance of both the JV's are not taken in to consideration while preparing the Consolidated Financial statements. Also Financial statements of Sarla Tekstil have also not been considered on account of non receipt of the same.

**51** FY. 2020-21, the subsidiary (SOHL) had made impairment provision for its loans and advances due to which its net worth has become negative. Looking to business prospects and actual profits, financial statements of SOHL have been prepared based on 'going concern' basis.

**52** The subsidiary (Sarlaflex, Inc.) has suspended its manufacturing operations since December 2017. The management is confident that with the recent trade sanctions being imposed in the US, the operations of the subsidiary will be profitable. The management is monitoring the situation on a continuous basis and is confident that there would no need for an impairment at this stage. Accordingly, the financial statements of the subsidiary have been prepared based on 'going concern' assumption.

**53 Events after the reporting period**

No adjusting or significant non - adjusting events have occurred between the reporting date (March 31, 2023) and the report release date (May 13, 2023)

**54 Other disclosures**

- The Group does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The Group is not declared as wilful defaulter by any bank or financial Institution or other lender.
- There is no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
- The Group has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
- The Group have not traded or invested in Crypto currency or Virtual Currency during the year.
- The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- The Group has complied with the requirement in respect of number of layers prescribed under Section 2(87) of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rule, 2017.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2023

**55 Relationship with Struck off Companies**

(Rs in lakhs)

Sr. No.	Name of struck off Company	Nature of transactions with struck off Company	Transaction during the year ended March 31, 2023	Balance outstanding as on March 31, 2023	Transaction during the year ended March 31, 2022	Balance outstanding as on March 31, 2022	Relationship with the Struck off company
1	DeSimran Cartons Pvt Ltd	Advance paid towards purchase of Property	-	55.00	-	55.00	Seller
		Security Deposit against Lease of property	-	60.00	-	60.00	Lessor
2	Blue Blends (India) Limited	Sale of yarn	-	160.00	-	160.00	Customer

Note- The Company has initiated legal proceedings against both the above Companies for claiming the outstanding amount and the same is sub-judiced. The balances whether recoverable will be decided on the basis of Hon'ble Court's judgement.

**56** Sarlaflex Inc. ("The Subsidiary Company") has paid property tax in current year pertaining to previous year and years prior to previous year, which remained to be accounted for in previous years as expenses. The error has been rectified as per Ind AS 8 by charging it to the retained earnings as on 01st April 2021 and charge to Statement of Profit and Loss of FY 2021-22. Accordingly restated financial position as on 1st April 2021 and 31st March 2022 is as under.

(Rs in lakhs)

Particulars	As on March 31, 2022	Adjustment	As on 31st March 2022	As on 01st April 2021	Adjustment	As on 1st April 2021
	Previously Reported		Restated	Previously Reported		Restated
Other current liabilities	352.15	422.46	774.61	361.52	306.78	668.30
Other Equity	38,433.13	(422.46)	38,010.67	33,621.35	(306.78)	33,314.57
<b>Total Equity and Liabilities</b>	<b>38,785.27</b>	-	<b>38,785.27</b>	<b>33,982.87</b>	-	<b>33,982.87</b>

Particulars	FY 2021-22	Adjustment	FY 2021-22			
	Previously Reported		Restated			
Other expenses	12,149.01	104.31	12,253.32			
Foreign currency translation difference	(80.81)	11.37	(69.44)			
<b>Total Comprehensive Income for the period</b>	<b>12,068.19</b>	<b>115.68</b>	<b>12,183.87</b>			

EPS (Basic and Diluted earning per share) in Rs.	<b>5.67</b>	<b>0.12</b>	<b>5.54</b>			
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**57** Figures for previous year have been regrouped, wherever necessary







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