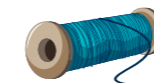




**ANNUAL REPORT 2023-24**

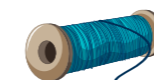
**Unleashing the Potential  
of Innovative Threads**

# Across THE PAGES



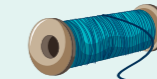
## CORPORATE OVERVIEW

- 08 Corporate Snapshot
- 09 SPFL at Glance
- 12 Letter from the Managing Director
- 13 Corporate Information
- 14 Company Overview
- 16 Key Milestones
- 18 Global Presence
- 22 Product Performance Dashboard
- 26 Our Clientele
- 28 Financial Capital
- 29 Manufactured Capital
- 30 Human Capital
- 31 Intellectual Capital
- 32 Natural Capital
- 34 Social and Relationship Capital
- 37 Story in Charts



## STATUTORY REPORTS

- 38 Management Discussion and Analysis
- 45 Financial Highlights
- 46 Report of the Board of Directors
- 66 Report on Corporate Governance



## FINANCIAL STATEMENTS

- 89 Standalone Financial Statements
- 153 Consolidated Financial Statements
- 214 Notice

An electronic version of this Report is available at:

<https://www.sarlafibers.com/>





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**MADHUSUDAN JHUNJHUNWALA**  
1941 - 2021

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As we commemorate on the third anniversary of the passing of Mr. Madhusudan Jhunjhunwala, our Founder and Ex-Chairman, on July 19, 2021, we reflect fondly on the memories, lessons, and vision he imparted over his 28 years with us. His foundational leadership and profound wisdom guided our growth and transformation, embedding his insights deeply within our organization.

Mr. Jhunjhunwala's innovative ideas and values propelled us from humble beginnings to a renowned and respected name in yarn manufacturing. His legacy endures in every innovation, milestone, and the unity that defines our team.

Today, we honour his memory and the strength he embodied. His vision inspires us to pursue excellence, embrace change, and work together towards our goals. His contributions are the bedrock of our future.

May his legacy remain a beacon of inspiration, reminding us that with determination, vision, and passion, we can achieve greatness. We carry his memory in our hearts, celebrating the enduring impact he had on 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.*

#### **Disclaimer**

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 recognised 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 emphasise 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.



## *Unleashing the Potential of Innovative Threads*

In the rapidly evolving landscape of textile manufacturing, our company stands at the forefront, driven by a commitment to innovation and excellence. “Unleashing the Potential of Innovative Threads” summarise our mission to revolutionise the industry with cutting-edge man-made fiber yarns that set new standards for quality, sustainability, and performance. By harnessing advanced technologies and pioneering research, we are transforming raw materials into exceptional threads that meet the diverse needs of our global clientele. This underscores our dedication to pushing boundaries, exploring new possibilities, and delivering products that not only meet but exceed expectations. By continuously pushing the boundaries of what is possible, we are not just manufacturing yarns; we are weaving the future of the textile industry.

*Celebrating*

*30*  
*Years Of  
Excellence At  
Sarla*

## CORPORATE SNAPSHOT

As we celebrate 30 Years of excellence at Sarla, this year, defined by incredible milestones, strong resilience, and renewed enthusiasm. This pivotal moment is not just a reflection of time but a tribute to the extraordinary impact of our Vision, Mission, and Values over the years.

Over the past 30 years, Sarla has grown from a commoditised yarn manufacturer into a renowned producer of high performance fibers. Under Mr. Madhusudan Jhunjhunwala's 28 years of leadership, this growth reflects our clear vision and strong leadership. His legacy continues with Mr. Krishna Jhunjhunwala.

We faced industry challenges and became a leader in high-performance fibers, emphasizing excellence, innovation, quality, and sustainability. At Sarla, we embody Excellence, Resilience, and Consistency in the Indian textile industry. As we enter a new era, we are committed to developing innovative strategies and making a significant impact in the textile market. Our optimism drives us to create a unique position for Sarla in this evolving industry.

### Mission

Sarla provides tailored solutions and unique products with a client-centric focus. We offer a seamless, one-stop solution enriched with diverse products. Our approach revolves around clients' needs, exceeding expectations in the market.



### Vision

Sarla aims for excellence through value creation. We lead with innovation, collaboration, and continuous improvement. Our focus extends to employees, stakeholders, and the community. We strive to unleash the potential of innovative threads for sustainable growth.



### Values

Sarla is dedicated to creating comprehensive value across the organisation. We transform our business through innovation and technology adoption. Our commitment extends to offering complete solutions to clients.



#### Integrity

We uphold integrity by consistently acting with honesty, fairness, and transparency in all our business dealings.



#### Customer-centric

We are customer-centric, prioritizing customer satisfaction and delivering exceptional value in every interaction.



#### Innovation

We foster innovation by encouraging creativity, adaptability, and a culture of continuous improvement across our organization.



#### Excellence

We are committed to excellence, ensuring high standards of performance and quality in everything we do.



#### Accountability

We embrace accountability, taking responsibility for our actions, decisions, and outcomes to uphold trust and reliability.

## SARLA AT GLANCE

### Pioneering Excellence and Steadfast Commitment

01

Sarla Performance Fibers Limited (SPFL) is involved in producing high-performance polyester and nylon yarn at six state-of-the-art facilities in Silvassa, Vapi, and Dadra.

02

Sarla holds the position of the foremost vertically integrated producer of textured sewing threads in India.

03

Sarla manufactures over 250 distinct types of value-added yarns and threads, offering an impressive palette of 5000 color shades.

04

Sarla's nylon yarn, known for its exceptional softness, serves various sectors including activewear, swimwear, narrow fabrics and tapes, hosiery, undergarments, and the medical industry.

05

Sarla holds the distinction of pioneering High Tenacity Nylon 6 and 66 spinning capacity in India, dedicated to sewing and various other applications.

06

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

07

Sarla has been recognised for its credibility as a comprehensive 'single-stop solution provider' among its customers



## Sarla's Core Strengths

Our relentless pursuit of exceptional quality ensures that we exceed customer expectations at every turn

**Marketing Excellence**

- Crafting and implementing effective marketing strategies
- Enhancing brand awareness and customer engagement
- Designing targeted campaigns for niche markets

**Product Customisation Mastery**

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

**Relationship Building Proficiency**

- Cultivating strong and lasting customer relationships
- Enhancing satisfaction through personalised interactions
- Establishing trust and loyalty for repeat business

**Operational Efficiency**

- Optimizing resource allocation and utilisation
- 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 organisation
- Introducing unique products, services, and approaches

**Financial Acumen**

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

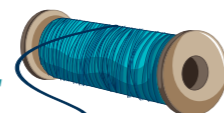
**Market Insight and Analysis**

- Understanding market trends, customer behaviours, and preferences
- Conducting thorough market research for 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

## Performance Highlights : FY 2023-24



|                              |   |                         |
|------------------------------|---|-------------------------|
| <b>Years of Operations</b>   | <b>Market Capitalisation</b>                        | <b>Revenue</b>          |
| <b>30 Years</b>              | <b>₹ 447.99 Crore</b>                               | <b>₹ 3,83.26 Crore</b>  |
| <b>EBITDA</b>                | <b>EBITDA Margin</b>                                | <b>Profit after Tax</b> |
| <b>₹ 78.79 Crore</b>         | <b>20.6%</b>  | <b>₹32.72 Crore</b>     |
| <b>Earning Per Share</b>     | <b>Debt to Equity</b>                               | <b>Employees</b>        |
| <b>₹ 3.94 per share</b>      | <b>0.24x</b>  | <b>1137+</b>            |
| <b>Geographical Presence</b> | <b>Average Work Experience of Senior Management</b> | <b>CSR Spends</b>       |
| <b>62 countries</b>          | <b>20+</b>  | <b>₹ 1,00,61,220</b>    |

## LETTER FROM THE MANAGING DIRECTOR



The last quarter of the financial year has been particularly encouraging, with strong recovery trends. The market is gradually absorbing previously piled-up inventory, consumer confidence is on the rise, inflationary pressures are easing, and commodity prices have stabilised. These positive developments set a promising stage for FY25, which we anticipate will be a good year for the textile industry.

Our key focus during the year was on ramping up the capacity expansions undertaken over the past five years. We invested INR 100 Crore towards increasing our capacity for high-tenacity yarn, Nylon 66, and Nylon 6. Our strategic investments and continuous focus on innovation and quality have fortified our market position. These strategic initiatives are anticipated to yield positive results as we increase capacity utilisation, setting the stage for our revenue to surpass INR 600 Crore at peak utilisation.

In the domestic market, we observe emerging trends where discerning Indian consumers are increasingly willing to pay a premium for superior products. This transition aligns seamlessly with our strategy to boost the proportion of value-added products, currently standing at 50%. The focus on high-margin products is anticipated to further enhance our profitability.

Our financial performance this year, while facing external pressures, remains modest. We recorded a flat YoY revenue of INR 383 Crore, maintaining stability in a challenging market environment. However, our EBITDA margin improved from 17.3% to 20.6%, reflecting our continued commitment to operational efficiency and profitability, even as we manage market volatilities. Our focus on maintaining operating margins exceeding 20% remains steadfast, driven by our enhanced product mix and operational efficiencies.

Our sound financial management is reflected in the strong debt-to-equity ratio of 0.24x. We remain dedicated to attaining our objective of achieving a gross debt-free status in the foreseeable future. Moreover, our customer-centric philosophy has allowed us to uphold a 100% customer retention rate and attract new clients, consolidating our reputation as a dependable and trustworthy industry partner.

Looking ahead, we are buoyed by the positive market trends and the growing demand for our products in both domestic and export markets. Our strategic realignment to adapt to shifting market dynamics is expected to unlock substantial growth opportunities within the Indian market. We remain committed to enhancing our brand visibility and recognition through active participation in industry events and exhibitions.

Our journey forward is guided by a strong sense of optimism and a commitment to excellence. The challenges we have faced have not only strengthened us but also illuminated the path to future growth. We will continue to harness technological advancements, embrace sustainable practices, and seize emerging opportunities to drive our growth trajectory.

I extend my heartfelt gratitude to our valued investors, loyal customers, dedicated employees, and supportive partners. Your unwavering trust and support have been the cornerstone of our success. Together, we look forward to another year of collaboration, growth, and accomplishments.

“Despite significant global challenges, our company exhibited resilience and strategic agility, sustaining modest performance and fostering strong client relationships throughout the last fiscal year. Looking ahead, our emphasis is on innovation, quality, and ramping up of new capacity, thereby driving substantial growth. Promising market trends and rising consumer confidence are setting a positive stage in FY25”

With great pride and a sense of responsibility, I present to you our company's 31st annual report, summarising our performance and progress throughout the fiscal year 2023-2024. This year has been marked by significant challenges and dynamic shifts in the global landscape, yet our company's resilience and strategic focus have enabled us to navigate these turbulent waters with remarkable agility and strength.

Reflecting on the past year, our industry faced multiple headwinds, including geopolitical tensions, fluctuating commodity prices, and persistent inflationary pressures. Moreover, the influx of low-priced Chinese yarn into the global market has affected realisations both domestically and internationally. Despite these adversities, I am pleased to report that our company has consistently delivered strong performance, underscoring our market adaptability, product quality, innovation, and robust client relationships. However, we remain vigilant of ongoing geopolitical concerns that could impact global trade dynamics.

## CORPORATE INFORMATION

### Managing Director

Shri Krishnakumar Madhusudan Jhunjhunwala

### Directors

Mr. Parantap Dave  
Ms. Shreya Desai  
Mr. Paulo Manuel Ferreira Moura De Castro  
Ms. Neha Jhunjhunwala  
Mr. Kanav Jhunjhunwala  
Mr. Sachin Shashikant Abhyankar  
Mr. Bharat K. Jhamvar

### Chief Financial Officer

Mr. Kayvanna Shah  
(appointed w.e.f. June 24, 2024)

### Company Secretary & Compliance Officer

Ms. Radhika Sharma  
(appointed w.e.f. November 4, 2023)

### Auditors

CNK & Associates LLP  
(Statutory Auditors)  
Mayank Arora & Co.,  
(Secretarial Auditors)  
Kasina & Associates  
(Cost Auditors)

### Bankers in India

Standard Chartered Bank  
Citibank N.A.  
DBS Bank India Limited  
HDFC Bank  
IndusInd Bank  
PT Bank Maybank Indonesia Tbk  
Bank Of Bahrain & Kuwait  
Yes Bank  
Andhra Bank

### Overseas

Branch Banking and Trust Company  
Citibank N.A.

### Registered Office

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

### Corporate Office

304, Arcadia, 195, NCPA Marg,  
Nariman Point, Mumbai – 400 021

### Share Transfer Agent

Link Intime India Private Limited  
C 101, 1st Floor, 247 Park,  
Lal Bahadur Shastri Marg,  
Vikhroli West, Mumbai-400083  
Ph.: +91-22 – 49186000;  
Fax: 49186060;  
Email: rnt.helpdesk@linkintime.co.in

### Plant Locations

|                      |  |
|----------------------|--|
| Silvassa-<br>Piparia | Survey No 66/1/55-A & 66/1/56-A, Village<br>- Amlipiparia, Silvassa-396230, UT of Dadra and<br>Nagar Haveli  |
| Silvassa-<br>Unit I  | Survey No. 59/1/4, Amlipiparia Industrial<br>Estate, Silvassa – 396 230, Union Territory<br>of Dadra & Nagar Haveli.   |
| Silvassa-<br>Unit II | Survey No. 64/2/3/4, 61/2, 62/5, 63/5,<br>63/7, 58/1, 60/1/1,2, 64/1/2, Amlipiparia<br>Industrial Estate, Silvassa - 396 230, Union<br>Territory of Dadra & Nagar Haveli |
| Dadra                | Survey No 213 P, Plot No. 11 & 12, Near<br>Dadra Check Post, Dadra - 396 191, Union<br>Territory of Dadra & Nagar Haveli   |
| Vapi                 | Shed No. A1/48, 100 Sheds Area, GIDC, Vapi<br>– 396 195, Gujarat.  |
| Dadra-<br>Unit II    | New Survey No-1513(Old Survey No.<br>359/2), Dadra-396191 U.T. Dadra & Nagar<br>Haveli   |

## Company Overview

Sarla Performance Fibers Limited stands as a pinnacle in the textile domain. 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 customisation at its finest.



Texturing Machine installed at Silvassa Plant

### “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 Madhusudan Jhunjhunwala is holding the position of Managing Director.*

## Manufacturing Facilities and Process

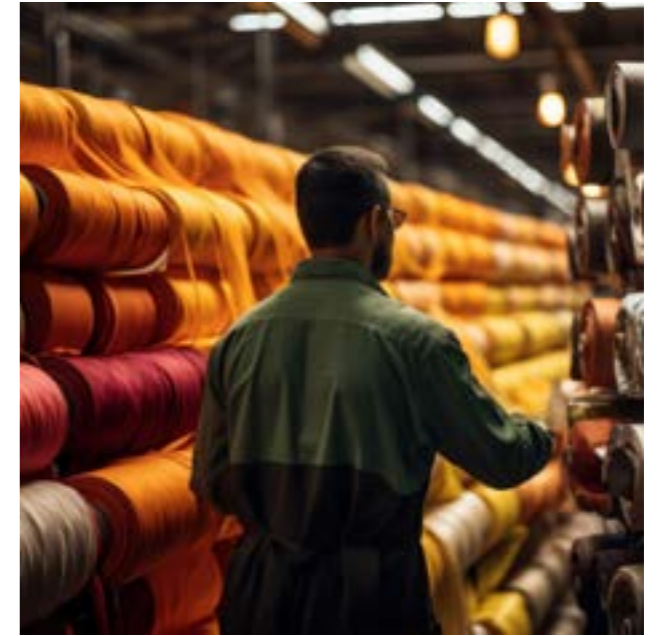
Benefitting from our cutting-edge infrastructure, we possess the capability to fulfil tailored orders spanning from hundreds to thousands of kilograms. Operating our corporate headquarters from Mumbai, India's commercial hub, our manufacturing prowess thrives at strategically situated facilities in Silvassa, 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 kings pool winding amplify our prowess, yielding an impressive array of over 250 distinct value-added yarns and threads - tailored to niche and individual customer needs.



Handmade Crafting: Dadra Plant

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. 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.



Colorful Offerings of Sarla

## Global Presence

Sarla has strong presence in more than 62+ countries across the globe. The company has 6 overseas subsidiaries (direct and indirect) comprising of 2 wholly owned; 4 step down subsidiaries based in Portugal & USA which serves the European and South American markets.

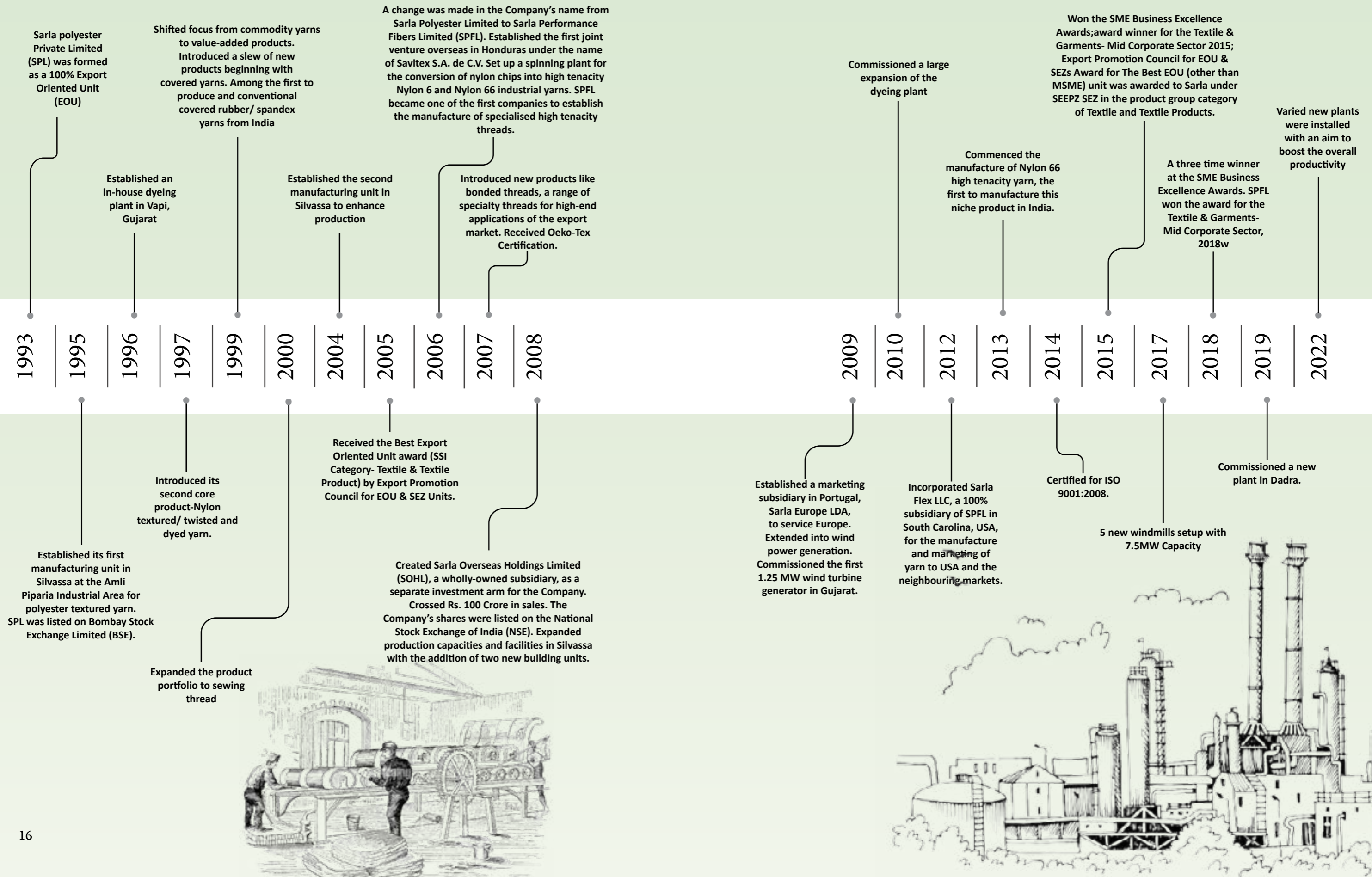
Throughout our journey, Sarla has expanded its footprint through enhancing existing facilities in India and venturing into new overseas installations. This expansionary drive serves our core aim - to be close to our customers, ensuring swift and efficient service delivery. Our global presence spans across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



Polyester Unit



# Key Milestones

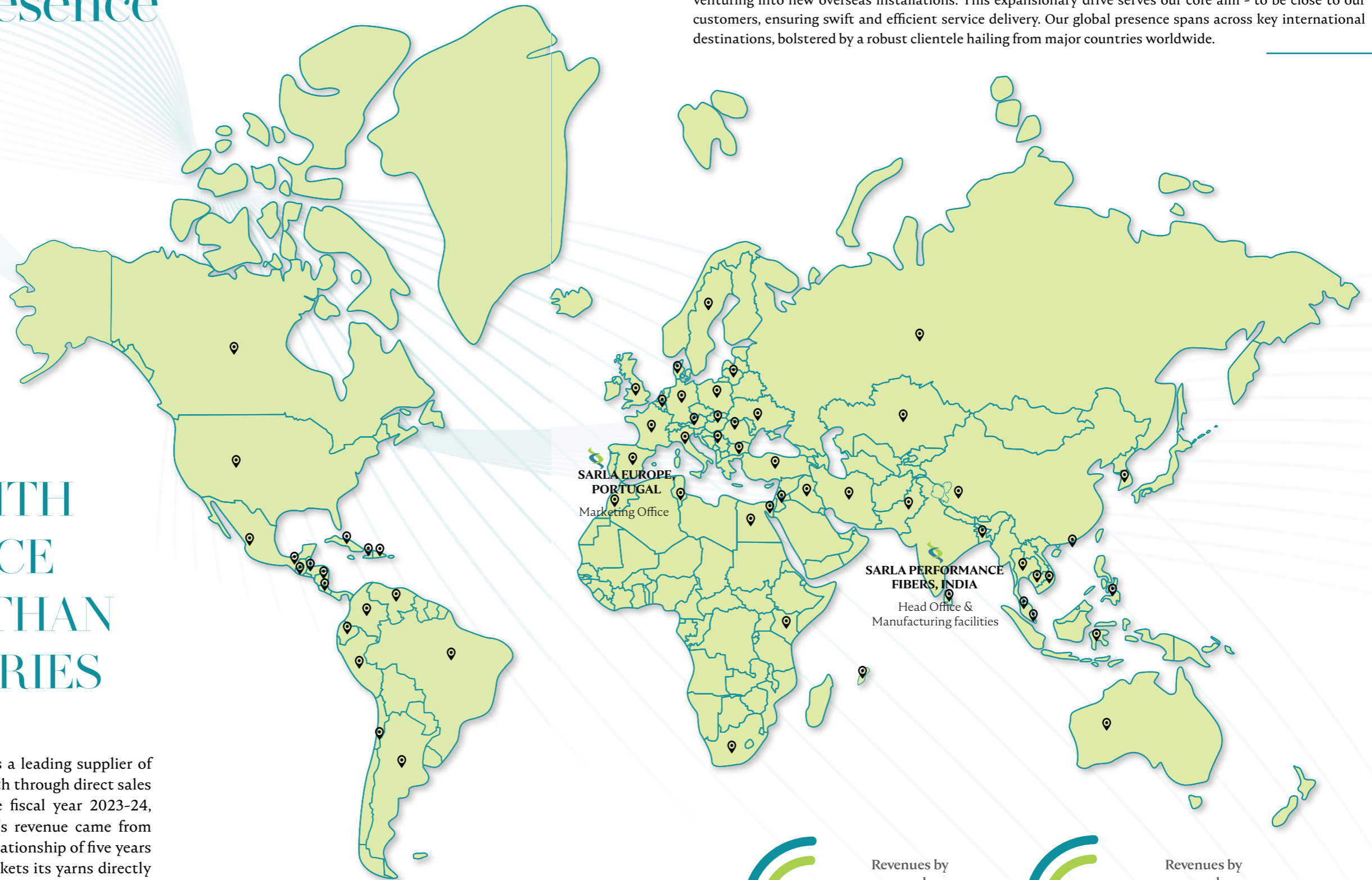


# Global Presence

SARLA, has strong presence in more than 62 countries. Additionally, the company has a stepdown 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.

SARLA, A  
RELIABLE  
BRAND WITH  
A PRESENCE  
IN MORE THAN  
62 COUNTRIES

The company is recognised as a leading supplier of yarns to top global brands, both through direct sales and indirect channels. In the fiscal year 2023-24, around 65% of the company's revenue came from clients with a longstanding relationship of five years or more. SARLA primarily markets its yarns directly while also utilising trade intermediaries. Renowned for its reliability, consistent performance, and a favorable balance of affordability and quality, the Sarla brand enjoys a strong reputation in the industry.



📍 Represents customers



Revenues by geography  
FY 2023-24  
42.79% Domestic  
57.68% International



Revenues by geography  
FY 2022-23  
48.38% Domestic  
51.62% International

***“The vibrant threads of our yarn***

***weave with and touch everyone’s life.”***



Wipe your face with a towel so neat,  
Snug innerwear, a daily treat.  
Slip into a T-shirt, oh so fine,  
Socks that cosy, warm design.

Gloves to shield from winter’s cold,  
Athleisure wear, comfort’s fold.  
Shoes you don to step outside,  
Car seat’s yarn where you glide.

Seat belt’s strength, a woven might,  
Mattress where you rest at night.  
Quilt’s embrace, a snug cocoon,  
Face mask’s guard from harm too soon.

Bandage wraps to heal and mend,  
Mop the floor, yarn’s trusty blend.  
From dawn’s light to evening’s fall,  
Yarn weaves comfort through it all.

# 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.

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



**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.



**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 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.*

# OUR STRATEGIC PILLARS

## Financial Capital



Our strategic focus on judicious resource allocation has enabled us to deliver sustainable returns to all our stakeholders. We have consistently invested in the company's growth and in research and development (R&D) to innovate and enhance our product offerings. Despite these ongoing investments, our prudent capital allocation has allowed us to maintain a healthy debt-to-equity ratio, demonstrating our commitment to financial discipline.

In the textile industry, known for its high working capital requirements and price volatility, we have successfully maintained strong financial stability and a robust operating margin. This stability is a testament to our effective risk management practices and our ability to adapt to market fluctuations. We have implemented rigorous financial controls and proactive strategies to optimize our working capital and mitigate risks associated with price volatility.

As we look forward, our focus will remain on leveraging our financial capital to drive innovation, improve operational efficiencies, and enhance shareholder value. We are dedicated to sustaining our financial health while continuing to invest in areas that support our strategic objectives and long-term growth

|                         |                         |
|-------------------------|-------------------------|
| <b>Capital Employed</b> | <b>INR 563.43 Crore</b> |
| <b>Revenue</b>          | <b>INR 383.26 Crore</b> |
| <b>EBITDA Margin</b>    | <b>20.6%.</b>           |

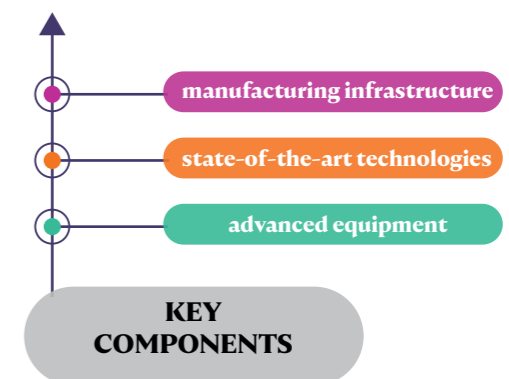
## Manufactured Capital



Our manufactured capital encompasses our extensive manufacturing infrastructure, state-of-the-art technologies, and advanced equipment. Efficient logistics for raw materials and finished goods are integral to optimizing our operational capabilities across our strategically located facilities in Silvassa, Dadra, and Vapi.

**With an investment exceeding INR 100 crore in the last 5 years, we have modernised our existing facilities and expanded our production capacities.**

This significant investment underscores our commitment to leveraging advanced technologies and sustainable practices, driving operational efficiency and aligning with our long-term strategy of value creation for stakeholders. We continuously enhance our manufacturing capabilities by expanding existing capacities and introducing new products to capitalise on emerging global and domestic trends.



Oeko-Tex  
Standard 100



Global Recycle  
Standard (GRS)  
Certificate

### Credentials

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

As the leading player in Nylon yarn manufacturing and the exclusive manufacturer of Nylon 66 yarn in India, Sarla is dedicated to continuous innovation and technological upgradation. Our average machine age of less than 5 years, one of the shortest in the industry, ensures that we consistently deliver superior-quality products at competitive prices, meeting the diverse needs of our customers.

**Gross block - INR 441.09 Crore;  
6 Plants; 250+ products variants**

## Human Capital



Our workforce at the company comprises a diverse spectrum of management, employees, and contract workers, collectively bringing invaluable experience and expertise to our operations. In the labour-intensive textile industry, where both skilled craftsmanship and efficient production processes are paramount, our team plays a pivotal role. We prioritise our employees' development by providing comprehensive facilities and ongoing training opportunities, empowering them to enhance their skills and adapt to evolving industry trends. This commitment not only fosters a culture of continuous improvement but also underscores our dedication to optimising performance across different production areas.

Moreover, the presence of staff members who have been with us for over five years reflects our strong organisational culture of trust and commitment. This longevity not only stabilises our workforce but also cultivates a supportive environment where knowledge is shared, skills are honed, and new ideas flourish. By leveraging our skilled workforce and nurturing a culture of innovation and loyalty, we are well-positioned to achieve sustained growth, maintain high standards of quality, and meet the dynamic demands of the textile market.

**Average years of employees - 15+ Years Average experience of Senior Management - 20+ Years ; Average experience of board members - 40+ Years**



## Intellectual Capital

At Sarla, our intellectual capital is a cornerstone of our operational excellence and competitive edge. We maintain a continuous focus on innovation, we create a dynamic and agile organisation capable of adapting to changing market conditions and maintaining its competitive advantage. It enables us to optimise our operations, reduce costs, and enhance product offerings, ensuring that we remain at the forefront of industry advancements. Our strong Research & Development (R&D) and quality control teams are pivotal in this endeavour. They ensure that we deliver high-quality yarns to the market, consistently enhancing our brand image and reputation.



The strength of our intellectual capital is evidenced by the numerous quality certifications we hold, which attest to our commitment to providing superior products. These certifications serve as a testament to our stringent quality control measures and our dedication to meeting and exceeding industry standards. Moreover, our innovative efforts and exceptional quality have been recognised through various awards over the years, underscoring our prominent foothold in the textile industry.

Sarla's intellectual capital is a vital asset that drives our operational success and positions us as a renowned player in the textile industry. Our focus on innovation, quality, and continuous improvement ensures that we deliver exceptional value to our customers and stakeholders, securing our place as a trusted and forward-thinking industry player.

## 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.



# Natural Capital

*“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**  
Managing Director

## ENERGY CONSERVATION

- « A program has been implemented to replace lighting in the manufacturing facilities with more energy efficient lamps.
- « Where feasible, less efficient motors have been replaced with new less energy consuming motors on the manufacturing machines.
- « Utilizing energy generated by recently set up wind power plants.

## RECYCLING

- « Cardboard cartons, manufacturing process waste (polyester and nylon), and damaged plastic products such as cones and tubes are recycled.
- « Allied material for Sarla's internal processes and in internal transfers between Silvassa and Vapi are re-used and recycled.

## SARLA'S DYE HOUSE & DYEING PROCESS

- « Sarla's dye house is equipped with a system to be energy efficient.
- « The dyeing machines and the dyeing process is designed to reduce water and energy consumption.
- « All process water used in dyeing is treated before returning it safely to the environment.
- « Eco-friendly steam boiler.



As part of its commitment to social responsibility and environmental contribution, the company's management has diversified its endeavours into wind power generation. This initiative materialised with the installation of the company's first 1.25 MW wind turbine generator in Gujarat in 2009. Expanding this commitment, a second WTG was commissioned in Maharashtra on March 31st, 2011. The year 2012 witnessed Sarla's further strides in this direction, with the commissioning of the additional WTGs in Maharashtra, culminating in a total wind power generating capacity of 9.75 MW across the states of Maharashtra and Gujarat. Beyond these borders, Sarla extended its footprint to Madhya Pradesh in 2015, introducing 2 new wind turbines to promote wind power generation of 3 MW. Building on this momentum, 2016 saw the commissioning of 3 additional WTGs in Gujarat. To date, the company boasts 8 turbines that collectively contribute 12.75 MW to wind power generation - an impactful stride towards fostering a greener and more environmentally friendly nation. Our Company has further invested in Solar Panels with a total installed capacity of 1.40 MW, enabling us to produce around 14 Lacs units of clean electricity annually.

## Social and Relationship Capital



Sarla's Women Team

**At Sarla, our responsible corporate citizenship is defined by our relationships with communities and partners, including vendors, suppliers, and customers.**

We prioritise fostering positive and cooperative relationships with our stakeholders by building trust, loyalty, and social responsibility. Our approach to business goes beyond financial metrics; we actively promote collaboration, transparency, and sustainability in all our operations. By meeting the changing needs of our customers and driving inclusive growth in our communities, we create a robust ecosystem of mutual support and shared prosperity, delivering value for all our stakeholders.

Furthermore, we are deeply committed to social activities and Corporate Social Responsibility (CSR) initiatives, which play a pivotal role in supporting communities and promoting sustainable development. Our CSR efforts are comprehensive and multifaceted, encompassing a wide range of programs designed to make a positive impact. These programs include health camps, vocational training sessions, and infrastructure development projects that contribute to the overall well-being of the communities we serve.

We continuously seek new ways to make a meaningful impact, ensuring that our growth is inclusive and beneficial to society as a whole. Through our dedicated efforts in community outreach, environmental sustainability, and education, we aim to build a better, more sustainable future for all our stakeholders.

20

Equipment vendors

100

Raw material suppliers

336+

Customers

INR 1,00,61,220

CSR Spend



Sarla's Women Team

## Our Ethical Responsibilities to Stakeholders

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.

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

**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.

**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.

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

**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 | FY 2023-24 |
|--------------------------------|------------|------------|------------|------------|------------|
| Salaries and wages (Rs. Crore) | 12         | 17         | 17         | 17         | 20         |
| Talent retention %             | 0          | 80         | 80         | 71         | 70         |

### Customer value

| Year   | FY 2019-20 | FY 2020-21 | FY 2021-22 | FY 2022-23 | FY 2023-24 |
|--|------------|------------|------------|------------|------------|
| Unique customers                                   | 235        | 259        | 273        | 283        | 294        |
| % of revenues from customers of five years or more | 63         | 65         | 71         | 71         | 81         |
| Export as a % of overall revenues                  | 62         | 64         | 51         | 52         | 56         |



## THE FINANCIAL HEALTH OF OUR BUSINESS

| REVENUES (RS. CRORE)   |                     |                     |                     |                     |
|------------------------|---------------------|---------------------|---------------------|---------------------|
| Financial Year 2024    | Financial Year 2023 | Financial Year 2022 | Financial Year 2021 | Financial Year 2020 |
| 383                    | 387                 | 431                 | 258                 | 311                 |
| EBITDA (RS. CRORE)     |                     |                     |                     |                     |
| Financial Year 2024    | Financial Year 2023 | Financial Year 2022 | Financial Year 2021 | Financial Year 2020 |
| 79                     | 67                  | 95                  | 73                  | 67                  |
| NET PROFIT (RS. CRORE) |                     |                     |                     |                     |
| Financial Year 2024    | Financial Year 2023 | Financial Year 2022 | Financial Year 2021 | Financial Year 2020 |
| 33                     | 21                  | 46                  | 27                  | 29                  |
| EBITDA MARGIN (%)      |                     |                     |                     |                     |
| Financial Year 2024    | Financial Year 2023 | Financial Year 2022 | Financial Year 2021 | Financial Year 2020 |
| 21                     | 17                  | 22                  | 28                  | 22                  |
| EPS                    |                     |                     |                     |                     |
| Financial Year 2024    | Financial Year 2023 | Financial Year 2022 | Financial Year 2021 | Financial Year 2020 |
| 3.94                   | 2.56                | 5.54                | 3.14                | 3.52                |
| NET WORTH (RS. CRORE)  |                     |                     |                     |                     |
| Financial Year 2024    | Financial Year 2023 | Financial Year 2022 | Financial Year 2021 | Financial Year 2020 |
| 468                    | 395                 | 389                 | 342                 | 318                 |
| ROCE (%)               |                     |                     |                     |                     |
| Financial Year 2024    | Financial Year 2023 | Financial Year 2022 | Financial Year 2021 | Financial Year 2020 |
| 9                      | 7                   | 13                  | 10.0                | 8.0                 |
| INTEREST COVER (x)     |                     |                     |                     |                     |
| Financial Year 2024    | Financial Year 2023 | Financial Year 2022 | Financial Year 2021 | Financial Year 2020 |
| 8.8                    | 7.7                 | 18.4                | 4.1                 | 3.98                |

## STORY IN CHARTS



# Management Discussion and Analysis



## Industry Insight

### Global Economy: The Year Under Review

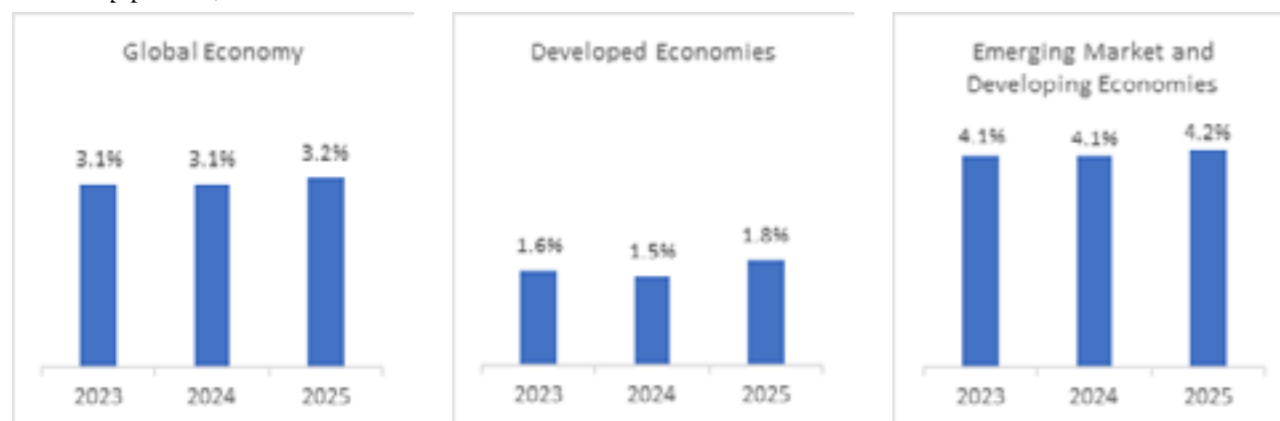
In 2023, the global economy encountered significant challenges, mainly driven by inflationary pressures fuelled by fluctuating commodity prices and persistent geopolitical tensions disrupting supply chains. These obstacles were further compounded by a notable uptick in interest rates, marking the most substantial surge in four decades, consequently dampening global growth from 3.5% in 2022 to 3.2% in 2023. The ongoing conflict between Russia and Ukraine posed a significant threat to the European Union's economic prospects, while escalating geopolitical tensions in the Middle East and disruptions along the Red Sea route heightened concerns over rising logistics costs, energy prices, and commodity price fluctuations, thereby increasing the risk of supply disruptions and presenting downward pressures on the global economy.

Despite these challenges, efforts to control inflation gained traction, and economic growth stayed strong, reducing the likelihood of a severe downturn and maintaining a positive outlook for global growth. Furthermore, concerted efforts to address supply chain bottlenecks, combined with more accommodative monetary policies, contributed to a moderation in the

global inflation rate of 8.8% from its peak in 2022 to 6.8% in 2023. Emerging markets such as India, Mexico, and Vietnam experienced robust growth and attracted increased foreign capital inflows. Notably, the U.S. economy staged a robust recovery, with GDP growth rebounding from 1.9% in 2022 to 2.5% in 2023. Similarly, despite economic shocks, the European Union managed to avoid recessionary territory.

### Near-term Outlook

Looking ahead, the global economy is expected to remain resilient in 2024. The IMF forecasts a growth rate of 3.1% in 2024, with a slight increase to 3.2% in 2025. With higher interest rates and persistent core inflation posing potential risks, ongoing geopolitical conflicts could disrupt the supply chains further. Nonetheless, analysts anticipate global headline inflation to decrease to 5.8% in 2024 and 4.4% in 2025. The Asia-Pacific region is projected to be the fastest-growing region, driven by strong domestic demand in East Asia and India. Overall, while potential risks remain, steady disinflation and growth trends suggest a balanced outlook for global economic expansion.



(Source: International Monetary Fund)

## Outlook on India

Amidst a sluggish global economy, India has maintained its status as one of the world's fastest-growing economies. This growth is primarily fueled by robust domestic consumption and reduced dependency on foreign imports. Government initiatives have bolstered domestic demand, while increased investments in manufacturing and infrastructure have effectively tackled supply chain challenges. India remains the fifth-largest economy, with an increasingly favorable investment climate and growing consumer confidence. The government aims to enhance capital investment and reduce the budget deficit, as outlined in the Interim Budget 2024, which lays the groundwork for the vision of a 'Developed India' by 2047.

Despite facing repeated shocks in food prices, CPI inflation has been on a downward trend, decreasing to 5.1% in January 2024 from 5.7% in December 2023.

The RBI has opted to maintain the policy repo rate at 6.5% and has upheld the CPI inflation forecast at 5.4% for the fiscal year 2023-24. Additionally, data from the Index of Industrial Production (IIP) indicates a growth of 6.1% in India's industrial output during the first three quarters of fiscal year 2023-24, marking an improvement from 5.5% in the corresponding period of the previous year. Notably, the manufacturing sector has exhibited a higher growth rate of 5.6%.

As per IMF forecasts, the Indian economy is projected to grow by 6.8% in 2024-25. While facing potential risks such as geopolitical tensions and global market volatility, India is well-equipped to navigate these challenges. Its strategic geopolitical position positions it to benefit from supply chain diversification and reshoring, enhancing global competitiveness and boosting exports. India aims to ascend as a global economic powerhouse, targeting the third-largest economy status by 2030.



Vapi Plant



Embroidery Collections

## Global Textile Market

The global textile market is poised for robust growth, expected to rise from \$638 billion in 2023 to \$690 billion in 2024, reflecting a year-on-year growth of 8.1%. Projections indicate continued expansion to \$903 billion by 2028, at a projected CAGR of 7.0%. Growth in recent years has been propelled by factors such as population growth, increasing demand for man-made fibres, government support for the textile sector, robust economic growth in emerging markets, and regulations curbing plastic use. Key players such as China, the European Union, the United States, and India dominate the market, with China leading in production and exports.

Simultaneously, the global fashion e-commerce sector is experiencing rapid expansion, set to grow from \$821 billion in 2023 to \$906 billion in 2024, at a year-on-year growth of 10.3%. This trend is expected to continue, with the market forecast to reach \$1,357 billion by 2028, supported by a CAGR of 10.6%. The proliferation of internet and smartphone usage is facilitating this growth by enabling broader access to fashion e-commerce. Online platforms for textile goods are gaining popularity, responding to increasing apparel demand across different age groups.

Despite these positive trends, the global market faced significant challenges in 2023, particularly in the United States and Europe. Factors such as low consumer confidence, inventory surpluses, higher-than-expected inflation, supply chain disruptions, geopolitical tensions, and China's economic reopening contributed to a cautious business environment. Consequently, global brands and retailers adopted careful strategies, focusing on smaller purchases and reacting to secondary demand signals to navigate uncertainties in the market.

### Outlook

Looking ahead, the global textile industry is expected to navigate uncertainties and capitalise on emerging opportunities in a recovering global economy. Toward the end of the fiscal year, the global textile market exhibits signs of recovery, marked by decreased inventory build-up in supply chains, easing inflationary pressures in key markets, and increased consumer confidence. These factors are expected to drive industry growth throughout 2024, with a noticeable recovery anticipated in the latter half of 2024. Moreover, raw material prices have notably corrected from their peak levels and are expected to stabilise at the current level.

### The Indian Textile and Apparel Industry

The Indian textile industry holds a prominent position in the global market, contributing significantly to the country's economy. It accounts for approximately 2.3% of India's GDP, 13% of industrial production, and 12% of export earnings. Indian textile industry contribution to GDP is expected to double by 2030. It serves as a crucial driver of employment, employing approximately 35 million people and ranking as the second-largest employer in India. Projections indicate robust growth, with the market expected to expand at a 10% CAGR from US\$ 197 billion in 2023 to US\$ 350 billion by 2030. India ranks as the world's third-largest exporter of textiles and apparel, with exports set to reach US\$ 100 billion by 2030 from US\$ 34.43 billion in 2023.

The Indian textile industry spans the entire value chain from fibers to apparel, encompassing traditional handloom, handicrafts, and modern textile products. There is a growing emphasis on sustainability practices and the adoption of vegan materials, supported by the expanding distribution channels of e-commerce platforms for premium textiles and apparel.

### Global Yarn, Fiber, and Thread market



The Asia-Pacific region dominates the global yarn, fiber, and thread market, holding approximately 65% of the market share. This is followed by Europe with around 15%, North America with about 10%, and other regions making up the rest. The Asia-Pacific region's dominance is attributed to its vast production capacity and cost advantages. Europe and North America are significant players due to their advanced technology and high-quality production standards. Latin America and the Middle East & Africa are emerging markets with increasing potential.

#### Indian yarn market

In India's yarn industry, which plays a crucial role in its textile sector, the total yarn production reached 5,185 million kilograms in FY2023. In FY2024, total yarn exports experienced a growth of 5.1%, rising from \$16.5 billion in FY2023 to \$17.3 billion. Cotton yarn exports typically contribute around 25-35% of India's cotton yarn production. Despite recent challenges, the industry is poised for expansion. Despite facing price and margin pressures, a combination of reduced borrowing and strategic investments is expected to enhance financial stability.

India's yarn sector exhibits versatility and efficiency, catering to diverse applications. With over 1,943 yarn spinning mills, the country produces various yarn types, including combed, non-spun, carded, compact, fancy, and melange yarn. Production encompasses a wide range of yarn counts, from fine 200 to coarse 2, depending on the material. Indian yarn spinners have embraced advanced technologies like compact spinning and integrated tools such as splicers, auto-coners, and electric cleaners, giving them a competitive advantage and driving the popularity of Indian yarn in global markets. China emerges as a major importer of Indian yarn.

The Indian yarn sector holds substantial untapped potential. With proactive government support, including reduced import duties, central excise duty cuts, tax adjustments, and strategic investments, the sector is poised to lead the global market. This support positions India to emerge as a dominant player in the international yarn market.

Furthermore, by embracing innovative strategies, leveraging technological advancements, facilitating retail expansion, employing sustainable practices, and enhancing employee engagement, the Indian fashion and lifestyle industry is positioned for dynamic growth. This shift towards more durable products mirrors increasing consumer awareness of the environmental impacts associated with fast fashion.

Despite a strong future outlook, the Indian textile industry faced adverse economic conditions in 2023. Factors such as lower consumer sentiment, higher inflation, inventory buildup in the supply chain, fluctuating cotton prices, diminishing demand, and under-utilisation of capacity were exacerbated by the Red Sea crisis. Additionally, the industry was impacted by the dumping of imported fabrics and garments from China and Bangladesh. Looking ahead, the Indian textile industry is poised to recover in 2024. This recovery is expected to be driven by consistent improvements in domestic demand, a gradual recovery in exports, and stabilisation of raw material prices. These factors indicate a positive trajectory for growth in the coming year.

The global yarn, fiber, and thread market is poised for growth, with projections indicating an increase from \$112.7 billion in 2023 to \$120.8 billion in 2024, reflecting a CAGR of 7.2%. This growth is driven by factors such as emerging markets, urbanisation, rising demand for man-made fibers, government initiatives, higher disposable incomes, and technological advancements. However, the industry faces challenges from geopolitical issues, high inventory levels, commodity price volatility, decreased consumer confidence, and supply chain disruptions. Despite these obstacles, the market is expected to reach \$154.1 billion by 2027, achieving a CAGR of 6.3%. This growth will be fueled by population increase, urbanisation, e-commerce, sportswear demand, the expansion of organised retail, and social media influence. Nevertheless, constraints on free trade, competition, and cotton shortages could hinder progress.

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

The global textile sector is experiencing a significant transformation fueled by shifting fashion trends and constraints in the growth of natural fibers. As of 2023, the MMFs market was valued at approximately \$73.3 billion, with forecasts suggesting potential growth to about \$105.9 billion by 2030. MMFs are broadly categorised as synthetic and cellulosic fibers, with synthetic fibers derived from crude oil and cellulosic fibers originating from wood pulp. Currently, MMFs represent 75% of global fiber consumption, with a notable emphasis on polyester, a leading and expanding synthetic fiber. Nylon is also emerging as a strong contender due to its strength and flexibility.

The industry heavily relies on MMFs for their adaptability and performance characteristics. This expansion is primarily driven by demand across diverse sectors such as automotive, construction, apparel, industry, and medicine. Technological advancements further enhance the durability and versatility of MMFs, making them applicable in a wide range of industries. Their usage is on the rise in textiles and apparel, thanks to features like wrinkle resistance, colorfastness, durability, and ease of maintenance.

### Government Initiatives:

The Indian government is dedicated to fostering and enhancing the growth of the textile industry within the country through various initiatives. These encompass a broad spectrum of areas, including trade agreements, encouraging foreign direct investment, providing incentives for manufacturing and exporting specific textile products, and implementing schemes focused on enhancing 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.

### India Man Made Fiber Industry:

India's Man-Made Fiber (MMF) sector is undergoing rapid expansion, establishing itself as the second-largest global producer of cellulose fiber/yarn and synthetic fiber. Polyester dominates the market with approximately 77.5%, while viscose accounts for around 16.5%. This sector contributes 14% to India's textile exports, positioning India as the sixth-largest exporter of MMF textiles globally. The surge in MMF demand is propelled by various factors including nonwovens, technical textiles, growing health consciousness, increasing brand awareness, and evolving fashion trends, particularly in technical and medical textiles. Despite this growth, India's per capita consumption of MMF remains lower compared to the world average of 11.2 and North America's consumption of 36.9, indicating significant potential for consumption growth in the domestic market.

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.

#### Foreign Direct Investment (FDI) Policy:

The liberalised 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 TUFs, 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.

### Core Competencies and Growth Strategies

#### Utilizing Strong Manufacturing Infrastructure and Advanced Capabilities:

Sarla operates state-of-the-art manufacturing facilities in Silvassa, Vapi, and Dadra, boasting a three-decade legacy. Their expertise in producing a variety of synthetic yarns is evident in their diverse product range, encompassing polyester and nylon textured yarns, twisted yarns, dyed yarns, covered yarns, high-tenacity yarns, and specialised sewing threads tailored for specific applications. Notably, Sarla stands out as a unique producer of pure nylon and the sole Indian manufacturer of Nylon 66. In a competitive synthetic yarn market, Sarla distinguishes itself as a well-organised entity with a strong customer base and vertically integrated nylon manufacturing capabilities. They specialise in custom orders, handling volumes ranging from hundreds to thousands of kilograms. The company has recently invested INR 100 crore over five years in upgrading equipment, resulting in significant new capacity and enhanced infrastructure.

Implementation of SAP has greatly improved overall efficiency, providing valuable insights from business data in a user-friendly format. Detailed data on machine breakdowns, spare parts, and replacements enable evaluation of machine-level profitability. This strategic approach has led to minimised yarn breakage, increased machine speed, consistent quality, higher productivity, and improved uptime. Sarla's expansion strategy is carefully aligned with substantial order visibility, ensuring operational efficiency and strategic growth. Their commitment to innovation, efficiency, and strategic expansion underscores their prominent position in the textile industry.

#### Driving Business Transformation through Expansion of Value-Added Product Offerings:

Sarla initially operated in the commoditised yarn manufacturing sector, predominantly serving the apparel industry. Over time, the company strategically pivoted towards producing high tenacity nylon and polyester yarns, along with other specialty yarns catering to sectors such as sportswear, military gear, and specialised sewing threads. Approximately 50% of their current product portfolio comprises these value-added offerings, reflecting Sarla's dedication to meeting evolving industry demands with durable, high-performance yarn solutions.

Sarla is leveraging its newly launched operations for

### Budget Allocation:

The FY 2024-25 budget reflects support for the textile industry, totaling INR 4,392.9 crore, demonstrating a modest rise of 2.5% from the previous year's budget.

Industry Growth Roadmap: The government is currently deliberating on the roadmap to attain the ambitious target of reaching \$ 250 billion in textiles production and \$ 100 billion in exports by 2030.



manufacturing high tenacity nylon (6 and 6.6) flat and twisted yarns introduced last year. This strategic move is designed to transition revenue composition towards value-added products and enhance profit margins. The full benefits from this expansion are anticipated to materialise in FY2025 as the production capacity ramps up. Expanded capacities for nylon 66 and nylon 6 underline Sarla's commitment to meeting rising product demand. Last year, nylon yarn contributed about 40% of the company's production volume, which is expected to reach approximately 60% within the next few years, thereby enhancing operational efficiency. Leveraging their strong brand reputation, Sarla expects swift utilisation of full capacity, resulting in increased sales volumes, higher realisations, and improved margins.

#### Rising Indian Market as Catalyst for Geographical Diversification:

The Indian market is witnessing a notable shift in consumer behavior, characterised by a preference for enhanced lifestyles and a willingness to invest in premium products. This trend has significantly benefited Sarla, with the Indian market contributing 42.8% of their revenue in the past fiscal year. Projected revenues from India are expected to reach 55%-60% of total revenues in the next couple of years, highlighting substantial growth prospects in this market.

India's young demographic, with a median age of approximately 28, indicates a robust economic potential among its active population. This demographic advantage is driving increased demand for premium clothing, athleisure wear, and frequent wardrobe updates, creating a conducive environment for consumer product growth. Sarla's role as a leading manufacturer of

elastic, socks, and sewing threads further reinforces its position as a key supplier for innerwear applications. In response, Sarla plans to direct their value-added yarns towards the Indian market, capitalizing on evolving consumer preferences. As part of their growth strategy, Sarla aims to expand their Indian operations by adding more sales personnel in coming years, enhancing market penetration and driving an anticipated 15-20% annual sales growth in India, securing a 10% share of the overall sales landscape. Additionally, the company anticipates a 4-5% improvement in operating margins in the India business due to the increase in sales.

#### Product Diversification Across Industries:

The growing preference for synthetic fibers over natural alternatives is attributed to their versatility, strength, durability, consistency, availability, and ease of maintenance. Synthetic fibers offer unique properties tailored to various industries and applications, including sportswear, medical textiles, and outdoor gear. Nylon and polyester have become indispensable materials due to attributes such as stretchability and robustness. The integration of specialised treatments and finishes further enhances their qualities.

Nylon is gaining prominence for its durability, quality enhancements, and desirable properties, including superior moisture absorption compared to polyester. It offers advantages in moisture management and maintains color vibrancy and structural integrity through repeated laundering, making it ideal for applications such as baby wear. High tenacity polyester yarns contribute to product longevity, finding uses in automotive safety equipment, footwear, and more. Polyester stretch yarns are preferred in sportswear and socks for their softness, warmth, moisture-wicking properties, and durability. Sarla is capitalizing on the expanding medical industry by leveraging nylon's properties in medical textiles, implants, catheters, and orthopedics, contributing to innovative healthcare solutions and enhanced patient care.

Despite its potential, India's per capita consumption of synthetic fibers remains below the global average, with nylon holding a smaller market share. However, Sarla's introduction of domestic marketing initiatives for nylon has shown promising results, indicating potential for market growth. Factors such as rising incomes, improved living standards, and a growing millennial population are expected to drive demand for synthetic yarns like nylon in India, increasing the company's market share and overall demand.

#### Steady Growth in Global Export Business:

Despite challenges posed by geopolitical tensions, supply chain disruption, higher inflation, negative consumer sentiment, and industry inventory build-up, Sarla has demonstrated resilience and sustainable performance in international markets. Export sales remain a significant revenue stream, growing from 51.6% in FY23 to 57.7% in FY24. Sarla is recognised as a trusted supplier to prestigious global brands, either directly or through intermediaries. The company actively pursues new market opportunities, leveraging its reputation for reliability, consistent quality, and competitive pricing strategies.

Sarla's brand is esteemed for its reliability, predictable outcomes, and pricing strategies aligned with the value offered by its products. They maintain a presence in 60 countries, with their clientele base growing from 283 in FY23 to 336 in FY24, ensuring diversified sales distribution and reduces client concentration risk, preventing dependency on any single market. Participation in international events and exhibitions plays a pivotal role in enhancing Sarla's global visibility and showcasing their product innovation and capabilities. These platforms facilitate stronger brand recognition and broader market reach, reinforcing Sarla's position in the global marketplace. Nylon 66, designated as a high-value niche product exclusively for export, exemplifies their premium market positioning and contributes to higher revenue realisation.

#### Building Lasting Customer Relationships through a Client-Centric Approach:

Sarla not only supplies products but also collaborates with customers to enhance their market presence and integrate into their long-term supply chains. This collaborative approach has fostered strong customer loyalty, with the company retaining 100% of its customer base and enjoying repeat orders from 90% of current clients. The slogan "Once a Sarla customer, always a Sarla customer" underscores the enduring partnerships forged through trust and mutual reliability. Sarla's technology-intensive products seamlessly integrate with customer operations, solidifying their reputation as a dependable supplier committed to meeting evolving customer needs.

Technical marketing and proactive engagement distinguish Sarla's customer relations strategy, emphasizing product value rather than solely commercial aspects. Regular dialogues centered on product performance and mutual growth strategies demonstrate Sarla's dedication to supporting customer success. This approach goes beyond transactional relationships, reinforcing Sarla's role as a valued partner in customer growth journeys. By prioritizing customer enterprises and delivering significant operational value, Sarla has earned trust and established a reputation for reliability and collaboration.

#### Sound Financial Management Ensures Long-Term Stability:

In the capital-intensive textile industry, Sarla has demonstrated remarkable financial management, maintaining a surplus of net cash and achieving a robust 20%+ operating margin. Strategic debt and equity management practices have facilitated incremental growth while ensuring financial stability. Sarla has maintained a healthy debt-equity ratio of 0.24x in this financial year. Our company's performance metrics align with our unique positioning as 'Untextile'. By prudently utilising debt and equity for capital expenditure funding, we have strengthened our competitive edge and established a low-risk foundation for scalable growth. Our approach in managing working capital management is equally commendable. This commitment to maintaining liquidity and optimizing resources further contributes to our financial resilience.

## SWOT Analysis

# S

### Strengths

- ◀ Vertically integrated operations enhance production efficiency.
- ◀ Diverse product portfolio caters to multiple industries.
- ◀ Client-centric approach fosters strong customer loyalty.
- ◀ First mover in high tenacity Nylon 6 and Nylon 66 products boosts margins.
- ◀ Three decades of industry experience drive excellence.
- ◀ Focus on value-added products improves financial performance.

# W

### Weaknesses

- ◀ Fragmented industry with intense competition.
- ◀ Limited focus on sustainable synthetic fibers.
- ◀ Dependency on fluctuating petrochemical prices.
- ◀ High capital expenditure requirements.

# O

### Opportunities

- ◀ Rising demand for technical textiles in automotive, healthcare, and sports.
- ◀ Growing preference for sustainable and eco-friendly fibers.
- ◀ Expansion in the domestic synthetic textile market.
- ◀ Government support increases confidence.
- ◀ Increased global demand for recycled synthetic fibers.
- ◀ Collaborations with fashion brands for high-end fashion.
- ◀ Growing e-commerce penetration.

# T

### Threats

- ◀ Intense competition and price pressure.
- ◀ Regulatory changes impacting manufacturing.
- ◀ Environmental concerns over synthetic fiber usage.
- ◀ Fluctuating demand due to fashion trends and economic conditions.
- ◀ Rising demand for natural and organic fibers.
- ◀ Technological advancements in alternative materials.

## Key Financial Ratios

| Particulars             | FY 2023-24 | FY 2022-23 | Changes (%) |
|-------------------------|------------|------------|-------------|
| Debtors Turnover        | 4.19       | 3.73       | 12.33%      |
| Inventory Turnover      | 4.13       | 3.68       | 12.23%      |
| Interest Coverage Ratio | 8.76       | 7.68       | 14.06%      |
| Current Ratio           | 1.49       | 1.32       | 12.88%      |
| Debt Equity Ratio       | 0.24       | 0.21       | 14.29%      |
| Net Profit Margin (%)   | 8.54       | 5.52       | 54.71%      |
| Return on Net Worth     | 6.84       | 5.23       | 30.78%      |

### Revenue:

The revenue for FY 2023-24 stands at INR 383.26 crore, marking a slight decrease of 1.07% compared to INR 387.40 crore in FY 2022-23. Despite a global market slowdown and inventory buildup, the revenue decline remains minimal. This decrease is primarily attributable to slight pressure on realizations in the global market offset by the volume growth from 12.267 lakh tons in FY 2022-23 to 12.391 lakh tons in FY 2023-24.

### EBITDA and EBITDA Margin:

EBITDA increased from INR 66.71 crore to INR 78.78 crore, marking an 18.11% increase, reflecting better operational performance and cost management. EBITDA Margin improved from 17.2% to 20.6%, a 19.38% increase, indicating higher profitability from core operations.

### PAT and PAT Margin:

PAT increased by 53.04%, from INR 21.38 crore in FY 2022-23 to INR 32.72 crore in FY 2023-24. This reflects better operational efficiency and lower costs. PAT Margin Improved from 5.52% in FY 2022-23 to 8.54% in FY 2023-24, marking a significant increase of 54.71%.

### Debtors Turnover:

Improved slightly from 3.73x to 4.19x, showing a 12.33% increase, indicating better credit management and faster collection from customers.

### Inventory Turnover:

Increased by 12.23%, from 3.68x to 4.13x, suggesting more efficient inventory management and faster conversion of inventory into sales.

### Current Ratio:

Improved from 1.32x to 1.49x, a 12.88% increase, indicating better short-term liquidity.

### Interest Coverage Ratio:

Increased from 8.76x to 7.68x, a 14.06% improvement, showing the company's stronger ability to meet its interest obligations.

### Debt Equity Ratio:

Increased slightly from 0.21x to 0.24x, a 14.29% rise. While an increase, the ratio is still relatively low, indicating a conservative approach to leveraging.

### Return on Net Worth (RoNW):

Increased from 5.23% to 6.84%, a 30.78% improvement, reflecting better overall profitability and efficient use of equity.



Textile Apparels

# Report of the Board of Directors

## To the Members,

Your Directors take immense pleasure in presenting the Thirty-First (31st) Annual Report, together with Audited Financial Statements for the financial year ended March 31, 2024 ("year under review").

### 1. Financial Highlights

The Company's Financial Performance for the year ended March 31, 2024 is summarized below:

(Rs in Lakhs except EPS)

| Particulars                                    | Standalone       |                  | Consolidated     |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2023-24          | 2022-23          | 2023-24          | 2022-23          |
| Revenue from Operations                        | 38,217.12        | 38,654.70        | 38,326.12        | 38,740.02        |
| Other Income                                   | 2,039.30         | 923.05           | 2,093.94         | 987.52           |
| <b>Total Income</b>                            | <b>40,256.42</b> | <b>39,577.74</b> | <b>40,420.06</b> | <b>39,727.53</b> |
| Profit Before Interest, Depreciation and Tax   | 7,859.30         | 6,556.91         | 7,878.46         | 6,670.59         |
| Finance Cost                                   | 581.00           | 483.29           | 581.00           | 483.29           |
| Depreciation and amortization                  | 2,329.55         | 2,107.35         | 2,789.21         | 2,959.48         |
| <b>Profit before Tax and Exceptional Items</b> | <b>4,948.75</b>  | <b>3,966.26</b>  | <b>4,508.26</b>  | <b>3,227.82</b>  |
| Exceptional Items-Income/(Expenses)            | -                | -                | -                | -                |
| <b>Profit before Tax</b>                       | <b>4,948.75</b>  | <b>3,966.26</b>  | <b>4,508.26</b>  | <b>3,227.82</b>  |
| Provision for Tax                              |                  |                  |                  |                  |
| - Current Tax                                  | 1,135.81         | 1,119.45         | 1,138.50         | 1,123.95         |
| - Deferred Tax                                 | 79.78            | (128.74)         | 79.78            | (128.74)         |
| - Adjustments for earlier years                | 17.92            | 94.38            | 17.92            | 94.38            |
| <b>Profit after Tax (Net)</b>                  | <b>3,715.24</b>  | <b>2,881.18</b>  | <b>3,272.06</b>  | <b>2,138.23</b>  |
| Other Comprehensive Income                     | 32.63            | 27.96            | 48.50            | 182.96           |
| <b>Total Comprehensive Income</b>              | <b>3,747.87</b>  | <b>2,909.15</b>  | <b>3,320.56</b>  | <b>2,321.19</b>  |
| Earning Per Share (EPS)                        | 4.45             | 3.45             | 3.94             | 2.56             |

### 2. Performance Overview

During the year under review, the company demonstrated resilience amid multiple industry challenges, including geopolitical tensions, fluctuating commodity prices, and persistent inflationary pressures. Despite these hurdles, there was merely slight dip in the revenue, primarily due to slight pressure on realisations in the global market, which was offset by volume growth. The last quarter of the financial year has been particularly encouraging, showing strong recovery trends. The market is gradually absorbing previously accumulated inventory, consumer confidence is rising, inflationary pressures are easing, and commodity prices have stabilised. Thus, we anticipate that next year will be a strong year for the Company, given the promising outlook. The company remains focused on increasing the share of value-added products, which will drive realisation and profitability. We are committed to growing the business while maintaining a healthy operating margin and a prudent capital structure. During the year under review, the company set up a new plant adjacent to our existing facility at Silvassa. Additionally, the Company strategically shifted from an Export Oriented Unit (EOU) to a Domestic Tariff

Area (DTA) for the Silvassa plant, which will enhance profitability through higher export incentives.

- ❖ Standalone Sales of the Company were Rs. 38,217.12 Lakhs for FY 2023-24 as compared to Rs. 38,654.70 Lakhs for FY 2022-23 witnessing a decrease of 1.13% due to the prevalent market conditions.
- ❖ Consolidated Sales of the Company for FY 2023-24 were Rs. 38,326.12 Lakhs as against Rs. 38,740.02 Lakhs in the previous year i.e. FY 2022-23 thereby registering a decrease of 1.06%
- ❖ Value of Export stood at Rs. 21,071.50 Lakhs for FY 2023-24 as compared to Rs. 19,889.52 Lakhs for FY 2022-23 on standalone & consolidated basis.
- ❖ Considerate increase of 8.85% by Sale of Wind Power to Rs. 569.07 Lakhs from Rs. 524.27 Lakhs.
- ❖ Profit before Interest, Depreciation & Tax was Rs. 7,859.30 Lakhs as compared to Rs. 6,556.91 Lakhs in the previous year on a standalone basis.
- ❖ Profit before Interest, Depreciation & Tax was Rs. 7,878.46 Lakhs as compared to Rs. 6,670.59 Lakhs in the previous year on consolidated basis

### 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 not recommended any dividend on the Equity Shares of the Company for the Financial Year ended March 31, 2024.

### 4. General Reserves

There is no amount proposed to be transferred to Reserves out of profits for the financial year 2023-24.

### 5. Share Capital

There has been no change in the Share Capital of the Company during the year under review. As on March 31, 2024 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 under Chapter V of Companies Act, 2013

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 Chapter V of the Act is not applicable.

### 7. Promoters

Incorporated in 1993, your Company is founded on the ethos of a closely knit family run business enterprise. Sarla represents a balance of family promoters, professional management and listed discipline, enjoying respect for quality, credibility and sustainability. At present, Mr. Krishnakumar M. Jhunjunwala is holding the Key Promoter position in your Company.

### 8. Change in the Nature of Business

There is no change in nature of business of the Company. Your company continues to operate in the business segments of Textiles, Wind Power Generation and Manufacturing through production and global export of High-Performance Fibers, textured Polyester Yarn, Textured Nylon Stretch Yarn, High Bulk Textured Polyester Yarn, Sewing Thread, Specialty Sewing Threads, High-Tenacity Covered Dyed Yarns and Threads.

### 9. Extensive Network

As of March 31, 2024, your Company, along with its Subsidiaries/Associates/Joint Venture Companies, as the case may be, continues to grow in the South American markets, acting as lead manufacturers in hosiery and apparel applications.

### 10. Subsidiaries, Joint Ventures and Associate Companies

As on March 31, 2024, the Company has 6 overseas subsidiaries (direct and indirect) comprising of 2 wholly owned; 4 step down subsidiaries and 3 overseas Joint Ventures. The Company does not have any Indian Subsidiary / Joint Venture / Associate Company.

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 <https://www.sarlafibers.com/wp-content/uploads/2024/01/12.-Policy-for-Determining-Material-Subsidiary.pdf>

Details of the Subsidiaries and Associates of the Company are mentioned in the Annual Return hosted on the website of the Company.

In accordance with the provisions of the Section 136 of the Companies Act, 2013, the Annual Report of the Company, containing therein its Standalone and the Consolidated Financial Statements has been placed on the website of the Company, [www.sarlafibers.com](http://www.sarlafibers.com). Further, as per the proviso of the said section, Annual Financial Statements of each of the subsidiary companies have also been placed on the website of the Company at [www.sarlafibers.com](http://www.sarlafibers.com). Accordingly, the said documents are not being attached to the Annual Report. Shareholders interested in obtaining the copy of the Annual Financial Statement of subsidiary companies may write to the Company Secretary & Compliance Officer of the Company.

A statement containing the salient features of the Financial Statements of Subsidiaries, Associates and Joint venture as per the provisions of the Companies Act, 2013, in the prescribed **Form AOC-1** is included in the Annual Report.

### 11. Companies which have become or ceased to be its Subsidiaries, Joint Ventures or Associate Companies during the Financial Year

During the financial year under review, there were no additions in the subsidiaries, or associate companies. There were no Companies which ceased to be Subsidiary/Associates/Joint Ventures of the Company.

### 12. Consolidated Financial Statement

The Consolidated Financial Statements of the Company and its Subsidiaries for the Financial Year 2023-24 are prepared in compliance with the applicable provisions of the Act and as stipulated under Regulation 33 of the Listing Regulations, as well as in accordance with the Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 and 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/ Associates/ Joint Ventures. As required under Regulation 34 of SEBI Listing Regulations, the



Audited Consolidated Financial Statement together with the Independent Auditors' Report thereon, forms part of this Annual Report and is also available on the website of the Company.

### 13. Particulars of Loans, Guarantees and Investments

The particulars of Loans, Guarantees are given in the Corporate Governance Report which forms part of the Annual Report. Further details of the loans, guarantees and investments, as required under Section 186 of the Act and Schedule V of the SEBI Listing Regulations, are also provided as part of the notes to the financial statements of the Company.

### 14. Directors

As on March 31, 2024, the company had Eight (8) directors on Board, comprising of Three (3) Executive Directors and Five (5) Non-Executive Directors out of which Four (4) are Independent Directors. Further there are Two (2) woman directors on Board amongst the 8.

#### Appointment and Re-appointment

In accordance with the provisions of Section 152, the Company appointed Mr. Sachin Shashikant Abhyankar (DIN:02760746) as the Non-Executive Non-Independent Director of the Company with effect from August 10, 2023.

Further, as per Section 149, 150, 152, 161, Schedule IV read with other Rules applicable thereunder, Mr. Bharat Jhamvar (DIN: 00211297) was appointed as an Additional Independent Director of the Company with effect from August 10, 2023. Your Board proposed and thereby Members regularized his appointment and appointed Mr. Bharat as an Independent Non-Executive Director of the Company under Section 149 and 161(1) of the Act for a term of Five (5) Years, from August 10, 2023 to August 9, 2028, not liable to retire by rotation at the Annual General Meeting of the Company held on September 21, 2023 by way of an Ordinary Resolution.

However, pursuant to Regulation 25(2A) of the SEBI (LODR) Regulations, 2015 appointment of an Independent Director of a listed entity shall be subject to the approval of shareholders by way of a Special Resolution. Accordingly, your Board has recommended to the Members, ratification for appointment of Mr. Bharat Kishore Jhamvar as the Independent Director of the Company, on same terms and conditions and tenure, via Special Resolution at the ensuing Annual General Meeting.

#### Post March 31, 2024, the following are the key changes during the Financial Year

In accordance with the provisions of Section 149(10) of the Companies Act, 2013, read with Rules made thereunder, Mr. Parantap Dave (DIN: 00019472), Independent Director will be completing period of Two (2) terms of five years each at your company at the ensuing 31st Annual General Meeting ("AGM"). Mr. Dave was re-appointed in the Company vide Members Approval dated 27th September, 2019 to

hold office for a period of Five (5) consecutive years till the conclusion of forthcoming 31st AGM of the Company.

The Board expresses and places on record its appreciation to Mr. Dave for his valuable inputs, insights and guidance to the Company during his tenure.

The Board of Directors vide its resolution dated May 10, 2024, approved the following, subject to the approval of shareholders at the 31st Annual General Meeting of the Company:

- Re-appointment of Mr. Paulo Manuel Ferreira Moura De Castro (DIN: 08459844) as the Non-Executive Independent Director of the Company for a second term of Five (5) years with effect from May 23, 2024 to May 22, 2029.
- Re-appointment and Re-designation of Mr. Krishnakumar Jhunjhunwala (DIN: 09507192), as the Chairman & Managing Director of the Company for a period of Five (5) years from October 1, 2024 to September, 30, 2029 and payment of remuneration and minimum remuneration for a period of Three (3) years from October 1, 2024 to September 30, 2027.

The Board of Directors vide its resolution dated June 24, 2024, approved the following, subject to the approval of shareholders at the 31st Annual General Meeting of the Company:

- Resignation of Mr. Sachin Shashikant Abhyankar (DIN:02760746) as the Non-Executive Independent Director of the Company with effect from June 24, 2024

#### 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. Neha Jhunjhunwala, (DIN: 07144529), Executive Director retires by rotation at the ensuing 31st AGM of the Company and being eligible, offers herself 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.

Ms. Neha Jhunjhunwala is not debarred from holding office of Director pursuant to any Order issued by Securities and Exchange Board of India, Ministry of Corporate Affairs, Reserve Bank of India or any other such authority.

#### Declaration of Independence

The Company has received necessary declarations from all the Independent Directors on the Board of the Company confirming that they meet the criteria of Independence as prescribed under Section 149 of the Companies Act, 2013 and the Rules made there under and Regulation 16(1)(b) and other applicable regulations, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015, as amended. The Independent Directors have also confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

Further, the Independent Directors have also submitted a declaration in compliance with the provision of Rule 6(3) of Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, which mandated the inclusion of an Independent Director's name in the data bank of persons offering to become Independent Directors, of Indian Institute of Corporate Affairs ("IICA") for a period of one year or five years or life time till they continue to hold the office of an Independent Director and also completed the online proficiency test, conducted by Indian Institute of Corporate Affairs, wherever applicable.

The Board of Directors, based on the declaration(s) received from the Independent Directors, have verified the veracity of such disclosures and confirmed that the Independent Directors fulfill the conditions of independence specified in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, as amended and are independent from the management of the Company.

In the opinion of the Board, all the Independent Director are persons possessing attributes of integrity, expertise and experience (including proficiency) as required under the applicable laws, rules and regulations.

The Company has issued letters of appointment/reappointment to Independent Directors in the manner as provided under Companies Act, 2013. The terms and conditions of the said appointment are hosted on website of the Company [https://www.sarlafibers.com/wp-content/uploads/2024/01/2\\_Terms-Conditions-for-appointment-of-ID.pdf](https://www.sarlafibers.com/wp-content/uploads/2024/01/2_Terms-Conditions-for-appointment-of-ID.pdf).

#### Familiarization program for Independent Directors

Your company has conducted necessary familiarisation program for the Independent Directors onboard with regards to their roles, duties and responsibilities. The details of the training and familiarization program are provided in the Corporate Governance Report, which forms part of the Annual Report.

#### Board Evaluation

The Board of Directors have carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and basis the criteria mentioned in the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India.

The Independent Directors were satisfied with the overall functioning of the Board, which displayed a high level of commitment and engagement.

### 15. Key Managerial Personnel

Pursuant to the provisions of the Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company as on the date of this Report are:

- Mr. Krishnakumar M. Jhunjhunwala, Managing Director<sup>^</sup>
- Ms. Radhika Sharma, Company Secretary & Compliance Officer<sup>\*</sup>
- Mr. Kayvanna Shah, Chief Financial Officer<sup>#</sup>

<sup>^</sup>Mr. Krishnakumar Jhunjhunwala is proposed to be re-designated and re-appointed as the Chairman and Managing Director of the Company with effect from October 1, 2024.

<sup>\*</sup>Ms. Radhika Sharma was appointed as the Company Secretary & Compliance Officer with effect from November 4, 2023 in place of Ms. Neha Somani (resigned on September 22, 2023)

<sup>#</sup>Mr. Kayvanna Shah was appointed as Chief Financial Officer with effect from June 24, 2024 in place of Mukesh Deopura (resigned on March 26, 2024)

### 16. Meetings of the Board

During the FY. 2023-24, four (4) Meetings of Board of Directors were convened. The details of the said meetings are mentioned in the Corporate Governance Report 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.

### 17. Committees of Board

Pursuant to the provisions of the Companies Act, 2013, rules framed there under and the SEBI Listing Regulations, the Company has the following committees of the Board of Directors and the details pertaining to such committees are mentioned in the Corporate Governance Report, which forms part of the Annual Report:

- Audit Committee;
- Nomination and Remuneration Committee;
- Corporate Social Responsibility Committee;
- Risk Management Committee;
- Stakeholders' Relationship Committee;

During the year, all recommendations made by the aforesaid committees were approved by the Board. The reconstitutes committee structure is available on the website of the company at - <https://www.sarlafibers.com/composition-of-committee/>

## 18. Listing of Securities

As on the date of this report, the Company has its Equity Shares listed on the following Stock Exchanges:

- BSE Limited;
- The National Stock Exchange of India Limited;

The listing fees for the financial year under review have been paid to the Stock Exchanges where the Equity Shares of the Company are listed. The securities of the Company were not suspended from trading during the FY 2023-24.

## 19. Internal Financial Control System and their adequacy

The details on Internal Financial Control System and their adequacy are provided in the Management Discussion and Analysis Report of the Company, which forms part of the Annual Report

## 20. Auditors

### a) Statutory Auditors

The members of the Company at 29th Annual General Meeting ("AGM") re-appointed M/s. CNK & Associates LLP, Chartered Accountants, Mumbai (Firm Registration No.: 101961W) as the Statutory Auditors of the Company for a term of five (5) years to hold office from the conclusion of 29th AGM until the conclusion of 34th AGM of the Company.

Further, vide Ministry of Corporate Affairs (MCA) notification dated May 7, 2018, the requirement for ratification of appointment of Statutory Auditors by members at every AGM has been dispensed with. Accordingly, no such item has been considered in the AGM Notice for the Financial Year 2023-24.

The Statutory Auditors, M/s CNK & Associates LLP, Chartered Accountants have issued their reports on Financial Statements for the financial year ended March 31, 2024. The Report does not contain any qualifications, reservations or adverse remarks on the financial statements of the Company. Further, the Company is in compliance with the RBI regulations on downstream investments issued from time to time and no qualification were made by the Statutory Auditors in their report. 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) 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 Board of Directors have appointed M/s. Mayank Arora & Co., Company Secretaries in Practice (COP: 13609) to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2024.

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, 2024 is annexed herewith and marked as 'Annexure -I' to this Report.

In terms of Regulation 16(1)(c) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company does not have any material subsidiary.

There were no qualifications/ adverse remarks made by the Secretarial Auditor in their report for the financial year ended March 31, 2024.

However, the Secretarial Auditor have made an observation in their report which is self- explanatory and doesn't require any clarification:

*"During the Financial Year 2023-24, the Company has failed to submit the Corporate Governance Report for the quarter ended June 2023 within the due date on NSE Limited. However, the Company have submitted the same on 22/08/2023 on NSE Limited. NSE through their Notice dated August 21, 2023 imposed penalty of Rs. 58,000 + 18% GST. The Company has applied for waiver by paying sum of Rs 11,800 with NSE Limited and the response is awaited therewith."*

### c) Cost Auditor:

The Company has prepared and maintained cost records as prescribed under Section 148(1) of the Companies Act, 2013 for the year 2023-24.

The Board of Directors, on recommendations of the Audit Committee, appointed M/s. Balwinder & Associates, Cost Accountants, (Firm Registration No: 000201), as Cost Auditors of the Company, for the FY 2023-24, vide its Resolution dated May 13, 2023 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 of 30th AGM of the Company.

However, the Company received resignation from the said auditors on March 29, 2024, due to non-receipt of any communication from the previous auditors M/s V. B Modi & Associates, in accordance with the provisions of clause (8) of Part 1 of the First Schedule to the Cost and Works Accountants Act, 1959.

In this regard, the Company had vide its Board Meeting dated April 27, 2024 appointed M/s Kasina & Associates as the Cost Auditors in place of M/s. Balwinder & Associates to carry out Cost Audit for the Financial Year 2023-24 at such remuneration as decided by the Board, subject to the ratification of the Members at the 31st AGM.

The Company has further vide Board Meeting dated June 24, 2024 had appointed same auditors viz., M/s Kasina & Associates as the Cost Auditors for the Financial Year 2024-25, subject to the ratification of the Members at the 31st AGM.

The Cost Audit Report for the financial year 2023-24 is in progress and the report will be filed with the Ministry of Corporate Affairs, Government of India, within the statutory timeline.

## 21. 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.

## 22. 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, are not provided in 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).

## 23. Directors' Responsibility Statement

Pursuant to Section 134 of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- a. in the preparation of annual accounts for the financial year ended March 31, 2024, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. 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 on March 31, 2024 and of the profit of the Company for the year ended on that date;
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts have been prepared for the financial year ended March 31, 2024 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.

## 24. 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.

## 25. 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 were on arm's length basis and were in the ordinary course of business. 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 provisions of applicable SEBI Listing Regulations, all related party transactions are placed before the Audit Committee for prior approval including the transactions covered under section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations. Prior omnibus approval of the Audit Committee has also been obtained for transactions which are foreseen and are 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: [https://www.sarlafibers.com/wp-content/uploads/2024/01/14\\_Related-Party-Transaction-Policy.pdf](https://www.sarlafibers.com/wp-content/uploads/2024/01/14_Related-Party-Transaction-Policy.pdf)

## 26. Corporate Social Responsibility

### Corporate Social Responsibility ("CSR") Committee

In compliance with the requirements of Section 135 of the Companies Act, 2013 read with the applicable rules made there under, the Company has a duly constituted CSR Committee. The details of the CSR Committee are provided in the Corporate Governance Report of the Company, which forms part of the Annual Report.

### CSR Policy

The contents of the CSR Policy of the Company as approved by the Board on the recommendation of the CSR Committee is available on the website of the Company and can be accessed through the web link at <https://www.sarlafibers.com/investors/>.

**CSR initiatives undertaken during the financial year 2023-24, if any**

The CSR Obligation of the Company for the Financial Year 2023-24 was Rs. 100.61 Lakhs. The excess CSR amount spent in previous financial years amounted to Rs. 144.47 Lakhs, and hence the Company was not bound by any obligation during the year under review. However, your Company considers its responsibility towards the community and environment in which it operates and consistently contributes to the economic development of society at large. In line with this commitment, the Company is pleased to inform that it has made surplus contributions during the year under review towards the promotion of healthcare including preventive healthcare.

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 an integral part of this Report.

**27. Corporate Governance Report and Management Discussion and Analysis Report**

Your Company continues to be committed to good corporate governance aligned with the best corporate practices. It has also complied with various standards set out by Securities and Exchange Board of India and the Stock Exchanges where its Securities are listed. For the financial year ended March 31, 2024, your Company has complied with all the requirements as applicable, with respect to 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 - VI' & 'Annexure - VI(A)' respectively.

Further, 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 .

**28. Policy for Determining Materiality of Events**

To boost shareholder democracy and investor awareness, the Securities and Exchange Board of India by way of a Notification dated June 14, 2023, amended the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Vide this Circular SEBI introduced Quantitative Criteria for Determining Materiality of Events/ Information, necessary to be disclosed to investors and stock exchanges. In its consonance, SEBI also introduced/ amended List of Information and/or Events that are deemed material.

In this regard, in order to keep the policies of the Company in line with the provisions of the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 the Policy for Determination of Materiality for Disclosure of Events or Information as maintained by the Company was amended and approved by Board at its Meeting held on January 24, 2024. Further, the Board vide its resolution introduced quantitative thresholds and amended matters which necessitated disclosure to exchanges and investors.

The Materiality Policy of the Company is available on the website of the Company at <https://www.sarlafibers.com/wp-content/uploads/2024/01/8.Determination-of-Material-Events.pdf>

**29. Related Party Transaction Policy**

Related Party Transactions have a significant impact on the governance and integrity of listed entities. Hence, in order to ensure transparency and protect the interests of all stakeholders, SEBI pursuant to Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, mandated the Board of Directors to review its Related Party Transaction (RPT) Policy at least once in every three years or whenever there is any updation thereof.

In this regard, the Board perused and accordingly approved recent amendments in its Related Party Policy.

The Related Party Transaction Policy is available on the website of the Company at <https://www.sarlafibers.com/wp-content/uploads/2024/01/14.Related-Party-Transaction-Policy.pdf>

**30. 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 - <https://www.sarlafibers.com/wp-content/uploads/2024/01/15.Whistle-Blower-Policy.pdf> to report any concerns about unethical behaviour, any actual or suspected fraud.

**31. 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/wp-content/uploads/2024/01/10.Code-of-Insider-Trading.pdf>

**32. Compliance Management Framework**

The Company has instituted a compliance management system within the organization to monitor compliances and provide update to Senior Management/Board on a periodic basis. The Board of Directors on quarterly basis monitors the status of compliances with applicable laws.

**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.

**Risk Management**

The Company has adequate Risk Management framework to identify, measure, manage and mitigate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business strategy and enhance the Company's competitive advantage. This risk framework thus helps in managing market, credit and operational risks and quantifies potential impact at a Company level.

The details and the process of the Risk Management as implemented in the Company are provided as part of Management Discussion and Analysis which forms part of the Annual Report. The risk management policy of the Company is available on its website at - <https://www.sarlafibers.com/wp-content/uploads/2024/01/13.Risk-Management-Policy.pdf>

**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 2023-24 is available on the website of the Company at <https://www.sarlafibers.com/reports/>

**33. 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 <https://www.sarlafibers.com/wp-content/uploads/2024/01/POSH-Policy-Sarla.pdf> of the Company for ready reference of 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, the committee reviewed on the policy and matters pertaining thereto, if any. It was noted that there were no cases received pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**34. 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 Reports/ Presentations which are placed before the Audit Committee and thereafter for discussion on Board.

**35. 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 except one GST recovery order for Rs 643.51 lakhs (Rs. 585.01 Lacs and Rs. 58.50 Lacs as a penalty) plus interest from GST department pertaining to the GST refund availed on exports on payment of IGST in EOU unit for FY 2018-19 to 2021-22. Based on legal advice, the Company has moved to Bombay High court challenging the above order and asking for stay of the demand. Simultaneously the company has filed necessary appeals with the Commissioner (Appeal) Central Excise & Customs. The company believes that its' refund claim was proper and the recovery order is not maintainable.

**36. 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.

### 37. 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'.

These ratings are considered to have low credit risk and are considered stable in nature.

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

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividend, if not claimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to IEPF.

Further, all the shares in respect of which dividend has remained unclaimed for seven consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

In the interest of the shareholders, the Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends/shares to IEPF Authority. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Company's website <https://www.sarlafibers.com/>

The details of unclaimed dividends and shares transferred to IEPF during FY 2023-24 are as follows:

| Financial Year    | Amount of unclaimed dividend transferred | Number of shares transferred |
|-------------------|--|------------------------------|
| 2015-16 (Interim) | 9,58,341                                 | 1,03,100                     |
| 2015-16 (Final)   | 3,72,808                                 | 30,603                       |
| <b>Total</b>      | <b>13,31,149</b>                         | <b>1,33,703</b>              |

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, along with requisite fee as decided by the IEPF Authority from time to time.

Further, the Company shall be transferring the unclaimed Dividend for the financial year 2016-17

to the IEPF Account on or before December 03, 2024. 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.

### 39. Insurance

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

### 40. Other Disclosures

- 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.
- 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. 2023-24 have been duly paid to the Exchanges.
- 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.

### 41. Acknowledgement and appreciation

Your Board takes this opportunity to thank the Company's Members, Customers, Vendors and all other Stakeholders for their continued support throughout the FY 2023-24. 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

Sd/-  
**Krishnakumar Jhunjunwala**  
Managing Director  
DIN: 00097175

Sd/-  
**Neha Jhunjunwala**  
Executive Director  
DIN: 07144529

Place: Mumbai  
Date: June 24, 2024

## Annexure - I

### FORM MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

[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 No. 59/1/4, Amlipiparia 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") having **CIN: L31909DN1993PLC000056**. 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 2024, 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, 2024 according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 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);
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (not applicable during the Audit period);
  - 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);
  - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (not applicable to the Company during the Audit period);
  - 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
  - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable to the Company during the Audit period); and
  - The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (not applicable to the Company during the Audit period);
- 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 2023-24, the Company has failed to submit the Corporate Governance Report for the quarter ended June 2023 within the due date on NSE Limited. However, the Company has submitted the same on 22/08/2023 on NSE Limited. NSE through their Notice dated August 21, 2023 imposed penalty of Rs. 58,000 + 18% GST. The Company has applied for waiver by paying sum of Rs 11800 with NSE Limited and the response is awaited therewith.

**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  
(ICSI Unique Code S2014MH267200)**

**Mayank Arora  
Partner  
Membership No.: F10378  
COP No.: 13609**

**Place: Mumbai  
Date: 10/06/2024  
UDIN No.: F010378F000551261**

*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  
(ICSI Unique Code S2014MH267200)**

**Mayank Arora  
Partner  
Membership No.: F10378  
COP No.: 13609**

**Place: Mumbai  
Date: 10/06/2024  
UDIN No.: F010378F000551261**

**Annexure B**

To,  
The Members,  
**SARLA PERFORMANCE FIBERS LIMITED,**  
Survey Mo 59/1/4, Amla Piparia 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  
(ICSI Unique Code S2014MH267200)**

**Mayank Arora  
Partner  
Membership No.: F10378  
COP No.: 13609**

**Place: Mumbai  
Date: 10/06/2024  
UDIN No.: F010378F000551261**

## Annexure - II

### Particulars of Directors and Employees

Disclosure with respect to the remuneration of Directors and Employees as required under Section 197 of the Companies Act, 2013 and Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, are as follows:

**1. Ratio of the remuneration paid to each Director to the median remuneration of the employees of the Company for the FY 2023-24:**

| Names of Directors                         | Designation                             | Ratio to median remuneration |
|--|---|------------------------------|
| Mr. Krishna Jhunjunwala                    | Managing Director                       | 65.79                        |
| Mr. Parantap Dave                          | Non-Executive Independent Director      | 2.19                         |
| Ms. Shreya Desai                           | Non-Executive Independent Director      | 2.19                         |
| Mr. Paulo Manuel Ferreira Moura De Castro# | Non-Executive Independent Director      | -                            |
| Ms. Neha Jhunjunwala                       | Executive Director                      | 6.58                         |
| Mr. Kanav Jhunjunwala                      | Executive Director                      | 6.97                         |
| Mr. Bharat Kishore Jhamvar                 | Non-Executive Independent Director      | 2.19                         |
| Mr. Sachin Shashikant Abhyankar            | Non-Executive Non- Independent Director | 1.32                         |

# Mr. Paulo Manuel Ferreira Moura De Castro waived his entitlement to sitting fees for FY23-24.

**2. Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the FY 2023-24 vis-a-vis the previous financial period 2022-23:**

| Directors, Chief Financial Officer, and Company Secretary | Designation  | % increase in remuneration in financial year |
|---|--|--|
| Mr. Krishnakumar Jhunjunwala                              | Managing Director  | -  |
| Mr. Parantap Dave^  | Non-Executive Independent Director   | -  |
| Ms. 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   | 59%  |
| Mr. Bharat Kishore Jhamvar^                               | Non-Executive Independent Director<br>(Appointed w.e.f Aug 10, 2023)       | -  |
| Mr. Sachin Shashikant Abhyankar                           | Non-Executive Non- Independent Director<br>(Appointed w.e.f Aug 10, 2023)  | -  |
| Ms. Radhika Sharma  | Company Secretary and Compliance Officer<br>(Appointed w.e.f Nov 4, 2023)  | -  |
| Mr. Mukesh Deopura  | Chief Financial Officer<br>(Resigned w.e.f March 26, 2024)                 | -  |
| Ms. Neha Somani   | Company Secretary and Compliance Officer<br>(Resigned w.e.f Sept 23, 2023) | -  |

^ No commission was declared and paid to Independent Directors for the FY 2023-24

No Annual Salary Increments were paid for FY23-24

**3. Percentage increase in the median remuneration of employees in the FY 2023-24 – 15.27%**

**4. Number of Permanent Employees on the rolls of the Company – 397 Employees.**

**5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:** During the financial year, average increase in salary of employees was 2.31% and average increase in managerial salary was 2.72%. This was based on the recommendation of the Nomination and Remuneration Committee and market standards.

**6. Key Parameters for any variable component of remuneration availed by the directors –** Not Applicable.

**7. Affirmation that the remuneration is as per the remuneration policy of the Company –** The Company affirms that the remuneration is as per the Nomination cum Remuneration Policy of the Company.

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

Sd/-  
**Neha Jhunjunwala**  
Executive Director  
DIN: 07144529

Sd/-  
**Krishnakumar Jhunjunwala**  
Managing Director  
DIN: 00097175

Place: Mumbai  
Date: June 24, 2024

### Annexure – III

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

Disclosure 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

With a view to conserve the natural resources by managing energy in manufacturing activities, following energy conservation projects were taken during the year under review:

##### (i) Steps taken or impact of conservation of energy

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

##### (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 1.12MW at Plants. Energy generated from the said turbine and Solar Plant is captively used by the Company.

##### (iii) Capital investment on energy conservation equipment

During the year under review, the Company has invested Rs. 39.00 Lacs on energy conservation equipment.

#### (B) Technology Absorption

The following initiatives have been taken which has resulted in product improvement / product development and reduction in cost to end consumer and also as an import substitution.

##### (i) Efforts made towards technology absorption

- a) Initiated Air leakage audit in house on daily basis & every machine during PMS
- b) In IDY line we are optimizing the Air pressure from 11 Bar to 7.0 bar in suction gun.
- c) VFD installation in various places to reduce power consumption like chilled water pump, CT fan & Twisting machine.

##### (ii) Benefits derived like product improvement, cost reduction, product development or import substitution:

- a) Reduction in Energy Consumption & subsequent manufacturing cost.
- b) Better yield & productivity.
- c) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – No imported technology deployed during the FY. 2023-24.
  - 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 :** Reduction in energy consumption with various process improvement.
- (ii) **Benefits derived as a result of the above R & D:** Conservation of natural resources
- (iii) **Future Plan of Action :** To continually improve customer satisfaction worldwide and to pioneer the development of new products.
- (iv) **Expenditure incurred on R & D:** All machinery are allocated for both operational and R&D tasks, hence no separate accounting is maintained, and R&D expenditure cannot be specifically determined.

#### (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<br>(Rs. In Lakhs) | Previous Year<br>(Rs. In Lakhs) |
|---------------------------|--------------------------------|---------------------------------|
| Foreign Exchange Earnings | 18040.20                       | 21102.10                        |
| Foreign Exchange Outgo    | 10094.51                       | 16018.18                        |

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

Sd/-  
**Neha Jhunjunwala**  
Executive Director  
DIN: 07144529

Sd/-  
**Krishnakumar Jhunjunwala**  
Managing Director  
DIN: 00097175

Place: Mumbai  
Date: June 24, 2024

**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 2023-24, 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           | 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 | Date(s) of approval by the Board, if any | Amount paid as advances, if any     |
|---------|--|--|---|--|-----------------------|--|-------------------------------------|
| 1       | Mr. Krishnakumar Jhunjunwala (Managing Director)               | i. Managerial Remuneration (including Retirement Benefits)<br>i. Rent paid | i. October 01, 2019 to September 30, 2024<br>ii. April 01, 2023 to March 31, 2024 | i. As per the terms of Appointment<br>ii. As per the terms of Lease Agreement              | 180.00<br>21.60       | 13-05-2023<br>10-08-2023                 | 11.00 paid towards Security Deposit |
| 2       | Ms. Neha Jhunjunwala (Executive Director)                      | Managerial Remuneration (including Retirement Benefits)                    | April 01, 2023 to March 31, 2024  | As per the terms of Appointment  | 18.00                 | 13-05-2023                               | -                                   |
| 3       | Mr. Kanav Jhunjunwala (Executive Director)                     | Managerial Remuneration (including Retirement Benefits)                    | April 01, 2023 to March 31, 2024  | As per the terms of Appointment  | 19.08                 | 27-11-2023*                              | -                                   |
| 4       | Ms. Radhika Sharma^ (Company Secretary and Compliance Officer) | Remuneration (including Retirement Benefits)                               | April 01, 2023 to March 31, 2024  | As per the terms of Appointment  | 6.45                  | 04-11-2023                               | -                                   |
| 5       | Mr. Mukesh Deopura^^ (Chief Financial Officer)                 | Remuneration (including Retirement Benefits)                               | April 01, 2023 to March 31, 2024  | As per the terms of Appointment  | 37.50                 | -  | -                                   |
| 6       | Ms. Neha Somani^ (Company Secretary and Compliance Officer)    | Remuneration (including Retirement Benefits)                               | April 01, 2023 to March 31, 2024  | As per the terms of Appointment  | 6.90                  | -  | -                                   |
| 7       | Ms. Vrinda Jhunjunwala (Relatives of KMP)                      | Remuneration (including Retirement Benefits)                               | April 01, 2023 to March 31, 2024  | As per the terms of Appointment  | 6.00                  | -  | -                                   |
| 8       | Ms. Chanda Deopura (Relative of KMP)                           | Remuneration (including Retirement Benefits)                               | April 01, 2023 to March 31, 2024  | As per the terms of Appointment  | 24.97                 | -  | -                                   |

| Sr. No. | Name of the Related Party and Nature 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 | Date(s) of approval by the Board, if any | Amount paid as advances, if any |
|---------|--|---|---|--|-----------------------|--|---------------------------------|
| 9       | Sarla Europe, LDA (Step Down Subsidiary)   | Payment of Commission                           | On-going  | As per the terms of contract   | 170.70                | 13-05-2023                               | -                               |
| 10      | Sarlaflex Inc (Wholly Owned Subsidiary)  | Advance Given for procurement of Goods          | On-going  | As per terms of contract   | -                     | 04-11-2023                               | 91.64                           |
| 11      | Madhusudan Jhunjunwala & Sons HUF (Entity over which KMP are able to exercise significant influence) | i. Rent paid<br>ii. Security Deposit            | April 01, 2023 to March 31, 2024                  | As per the terms of Lease Agreement  | 21.60                 | 10-08-2023                               | 11.00                           |
| 12      | Hindustan Cotton Co. (Entity over which KMP are able to exercise significant influence)              | i. Rent paid<br>ii. Security Deposit            | January 01, 2024 to November 30, 2024             | As per the terms of Leave & License Agreement  |                       | 04-11-2023                               | i. 13.50<br>ii. 36              |

\*Approved vide Circular Resolution

^Ms. Radhika Sharma was appointed as Company Secretary with effect from November 4, 2023 in place of Ms. Neha Somani who resigned on September 22, 2023.

^^Mr. Mukesh Deopura resigned as Chief Financial Officer from the Company with effect from March 26, 2024

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

Sd/-  
**Neha Jhunjunwala**  
Executive Director  
DIN: 07144529

Sd/-  
**Krishnakumar Jhunjunwala**  
Managing Director  
DIN: 00097175

Place: Mumbai  
Date: June 24, 2024



**Annexure - V**

**Annual Report on Corporate Social Responsibility  
(CSR) Activities For FY 2023-24**

[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.

**CSR Vision**

Sarla Performance Fibers Limited through its Corporate Social Responsibility initiatives, shall always strive to enrich the quality of life in different segments of the society

The Company aims to -

- Positively impact economic and social conditions of the communities in which it operates.
- Make efforts towards self-sustainability of CSR projects.
- Take initiatives on environmental sustainability.
- Foster a culture of CSR amongst employees, business associates and stakeholders

**2. Composition of CSR Committee as on March 31, 2024:**

| 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 Jhunhunwala | Chairman<br>(Managing Director)                | 1  | 1  |
| 2       | Mr. Parantap Dave            | Member<br>(Non-Executive Independent Director) | 1  | 1  |
| 3       | Ms. Shreya Desai             | Member<br>(Non-Executive Independent Director) | 1  | 1  |

3. Web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company:

Composition of CSR Committee: <https://www.sarlafibers.com/composition-of-committee/>

CSR Policy and CSR Projects: <https://www.sarlafibers.com/wp-content/uploads/2024/01/11.-CSR-Policy.pdf>

4. Executive Summary along with web-link(s) 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: Not Applicable

5. (a) Average net profit/(loss) of the company as per sub-section (5) of section 135: Rs.50,30,61,047  
 (b) Two percent of average net profit of the company as per sub-section (5) of section 135: Rs. 1,00,61,220  
 (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Rs. 1,44,47,756.77  
 (d) Amount required to be set off for the financial year if any: Rs. 1,00,61,220  
 (e) Total CSR obligation for the financial year [b+c-d]: Nil
6. (a) Amount spent on CSR Projects (both ongoing project and other than ongoing projects): Other than ongoing  
 (b) Amount spent in Administrative Overheads: NA  
 (c) Amount spent on Impact Assessment, if applicable: NA  
 (d) Total amount spent for the Financial Year (a+b+c): Rs 5,00,000  
 (e) CSR amount spent or unspent for the financial year:

(Rs. In Lakhs)

| Total Amount Spent for the Financial Year (in Rs.) | Amount Unspent (in Rs.)  |                  |   |        |                  |
|--|--|------------------|---|--------|------------------|
|  | Total Amount transferred to Unspent CSR Account as per subsection (6) of Section 135 |                  | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of Section 135 |        |                  |
|  | Amount   | Date of transfer | Name of the Fund  | Amount | Date of transfer |
| 5,00,000   | Nil  | 03-08-2023       | -   | -      | -                |

(f) 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 sub-section (5) of section 135                      | 1,00,61,220    |
| (ii)    | Total amount spent for the Financial Year   | 1,05,61,220^   |
| (iii)   | Excess amount spent for the financial year [(ii)-(i)]   | 5,00,000       |
| (iv)    | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | 1,44,47,756.77 |
| (v)     | Amount available for set off in succeeding financial years [(iii)-(iv)]                                     | (43,86,536.77) |

^The Company has done excess spending of Rs 5,00,000. The remaining amount of Rs. 1,00,61,220 is set-off from previous years. Refer point 7 of Report.

**7. Details of Unspent CSR amount for the preceding three financial years:**

| Sr. No. | Preceding Financial Year. | Amount transferred to Unspent CSR Account under subsection (6) of section 135 (in Rs.) | Balance amount in Unspent CSR Account under subsection (6) of section 135 (in Rs.) | Amount spent in the Financial Year (in Rs.). | Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any |                  | Amount remaining to be spent in succeeding financial years (in Rs.) | Deficiency, if any |
|---------|---------------------------|--|--|--|---|------------------|---|--------------------|
|         |                           |  |  |  | Amount (in Rs.)   | Date of transfer |   |                    |
| 1       | FY-1                      | 17,18,375.84   | --   | --   | --  | --               | 17,18,375.84  | NA                 |
| 2       | FY-2                      | 1,27,29,380.93   | --   | 1,00,61,220                                  | --  | --               | 26,68,160.93  | NA                 |
| 3       | FY-3                      | 0  | --   | 0  | --  | --               | 0   | --                 |
|         | Total                     | 1,44,47,756.77   |  | 1,00,61,220                                  |   |                  | 43,86,536.77  | --                 |

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: NA

If yes, enter the number of capital assets created/acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

| Sr. No. | Short particulars of the property or asset(s) [including complete address and location of the property] | Pincode of the property or asset(s) | Date of creation | Amount of CSR amount spent | Details of entity/ Authority/ beneficiary of the registered owner |
|---------|---|-------------------------------------|------------------|----------------------------|---|
| -       | -   | -                                   | -                | -                          | -   |

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135: NA

**FOR AND ON BEHALF OF THE BOARD**

**Sd/-**  
**Krishnakumar Jhunhunwala**  
Chairperson- CSR Committee  
Managing Director - SPFL  
DIN: 00097175

**Sd/-**  
**Parantap Dave**  
Member- CSR Committee  
Independent Director - SPFL

Place: Mumbai  
Date: June 24, 2024

# REPORT ON CORPORATE GOVERNANCE

## INTRODUCTION

Sarla Performance Fibers Limited ('SPFL/the Company') is committed to comply with the best practices in Corporate Governance and aspires to reach higher standards while emphasizing on the principles of integrity, transparency, customer orientation thereby creating a sustainable culture and long-term value for all its stakeholders. It believes in fair business and corporate practices while dealing with its shareholders, employees, customers, creditors, lenders and other stakeholders. The Company also believes in transparent and fair corporate actions with adequate disclosure and total accountability.

This report is prepared in compliance with Regulation 34(3) and Schedule V of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

### 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 ('BOARD'):

SPFL, as a Company, believes that an active, well informed and independent Board is necessary to ensure the highest standards of Corporate Governance. The Company believes that the Board is at the core of Corporate Governance and thus an optimum mix of Executive and Non-Executive including Woman Directors plays a significant role in ensuring the highest standards of Corporate Governance practice in the Company.

### Composition and Category of Directors

As on March 31, 2024, the Board comprises of eight (8) Directors, of which three (3) are Executive Directors, one (1) is Non-Executive Non-Independent Director and the remaining four (4) are Non-Executive Independent Directors. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations read with Section 149 of the Companies Act, 2013.

The Executive Directors are also the Promoters of the Company handling particular segments. The Independent Directors do not have any material pecuniary relationship or have not entered into any kind of significant transactions with the Company or its Subsidiary/ Associate/ Joint Venture, Promoters or Management, which may affect their judgement in any manner.

Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

### Board Meetings

The Meetings of the Board of Directors are generally held at the Company's Corporate Office situated at Nariman Point, Mumbai. All necessary information and documents as required under Regulation 17(7) read with Part A of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to the meetings are made available to the Board of Directors. Senior Executives/ Management of the Company are invited to attend Meetings of the Board and Committees, to make presentations and provide clarifications as and when required. The Board meets at least once in a quarter to review the quarterly performance and approve the financial results.

The Company, on request of Directors also provides facility to attend the Board/Committee Meetings through Video Conferencing. Further, the minutes of the meetings are also circulated to the Directors via electronic mode. All the Directors have access to the documents of the meeting on real time basis.

The Board met four (4) times during the financial year ended March 31, 2024 viz., May 13, 2023, August 10, 2023, November 4, 2023 and January 24, 2024 respectively. The requisite quorum was present for all the meetings of the Board held during the Financial Year 2023-24

### Disclosures, Membership, Attendance & Other Directorships

None of the Directors on the Board holds directorship in more than ten (10) public companies or serves as Independent Director in more than seven (7) listed entities and none of the Executive Directors on Board serve as Independent Director in more than three (3) listed entities.

The necessary disclosures regarding Directorships, Memberships and Chairmanships in various other Boards and Committees of other companies have been made by all the Directors. None of the Directors are related to other Directors and the Key Managerial Personnel of the Company except inter-se relationship between Mr. Krishnakumar Jhunjunwala, Ms. Neha Jhunjunwala & Mr. Kanav

Jhunjunwala; Mr. Krishnakumar is the father of Ms. Neha Jhunjunwala and Mr. Kanav Jhunjunwala

Further, None of the Directors on the Board is a member of more than ten (10) Committees and/or acts as a Chairperson of more than five (5) Committees across all Public Companies in which they are Directors.

None of the Directors served as an Independent Director and held Directorship in more than seven (7) listed Companies. Further, the Managing Director and Executive Directors of the Company are not serving as an Independent Director on the Board of any other listed entity.

Details of Membership and Attendance of each Director at the Board of Directors Meetings held during the financial year under review and the last Annual General Meeting ("AGM") and the number of other Directorships including the names of listed entities in which they are a Director and Chairmanship/ Membership of Board Committees as on March 31, 2024 are as under:

| Name of Director*   | Category* | Attendance    |          | No. of Outside Directorship's# |         | No. of Committee Positions held in other Listed Companies (Excluding SPFL)## |        | Directorship in other Listed Companies (Excluding SPFL) |          |
|---|-----------|---------------|----------|--------------------------------|---------|--|--------|---|----------|
|   |           | Board Meeting | Last AGM | Public                         | Private | Chairman   | Member | Name  | Category |
| Mr. Krishna Madhusudan Jhunjunwala (DIN: 00097175)        | MD-P      | 4/4           | Yes      | -                              | 4       | -  | -      | None  | None     |
| Mr. Parantap Dave (DIN: 00019472)                         | I         | 4/4           | Yes      | 1                              | 7       | -  | -      | None  | None     |
| Ms. Shreya Desai (DIN: 08041995)                          | I         | 4/4           | LOA      | -                              | 1       | -  | -      | None  | None     |
| Mr. Paulo Manuel Ferreira Moura De Castro (DIN: 08459844) | I         | 4/4           | LOA      | -                              | -       | -  | -      | None  | None     |
| Ms. Neha Jhunjunwala@ (DIN: 07144529)                     | ED - P    | 2/4           | Yes      | -                              | -       | -  | -      | None  | None     |
| Mr. Kanav Jhunjunwala@ (DIN: 09507192)                    | ED - P    | 2/4           | Yes      | -                              | -       | -  | -      | None  | None     |
| Mr. Sachin Shashikant Abhyankar^ (DIN: 02760746)          | NED       | 2/4           | Yes      | -                              | -       | -  | -      | None  | None     |
| Mr. Bharat Kishore Jhamvar^ (DIN: 00211297)               | I         | 2/4           | Yes      | 1                              | 4       | -  | 1      | Affordable Robotic & Automation Limited                 | I        |

\*MD – Managing Director; P- Promoter; ED – Executive Director; NED – Non Executive Director; I – Independent

# This includes all Indian Companies, excluding Section 8 Companies and Foreign Companies.

## This includes Audit Committee and Stakeholders Relationship Committee of Indian Public Limited Companies.

^Mr. Sachin Shashikant Abhyankar and Mr. Bharat Kishore Jhamvar were appointed w.e.f. 10th August, 2023

@Mr. Krishnakumar Jhunjunwala is father of Ms. Neha Jhunjunwala and Mr. Kanav Jhunjunwala

The Board, on request of the Director(s) has granted Leave of Absence to the Director(s) being unable to attend the respective Board Meeting(s) and Committee Meeting(s). The Company also provides audio video conferencing facility to its Directors to enable their participation so that they can contribute in the discussions at the meetings.

The Company has not issued any convertible instruments during the FY-2023-2024.

**Directors seeking appointments / re-appointments at the Annual General Meeting**

- (i) Re-designation and re-appointment of Mr. Krishnakumar Jhunjhunwala as executive Chairman and Managing Director of the Company
- (ii) Re-appointment of Mr. Paulo Manuel Ferreira Moura De Castro (DIN:08459844) as the Non- Executive Independent Director of the Company
- (iii) Approve ratification of appointment of Mr. Bharat K. Jhamvar (DIN: 00211297) as an Independent Director

of the Company

- (iv) Re-designation of Mr. Sachin Shashikant Abhyankar (DIN: 02760746) as a Non-Executive, Independent Director of the Company

**Key Skills, Experience and Competencies**

The Board of Directors of SPFL are qualified and experienced professionals that allow them to contribute effectively to the Board and its Committees. All Directors on Board actively participate in the deliberations by providing valuable guidance to the Management on various aspects of business, policy direction, governance, 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 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:

| Skills, Experience and Competencies        | Brief Particulars   |
|--|---|
| Global Industry Knowledge                  | As the Company has its presence in global markets through its wholly owned foreign subsidiaries namely Sarlalex INC., & Sarla Overseas Inc., & foreign Joint Ventures, it is important that the Board Members have 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.   |
| Leadership                                 | The Board Members need to extend leadership experience for an enterprise resulting in a practical understanding of organization. The Board Members need to demonstrate strengths in driving change and long term growth   |
| Finance and Accounting experience          | Comprehensive understanding of financial accounting, reporting and controls and risk 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.  |
| 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, 2024, are as follows:**

| Name of the Director                      | Global Industry Knowledge | Experience of crafting Business Strategies | Finance & Accounting experience | Governance Risk and Compliance | Risk Management | Sales, Marketing & Brand building |
|---|---------------------------|--|---------------------------------|--------------------------------|-----------------|-----------------------------------|
| Mr. Krishna Madhusudan Jhunjhunwala       | √                         | √  | √                               | √                              | √               | √                                 |
| Mr. Parantap Dave                         | √                         | √  | √                               | √                              | √               | √                                 |
| Ms. Shreya Desai                          | -                         | -  | √                               | √                              | √               | -                                 |
| Mr. Paulo Manuel Ferreira Moura De Castro | √                         | √  | -                               | -                              | √               | √                                 |
| Ms. Neha Jhunjhunwala                     | √                         | √  | -                               | √                              | √               | √                                 |
| Mr. Kanav Jhunjhunwala                    | √                         | √  | √                               | √                              | √               | √                                 |
| Mr. Sachin Shashikant Abhyankar           | √                         | √  | √                               | √                              | √               | √                                 |
| Mr. Bharat Kishore Jhamvar                | √                         | √  | √                               | √                              | √               | √                                 |

**(i) 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

**(ii) 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 Managing Director forms part of the Annual Report 2023-24 of the Company. The code has been posted on the website of the Company at <https://www.sarlafibers.com/wp-content/uploads/2024/01/6.-Code-of-Conduct.pdf>

**(iii) 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.

**(iv) Independent Directors:**

The term "Independent Director" has been defined under Section 149 of the Companies Act, 2013 and rules made thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

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.

The Company has complied with the provisions with respect to appointment and term of Independent Directors which are consistent with the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Independent Directors on the Board of the Company are given a formal appointment letter inter alia containing the terms of appointment, role, duties and responsibilities, code of conduct etc. Pursuant to Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the terms and conditions of appointment are available on the website of the Company at <https://www.sarlafibers.com/wp-content/uploads/2024/01/2.Terms-Conditions-for-appointment-of-ID.pdf>

**(v) 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.

SPFL has placed 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 2023-24 is placed on the website of the Company-<https://www.sarlafibers.com/wp-content/uploads/2024/01/1.Familiarisation-Programme-for-ID-for-FY-23-24.pdf>

**(vi) Separate Meeting of Independent Directors:**

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, 2024. 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.

Mr. Parantap Dave 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 Ferreira Moura De Castro | 1                         | 1                 |
| Mr. Bharat Kishore Jhamvar*               | 1                         | 1                 |

\*Mr. Bharat is appointed w.e.f. August 10, 2023

**(vii) 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.

**(viii) 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.

**(ix) 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:**

None of the Independent Directors of the Company have resigned before the expiry of his/ her tenure during the FY 2023-24.

**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 and more focused attention. 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 Committees operate under the direct supervision of the respective committee members; thereafter which it is the responsibility of the Chairperson of the respective Committee to report to the Board, the deliberations and decisions taken by the Committees. The recommendations of the Committees are submitted to the Board for their timely approval and action. In all there are five (5) Committees of Board.

**(i) AUDIT COMMITTEE:**

Pursuant to Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013, the Audit Committee of the Company has been constituted.

The Audit Committee's role flows directly from the Board's overview function on Corporate Governance, which holds the management accountable to the Board and the Board accountable to the stakeholders.

Over the years the Committee has been reconstituted and from time to time to align it with the requirements of the applicable laws, rules and regulations. The present composition of the Audit Committee is in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. As on March 31,

2024, the Audit Committee comprises of three (3) Members out of which two (2) are Non-Executive Independent Directors.

The Audit Committee also invites at its meetings, senior executives/ management as an when required. The representatives of the Auditors are also invited to the meetings. The Company Secretary & Compliance Officer acts as the Secretary to the Committee.

**Composition of Committee, Meetings and Attendance during financial year 2023-24**

The Members of the Committee are financially literate, possess accounting and related financial management expertise and the Chairman of the Committee attends the Annual General Meeting of the Company to answer shareholder's queries, if any.

The Committee met four (4) times during the financial year under review. The said meetings were held on May 13, 2023, August 10, 2023, November 4, 2023 and January 24, 2024 respectively.

| Sr No. | Name of the Director          | Designation | Category* | No. of Meetings attended |
|--------|-------------------------------|-------------|-----------|--------------------------|
| 1      | Mr. Parantap Dave             | Chairman    | I         | 4                        |
| 2      | Ms. Shreya Desai              | Member      | I         | 4                        |
| 3      | Mr. Krishnakumar Jhunjhunwala | Member      | ED        | 4                        |

\*ED – Executive Director; NED – Non Executive Director; I – Independent

The Audit Committee was re-constituted thereby inducting Mr. Bharat Jhamvar in place of Ms. Shreya Desai dated January 24, 2024

**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:**

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

**Role of Audit Committee:**

- 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;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - 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;
  - changes, if any, in accounting policies and practices and reasons for the same;

- major accounting entries involving estimates based on the exercise of judgment by management;
  - significant adjustments made in the financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions;
  - modified opinion(s) in the draft audit report;
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
  - 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;
  - Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  - Approval or any subsequent modification of transactions of the listed entity with related parties;
  - Scrutiny of inter-corporate loans and investments;
  - Valuation of undertakings or assets of the listed entity, wherever it is necessary;
  - Evaluation of internal financial controls and risk management systems;

12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. 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;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. 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;
16. 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;
17. 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;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
21. 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.
22. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
23. Management discussion and analysis of financial condition and results of operations;
24. Management letters/letters of internal control weaknesses issued by the statutory auditors;
25. Internal audit reports relating to internal control weaknesses;
26. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the committee; and
27. 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 read with Part-D(A) of Schedule-II of SEBI Listing Regulations.

**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.

During the FY2023-24, the Committee met three (3) times viz., August 10, 2023, November 4, 2023 and January 24, 2024

| Sr No. | Name of the Director                      | Designation | Category* | No. of Meetings attended |
|--------|---|-------------|-----------|--------------------------|
| 1      | Mr. Parantap Dave                         | Chairman    | I         | 3                        |
| 2      | Ms. Shreya Desai                          | Member      | I         | 3                        |
| 3      | Mr. Paulo Manuel Ferreira Moura De Castro | Member      | I         | 2                        |

\* I – Independent Director

**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:

1. 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;
2. 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.
3. Formulation of criteria for evaluation of performance of independent directors and the Board of Directors;
4. Devising a policy on diversity of Board of Directors;

5. 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;
6. 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;
7. Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

**Performance Evaluation Criteria for Independent Directors**

The performance evaluation criteria for independent directors is determined by the Nomination and Remuneration Committee. An indicative list of factors on which evaluation was carried out includes participation and contribution by a director, commitment, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behaviour and judgement.

**Remuneration Policy**

The Nomination cum Remuneration Policy (“NRC Policy”) of the Committee is in compliance of Section 178 of the Companies Act, 2013 read with the applicable rules made there under and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The NRC Policy can be accessed at <https://www.sarlafibers.com/wp-content/uploads/2024/01/9.Nomination-and-Remuneration-Policy.pdf>

**Details of Remuneration as on March 31, 2024**

**i. Remuneration to Executive Directors**

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. Further, the Company does not have a scheme for grant of stock options.

As on March 31, 2024, 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.

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

Non-Executive Directors of the Company are paid sitting fees for attending Board and Audit 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.

(In Rs.)

| Name of Director  | Basic Salary     | **Benefits/ Allowances / Perquisites | Bonus/ Commission | Sitting Fees    | *Pension/ PF | Total              |
|---|------------------|--------------------------------------|-------------------|-----------------|--------------|--------------------|
| <b>For Managing Director &amp; Executive Directors</b>    |                  |                                      |                   |                 |              |                    |
| Mr. Krishnakumar Jhunjunwala                              | 73,77,804        | 1,06,22,196                          | 0                 | 0               | 0            | 1,80,00,000        |
| Ms. Neha Jhunjunwala                                      | 7,20,000         | 10,80,000                            | 0                 | 0               | 0            | 18,00,000          |
| Mr. Kanav Jhunjunwala                                     | 4,80,000         | 14,28,000                            | 0                 | 0               | 0            | 19,08,000          |
| <b>Sub Total (a)</b>                                      | <b>85,77,804</b> | <b>1,31,30,196</b>                   |                   |                 |              | <b>2,17,08,000</b> |
| <b>For Non-Executive, including Independent Directors</b> |                  |                                      |                   |                 |              |                    |
| Mr. Parantap Dave   | 0                | 0                                    | 0                 | 2,00,000        | 0            | 2,00,000           |
| Mr. Paulo Manuel Ferreira Moura De Castro <sup>^</sup>    | 0                | 0                                    | 0                 | 0               | 0            | 0                  |
| Ms. Shreya Desai  | 0                | 0                                    | 0                 | 2,00,000        | 0            | 2,00,000           |
| Mr. Sachin Shashikant Abhyankar                           | 0                | 0                                    | 0                 | 60,000          | 0            | 60,000             |
| Mr. Bharat Kishore Jhamvar                                | 0                | 0                                    | 0                 | 60,000          | 0            | 60,000             |
| <b>Sub Total (b)</b>                                      | <b>0</b>         | <b>0</b>                             | <b>0</b>          | <b>5,20,000</b> | <b>0</b>     | <b>5,20,000</b>    |
| <b>Sub Total (a+b)</b>                                    | <b>85,77,804</b> | <b>1,31,30,196</b>                   | <b>0</b>          | <b>5,20,000</b> | <b>0</b>     | <b>2,22,28,000</b> |

<sup>^</sup>Mr. Paulo has waived his entitlement to sitting fees

\*Contributions to Provident Fund are waived off

\*\*including reimbursements claimed, housing/accommodation, loan, club facility, if any

None of the Directors are related to each other in any manner except Executive Directors.

Apart from the above, there are no other pecuniary relationships or transactions of the Non-Executive Directors with the Company.

**Details of fixed component and performance linked incentives paid for the financial year 2023-24:**

(In Rs.)

| Name of Director             | Salary             |                               |
|------------------------------|--------------------|-------------------------------|
|                              | *Fixed             | Performance Linked Incentives |
| Mr. Krishnakumar Jhunjunwala | 1,80,00,000        | 0                             |
| Ms. Neha Jhunjunwala         | 18,00,000          | 0                             |
| Mr. Kanav Jhunjunwala        | 19,08,000          | 0                             |
| <b>Total</b>                 | <b>2,17,08,000</b> | <b>0</b>                      |

\* Includes Reimbursement claimed, housing/accommodation and the perquisite values.

**Details of Service Contracts, Notice Period/Tenure, etc. of all the Directors for the financial year:**

| Sr No. | Name of Director   | Period/Tenure   | Service Contract | Notice Period | Severance fees, if Any |
|--------|--|---|------------------|---------------|------------------------|
| 1      | Mr. Krishnakumar Jhunjunwala                             | 1st October, 2019 to 30th September, 2024   | Yes              | 3 months      | None                   |
| 2      | Ms. Neha Jhunjunwala                                     | 12th February, 2022 to 11th February, 2027  | Yes              | None          | None                   |
| 3      | Mr. Kanav Jhunjunwala                                    | 12th February, 2022 to 11th February, 2027  | Yes              | None          | None                   |
| 4      | Non-Executive Directors other than Independent Directors | None. The Non-Executive Directors other than Independent Directors, liable to retire by rotation, get re-appointed as per the provisions of Articles of Association of the Company and the applicable provisions of the Companies Act, 2013 | No               | None          | None                   |

**iii. Particulars of Senior Management of SPFL**

The Committee to recommend to the Board the remuneration of the Senior Management in accordance with the Nomination and Remuneration Policy

[Explanation: "Senior Management" shall mean officers/personnel of the Company who are members

of core management team excluding Board of Directors and shall comprise of all members of management one level below the Chief Executive Officer/Managing Director/Whole Time Director/Manager (including Chief Executive Officer/Manager, in case they are not part of the Board) and shall specifically include functional Heads, by whatever name called and the Company Secretary and the Chief Financial Officer]

| Name of Senior Management Personnel | Category                                 |
|-------------------------------------|--|
| Mr. Sunil Jhunjunwala               | Vice President                           |
| Ms. Vrinda Jhunjunwala              | Export Head                              |
| Ms. Ami Daru                        | Chief Human Resource - Head              |
| Mr. Satish Malsaria                 | Sales Head                               |
| Mr. Varun Narula                    | Operations Head                          |
| Mr. Kayvanna Shah^                  | Chief Financial Officer                  |
| Mr. Mukesh Deopura^                 | Chief Financial Officer                  |
| Ms. Radhika Sharma^^                | Company Secretary and Compliance Officer |
| Ms. Neha Somani^^                   | Company Secretary and Compliance Officer |

^Mr. Kayvanna Shah is appointed on June 24, 2024 in place of Mr. Mukesh Deopura who resigned on March 26, 2024

^^ Ms. Radhika Sharma is appointed on November 4, 2023 in place of Ms. Neha Somani who resigned on September 22, 2023

**(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.

**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 met four (4) times during the financial year under review. The said meetings were held on May 13, 2023, August 10, 2023, November 4, 2023 and January 24, 2024 respectively.

| Sr No. | Name of the Director         | Designation | Category* | No. of Meetings attended |
|--------|------------------------------|-------------|-----------|--------------------------|
| 1      | Mr. Parantap Dave            | Chairman    | I         | 4                        |
| 2      | Ms. Shreya Desai             | Member      | I         | 4                        |
| 3      | Mr. Krishnakumar Jhunjunwala | Member      | ED        | 4                        |

\*ED – Executive Director; I – Independent Director

**Terms of reference**

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

1. Resolving 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;
2. Review of measures taken for effective exercise of voting rights by shareholders;
3. 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;
4. 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 shareholders of the company;

5. 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.

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

**Details of Compliance Officer:**

**Name and Designation of Compliance Officer:** Ms. Radhika Sharma, Company Secretary & Compliance Officer

**Communication details:**

Ms. Radhika Sharma  
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)

**Number of Shareholders Complaints pending as on March 31, 2024:**

| Opening as on April 1, 2023 | Received during the year | Resolved during the year | Closing as on March 31, 2024 |
|-----------------------------|--------------------------|--------------------------|------------------------------|
| 0                           | 1                        | 1                        | 0                            |

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

**(iv) CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE**

The Corporate Social Responsibility ('CSR') Committee of the Company was constituted in September 2014 as per the applicable provisions of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules,

2014, including amendments thereof and was reconstituted from time to time. As on March 31, 2024, the Committee consisted of three (3) members of whom two (2) are Non-Executive Independent Directors. The Managing Director of the Company is the Chairman of the Corporate Social Responsibility Committee.

**Composition of Committee, Meetings and Attendance**

The Committee met once (1) times during the financial year under review i.e., on January 24, 2024

| Sr No. | Name of the Director         | Designation | Category* | No. of Meetings attended |
|--------|------------------------------|-------------|-----------|--------------------------|
| 1      | Mr. Krishnakumar Jhunjunwala | Chairman    | ED        | 1                        |
| 2      | Ms. Shreya Desai             | Member      | I         | 1                        |
| 3      | Mr. Parantap Dave            | Member      | I         | 1                        |

\*ED – Executive Director; I – Independent Director

**Terms of reference**

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

1. 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.

2. Recommending the amount of expenditure to be incurred on the activities referred to in clause (i);

3. 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;
4. Monitoring the Corporate Social Responsibility Policy of the Company from time to time;
5. Overseeing the progress of the CSR Projects or Programs rolled out under CSR Policy as may be required;
6. Submission of Report to the Board on all CSR Activities undertaken during the year; and monitoring and reviewing the implementation of the CSR Policy.

The details of CSR initiatives undertaken by the Company for the FY 2023-24 are mentioned in the CSR Report "Annexure V of Board Report" of which forms a part of Annual Report.

**(v) RISK MANAGEMENT COMMITTEE ("RMC")**

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.

**4. POLICIES, AFFIRMATIONS AND OTHER DISCRETIONARY DISCLOSURES**

- i. With regards to the Corporate Governance, the Company is in compliance with the requirements under regulation 17 to 27 read with Schedule V and clause (b) to (i) and (t) of sub-regulation (2) of Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- ii. During the year under review, all the related party transactions that were entered into were on an arm's length basis and in the ordinary course of business, and there were no material related party transactions that had potential conflict with the interest of the Company at large.

The details of the transactions with the related parties are placed before the Audit Committee on a quarterly basis in compliance with the provisions of Section 177 of the Companies Act, 2013 and Rules framed thereunder and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of Related Party Transactions are disclosed in the notes to the Financial Statements as per the applicable Indian Accounting Standards.

Pursuant to the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a Policy on materiality of the Related Party Transactions and on dealing with Related Party Transactions. The Policy is available on the Company's website at <https://www.sarlafibers.com/wp-content/uploads/2024/01/14.Related-Party-Transaction-Policy.pdf>

- iii. The Company has complied with all the requirements of the Stock Exchanges, SEBI or any

other statutory authority(ies) on any matter related to capital markets during the last three years and no penalties, strictures have been imposed against, in relation to the capital markets by such authorities during such period except a fine levied by National Stock Exchange of India Limited (NSE) by Notice dated August 21, 2023 of Rs. 58,000 (excluding GST). Pursuant to the same the Company has applied for waiver application for revision and refund of fine levied by NSE for which the response is awaited.

Further, the Company has received GST Recovery Order dated 13th October, 2023 for Rs 643.51 Lakhs from the GST Department pertaining to the GST refund availed on exports on payment of IGST in EOU unit for FY 2018-19 to 2021-22. The Company has based on the legal advice, moved to Bombay High court challenging the order and asking for stay on the demand. Simultaneously the company has filed necessary appeals with the Commissioner (Appeal) Central Excise & Customs. The company believes and is also advised that its' refund claim was proper and the recovery order is not maintainable.

- iv. During the FY 2023-24, 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 <https://www.sarlafibers.com/wp-content/uploads/2024/01/12.-Policy-for-Determining-Material-Subsidiary.pdf>
- v. As per the requirement of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, the Company has established a Whistle Blower Policy for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct policy. The policy is also put up on the Company's website <https://www.sarlafibers.com/wp-content/uploads/2024/01/15.Whistle-Blower-Policy.pdf>
- vi. The senior management of the Company make timely disclosures to the Board of Directors relating to all material, financial and commercial transactions, where they have personal interest in any transaction or matter that may have a potential conflict with the interest of the Company. The Particular of senior management of the Company including therein since the close of the previous financial year is disclosed previously in this Report.
- vii. There were no instances during the financial year 2023-2024 wherein the Board had not accepted recommendations made by any committee of the Board.
- viii. CNK & Associates LLP (Firm Registration No. 101961W) have been appointed as the Statutory Auditors of the Company and M/s C. Sharat & Associates (FRN:128593W) are appointed as Auditors for Sarlaflex INC. & Sarla Overseas Holding Limited, Wholly Owned Subsidiary(ies) of the Company. As required under Regulation 34 read with Part C of the Schedule V of the SEBI Listing Regulations, the total fees paid by the Company and its Subsidiaries on a consolidated basis, to the Statutory Auditor and all entities in the network firm/ entity of which the statutory auditor is a part, for FY 2023-24 are as under:

| (Rs. lakhs)   |              |                 |              |
|---|--------------|-----------------|--------------|
| Particulars   | By SPFL      | By Subsidiaries | Total Amount |
| Services as statutory auditors (including quarterly audits) | 18.00        | 0.40            | 18.40        |
| Certification Charges                                       | 1.15         | -               | 1.15         |
| Re-imburement of out-of-pocket expenses                     | 0.30         | -               | 0.30         |
| Other matters   | -            | -               | -            |
| <b>Total</b>  | <b>19.45</b> | <b>0.40</b>     | <b>19.85</b> |

- ix. For FY 2023-24, the Auditors have expressed an unmodified opinion on the Financial Statements of the Company. The Company continues to adopt best practices to ensure a regime of unmodified Financial Statements.
- x. The Internal Auditors of the Company report to the Audit Committee of the Company and their comments/ observations thereof are further placed to Board, to ensure independence of the Internal Audit function.
- xi. 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.
- xii. 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

| Sr. No. | Particulars  | No. of Complaints |
|---------|--|-------------------|
| 1.      | Number of complaints filed during the FY 2023-24         | Nil               |
| 2.      | Number of complaints disposed of during the FY 2023-24   | Nil               |
| 3.      | Number of complaints pending as on end of the FY 2023-24 | Nil               |

- xv. 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.
- xvi. The Company follows Indian Accounting Standards (Ind AS) issued by the Ministry of Corporate Affairs (MCA) in the preparation of its financial statements. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.
- xvii. 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

of the Company- [www.sarlafibers.com](http://www.sarlafibers.com) and are not circulated separately to the Shareholders.

- xiii. The Company has taken a Directors and Officers Liability Insurance (D&O) on behalf of all Directors including Independent Directors, Officers, Managers and Employees of the Company for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company.

- xiv. 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 - <https://www.sarlafibers.com/wp-content/uploads/2024/01/POSH-Policy-Sarla.pdf>

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 NonExecutive 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, 2024. 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.

xviii. In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI Listing Regulations, details of equity shares in the suspense account are as follows:

| Particulars  | Number of shareholders | Number of equity shares |
|--|------------------------|-------------------------|
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2023      | 0                      | 0                       |
| Shareholders who approached the Company for transfer of shares from suspense account during the year               | 0                      | 0                       |
| Shareholders to whom shares were transferred from the suspense account during the year                             | 1                      | 2000                    |
| Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act | 0                      | 0                       |
| Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2024     | 1                      | 2000                    |

The voting rights on the shares outstanding in the suspense account as on March 31, 2024, shall remain frozen till the rightful owner of such shares claims the shares.

xix. 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.

The Managing Director (MD) 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.

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 to this Report on Corporate Governance.

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.

**5. GENERAL BODY MEETINGS:**

**a. Details Last three (3) Annual General Meetings ('AGM'):**

| Financial Year | Date and Time of AGM             | Venue   | Special Resolution   |
|----------------|----------------------------------|---|--|
| 2022-2023      | September 21, 2023 at 03:00 p.m. | Meeting held through Video Conferencing(VC)/ Other Audio Visual Means                                       | No Special Resolution was passed.  |
| 2021-2022      | September 28, 2022 at 01.00 p.m. | Meeting held through Video Conferencing(VC)/ Other Audio Visual Means                                       | Re-appointment of Ms. Shreya Desai (DIN: 08041995), as an Independent Director of the Company for a second term. |
| 2020-2021      | September 29, 2021 at 10.30 a.m. | Survey No. 59/1/4, Amlī Piparia Industrial Estate, Silvassa-396230, Union Territory of Dadra & Nagar Haveli | 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.

**b. Extraordinary general meeting**

No Extra-Ordinary General Meeting was held during FY 2023-24.

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

No resolution was passed through postal ballot, during FY 2023-24.

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

None of the businesses proposed to be transacted at the ensuing AGM requires passing of a special resolution 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.

**6. MEANS OF COMMUNICATION**

- The quarterly, half-yearly and Annual Financial Results of the Company to be published in the proforma prescribed by the BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) are approved and taken on record by the Board of Directors of the Company within the statutory timelines. The approved results are forthwith sent to Stock Exchanges in the manner as prescribed in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, the results in the prescribed proforma along with the detailed press release, if any are published within 48 hours in the media ensuring wider publicity. The audited annual financial results are published within the stipulated period as required by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, with the Stock Exchanges.
- The quarterly, half yearly and Annual Financial Results of the Company are uploaded on the electronic portals of BSE and NSE and the same are also published in English and Gujarati Language Newspapers, namely Financial Express & Gujarat Guardian, respectively. The same are also uploaded on the website of the Company at <https://www.sarlafibers.com/>
- During the year under review there were no official news releases and presentations on significant/material developments in the Company.
- Currently the company is not engaged with any institutional investor/analyst, hence no details are provided with respect to same. Further, details about the Company and its shares is uploaded on the Company's website at <https://www.sarlafibers.com/stock-information/>

**7. GENERAL SHAREHOLDER INFORMATION**

|  |  |
|--|--|
| <b>Annual General Meeting for FY24</b>       | : 31 <sup>ST</sup> Annual General Meeting  |
| <b>Date &amp; Time</b>                       | : August 8, 2024 at 9:30 a.m. (IST)  |
| <b>Venue</b>                                 | Meeting is being conducted through VC/OAVM pursuant to the MCA General Circulars dated May 5, 2020, read with general circulars dated April 8, 2020, April 13, 2020, the latest being September 25, 2023. For details, please refer to the Notice of this AGM. |
| <b>Financial Year</b>                        | : April 1, 2023 to March 31, 2024  |
| <b>Listing on Stock Exchanges</b>            | : BSE Limited<br>P. J. Towers, Dalal Street, Mumbai 400 001<br><br>The National Stock Exchange of India Limited<br>Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051  |
| <b>Stock Codes/Symbol</b>                    | BSE : Scrip Code - 526885<br>NSE: Symbol – SARLAPOLY<br>(Listing Fees as applicable have been paid)  |
| <b>ISIN</b>                                  | : INE453D01025   |
| <b>Registered Office</b>                     | : Survey No. 59/1/4, Amlī Piparia Industrial Estate, Silvassa – 396230, Union Territory of Dadra & Nagar Haveli  |
| <b>Corporate Identification Number (CIN)</b> | : L31909DN1993PLC000056  |



### Market Price Data

Monthly High/Low Prices of Equity Shares of the Company on BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') for the Financial Year 2023-24 are given below:

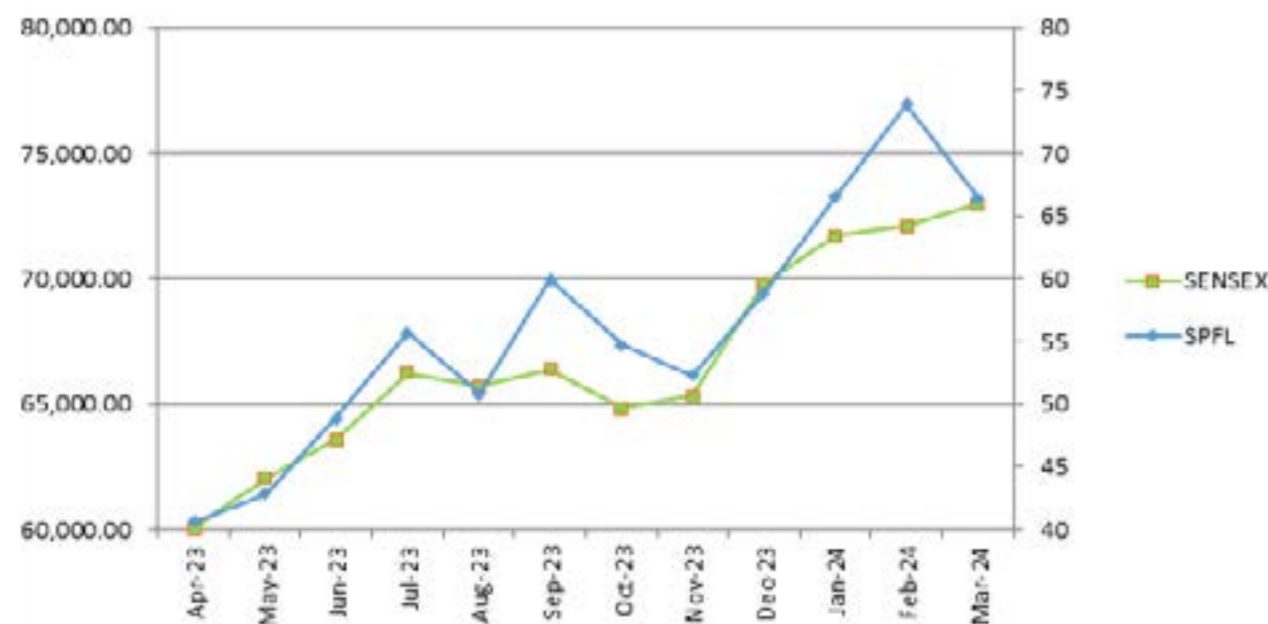
| Month  | BSE                 |                    |               | NSE                 |                    |               |
|--------|---------------------|--------------------|---------------|---------------------|--------------------|---------------|
|        | High Price (in Rs.) | Low Price (in Rs.) | No. of Shares | High Price (in Rs.) | Low Price (in Rs.) | No. of Shares |
| Apr-23 | 40.55               | 33.79              | 128,543.00    | 40.55               | 33.5               | 856,703.00    |
| May-23 | 42.83               | 36.8               | 242,946.00    | 42.85               | 37                 | 1,743,405.00  |
| Jun-23 | 48.9                | 37.35              | 515,310.00    | 49                  | 37.2               | 4,084,869.00  |
| Jul-23 | 55.69               | 43.7               | 1,028,423.00  | 55.65               | 44.35              | 8,870,766.00  |
| Aug-23 | 50.8                | 43.1               | 275,088.00    | 50.5                | 44.3               | 2,742,046.00  |
| Sep-23 | 59.95               | 47.3               | 1,138,003.00  | 59.9                | 47.15              | 10,834,851.00 |
| Oct-23 | 54.7                | 44.28              | 395,131.00    | 54.8                | 44.25              | 4,088,374.00  |
| Nov-23 | 52.3                | 45.36              | 470,115.00    | 52.3                | 45.85              | 3,681,439.00  |
| Dec-23 | 58.85               | 47.9               | 1,098,726.00  | 58.8                | 47.5               | 12,870,243.00 |
| Jan-24 | 66.58               | 53.7               | 2,073,071.00  | 66.7                | 53.75              | 17,327,796.00 |
| Feb-24 | 73.9                | 60.15              | 2,372,639.00  | 74                  | 59.95              | 17,284,844.00 |
| Mar-24 | 66.4                | 50.51              | 796,571.00    | 66.45               | 50.3               | 5,566,437.00  |

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

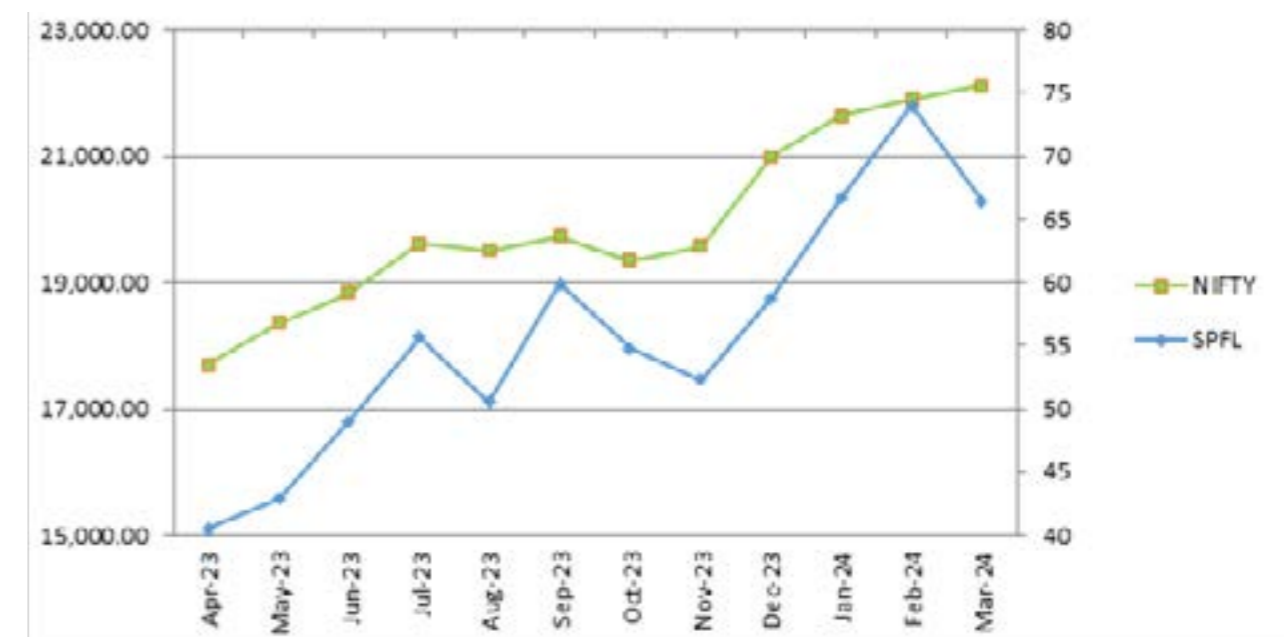
None of the securities of the Company were suspended from trading during the FY 2023-24.

### Performance in comparison to broad-based indices

#### BSE Sensex (SENSEX)



### NSE Nifty



### 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)

### 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 a statutory time limit from the date of receipt, provided, the documents are clear in all aspects. Request for dematerialization of shares are processed and confirmation is given to the respective depositories i.e. NSDL and CDSL within the prescribed statutory time limits.

The Stakeholders' Relationship Committee has been authorized to oversee and review all matters connected to transfer, transmission, issue of duplicate share certificate with respect to 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.

Pursuant to SEBI Circular dated January 25, 2022, the listed companies shall issue the securities in dematerialized form only, for processing any service requests from shareholders viz., issue of duplicate share certificates, endorsement, transmission, transposition, etc. After processing the service request, a letter of confirmation will be issued to

the shareholders and shall be valid for a period of 120 days, within which the shareholder shall make a request to the Depository Participant for dematerializing those shares. If the shareholders fail to submit the dematerialisation request within 120 days, then the Company shall credit those shares in the Suspense Escrow Demat account held by the Company. Shareholders can claim these shares transferred to Suspense Escrow Demat account on submission of necessary documentation

### 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 the Practicing Company Secretary, of the Company 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.

**a) Distribution of Shareholding**

| Range of Holding      | No. of Shareholders | % of Shareholders | No. of Shares     | Value             | % to Capital  |
|-----------------------|---------------------|-------------------|-------------------|-------------------|---------------|
| 1 to 5000             | 28,127              | 97.63             | 11,949,545        | 11,949,545        | 14.31         |
| 5001 to 10000         | 354                 | 1.23              | 2,712,849         | 2,712,849         | 3.25          |
| 10001 to 20000        | 158                 | 0.55              | 2,339,427         | 2,339,427         | 2.80          |
| 20001 to 30000        | 61                  | 0.21              | 1,544,504         | 1,544,504         | 1.85          |
| 30001 to 40000        | 19                  | 0.07              | 677,766           | 677,766           | 0.81          |
| 40001 to 50000        | 15                  | 0.05              | 682,811           | 682,811           | 0.82          |
| 50001 to 100000       | 37                  | 0.13              | 2,614,355         | 2,614,355         | 3.13          |
| Greater than 1,00,000 | 38                  | 0.13              | 60,981,743        | 60,981,743        | 73.03         |
| <b>Total</b>          | <b>28,809</b>       | <b>100.00</b>     | <b>83,503,000</b> | <b>83,503,000</b> | <b>100.00</b> |

**b) Categories of Equity Shareholding**

|    | Category   | Number of Shares Held | Percentage of Holding |
|----|--|-----------------------|-----------------------|
| 1  | <b>Promoter &amp; Promoter Group</b>                               |                       |                       |
|    | a. Individuals / HUF   | 2,29,52,637           | 27.49                 |
|    | b. Other Entities of Promoter Group                                | 2,43,14,854           | 29.12                 |
| 2  | <b>Sub Total (a+b)</b>   | <b>4,72,67,491</b>    | <b>56.61</b>          |
| 3  | Foreign Holding  | 0                     | 0.00                  |
|    | a. Foreign Portfolio Investors(Category I)                         | 6,13,737              | 0.73                  |
|    | b. Any Other   | 0                     | 0.00                  |
| 4  | Sub Total (a+b)  | 6,13,737              | 0.73                  |
| 5  | Institutions (Domestic)  | 0                     | 0.00                  |
| 6  | Govt. /Govt. Sponsored Financial Institutions / Nationalised Banks | 0                     | 0.00                  |
| 7  | Investor Education and Protection Fund (IEPF)                      | 8,30,013              | 0.99                  |
| 8  | Non-Resident Indians (NRI's)                                       | 16,32,520             | 1.96                  |
| 9  | Other Resident Individuals   | 2,87,00,124           | 34.37                 |
| 10 | Bodies Corporate   | 26,12,990             | 3.13                  |
| 11 | Clearing Members   | 1909                  | 0.00                  |
| 12 | LLP & HUF's  | 18,44,216             | 2.21                  |
|    | <b>Total (From 2 to 12)</b>  | <b>8,35,03,000</b>    | <b>100</b>            |

**c) Top 10 Equity Shareholders of the Company**

| Sr. No | Shareholder's Name   | Shares     | Percentage |
|--------|--|------------|------------|
| 1      | Satidham industries Pvt Ltd  | 23,959,222 | 28.6926    |
| 2      | Sarladevi Madhusudan Jhunjunwala*  | 11,463,789 | 13.7286    |
| 3      | Sarladevi Madhusudan Jhunjunwala   | 3,894,000  | 4.6633     |
| 4      | Krishna Madhusudan Jhunjunwala   | 3,269,000  | 3.9148     |
| 5      | Anil Kumar Goel  | 2,780,000  | 3.3292     |
| 6      | Madhusudan Jhunjunwala & sons HUF  | 2,469,596  | 2.9575     |
| 7      | Vijaya s   | 2,000,415  | 2.3956     |
| 8      | Dalal & Broacha stock broking Pvt Ltd  | 1,670,000  | 1.9999     |
| 9      | Investor Education and Protection Fund Authority Ministry of Corporate Affairs | 830,013    | 0.994      |
| 10     | Seema Goel   | 810,000    | 0.97       |

\*Mrs. Sarladevi Madhusudan Jhunjunwala representing Hindustan Cotton Company in capacity of Partner

**d) Dematerialisation of Equity shares and liquidity Status**

| Particulars                                 | No. of shares      | % to Capital |
|---|--------------------|--------------|
| National Securities Depository Limited      | 1,73,42,986        | 20.77        |
| Central Depository Services (India) Limited | 6,52,83,304        | 78.18        |
| <b>Total Dematted (A)</b>                   | <b>8,26,26,290</b> | <b>98.94</b> |
| Physical (B)                                | 876710             | 1.05         |
| <b>Total (A + B)</b>                        | <b>8,35,03,000</b> | <b>100</b>   |

**Outstanding GDRS/ ADRS/ Warrants/ any Convertible Instruments, Conversion date and likely impact on Equity**

The Company has not engaged into any kind of the above activity.

**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) and Hedging Activities.

**Transfer of unclaimed/unpaid amounts to the Investor Education and Protection Fund**

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), dividend, if not claimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to IEPF.

Further, all the shares in respect of which dividend has remained unclaimed for seven consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

| Sr. No. | Financial Year         | Date of Declaration of Dividend | Last Date for Claiming Dividend |
|---------|------------------------|---------------------------------|---------------------------------|
| 1.      | 2016-17 Final Dividend | 29-09-2017                      | 03-11-2024                      |
| 2.      | 2017-18 Final Dividend | 28-09-2018                      | 02-11-2025                      |
| 3.      | 2018-19 Final Dividend | 27-09-2019                      | 01-11-2026                      |
| 4.      | 2021-22 Final Dividend | 28-09-2022                      | 02-11-2029                      |

**Credit Rating**

The list of all credit ratings obtained by the Company along with the revisions thereto for all debt instruments during the financial year 2023-24 are as follows:

| Name of Credit Rating Agency      | Date of Reporting | Bank Facilities                | Rating                       |
|-----------------------------------|-------------------|--------------------------------|------------------------------|
| Acuite Ratings & Research Limited | 26.10.2023        | Bank Loan Ratings (Long Term)  | ACUITE A   Stable  Long Term |
|                                   |                   | Bank Loan Ratings (Short Term) | ACUITE A1   Short Term       |

In the interest of the shareholders, the Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends/shares to IEPF Authority. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Company's website <https://www.sarlafibers.com/>

The details of unclaimed dividends and shares transferred to IEPF during FY 2023-24 are as follows:

| Financial Year    | Amount of unclaimed dividend transferred | Number of shares transferred |
|-------------------|--|------------------------------|
| 2015-16 (Interim) | 9,58,341                                 | 1,03,100                     |
| 2015-16 (Final)   | 3,72,808                                 | 30,603                       |
| <b>Total</b>      | <b>13,31,149</b>                         | <b>1,33,703</b>              |

The Members who have a claim on above dividends and/or shares are requested to follow the below process:

1. Submit self-attested copies of documents provided in IEPF 5 help kit, which is available on IEPF website ([www.iepf.gov.in](http://www.iepf.gov.in)) to the Company / Registrar and Transfer Agent (RTA).
2. After verification of the aforesaid documents submitted, Company will issue an entitlement letter.
3. File Form IEPF-5 on IEPF website and send self-attested copies of IEPF-5 form along with the acknowledgement (SRN), Indemnity bond and entitlement letter to Company.
4. On receipt of the physical documents mentioned above, Company will submit e-Verification report, for further processing by the IEPF Authority.

Members are requested to note that no claims shall lie against the Company in respect of the dividend/shares transferred to IEPF.

The following table give information relating to various outstanding dividends and the dates by which they can be claimed by the shareholders from the Company's RTA:

**Plant Locations**

| S r . No. | Plant             | Address   |
|-----------|-------------------|---|
|           | Silvassa-Piparia^ | Survey No 66/1/55-A & 66/1/56-A, Village - Aml, Silvassa-396230, UT of Dadra and Nagar Haveli   |
| 1.        | Silvassa- Unit I  | Survey No. 59/1/4, Aml Piparia 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, 58/1, 60/1/1,2, 64/1/2, Aml Piparia 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         | Dadra Plant New   | New Survey No-1513(Old Survey No. 359/2),Dadra-396191 U.T. Dadra & Nagar Haveli   |

^Registered Office of the Company

**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: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

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

Place: Mumbai  
Date: June 24, 2024

Sd/-  
**Krishnakumar Jhunjunwala**  
Managing Director  
DIN: 00097175

**CEO/CFO  
CERTIFICATION**

**To,**  
**The Board of Directors,**  
SARLA PERFORMANCE FIBERS LIMITED,  
304, Arcadia, 195, Nariman Point, Mumbai- 400021

**Subject: Compliance Certificate for the Quarter and Year ended 31<sup>st</sup> March, 2024**

Dear Sirs,

Pursuant to Regulation 17(8) read with Part B of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 together with necessary amendments thereof, we confirm as under

- We have reviewed the financial statements and cash flow statement of Sarla Performance Fibers Limited for the year ended March 31, 2024 and to the best of our knowledge and information we certify that:
  - these statements do not contain any materially untrue statement or omit any material fact or contain the statements that might be misleading;
  - 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.
- 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.
- 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.
- We accept the responsibility for establishing and maintaining internal controls for financial reporting for the Company and we have:
  - evaluated the effectiveness of internal control systems of the Company;
  - 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
  - necessary steps taken or propose to be taken to ratify these deficiencies.
- We have indicated to the Auditors and the Audit Committee that there have been:
  - No significant changes in internal control over financial reporting during the FY 2023-24;
  - No significant changes in Accounting Policies during the FY 2023-24; and
  - 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**

Sd/-  
**Krishnakumar Jhunjunwala**  
Managing Director  
DIN:00097175

Mumbai, May 10, 2024

**Declaration by the Managing Director on Code of Conduct as required by Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

I, Krishnakumar Jhunjunwala, Managing Director of Sarla Performance Fibers Limited hereby declare that all the Members of Board of Directors and Senior Management Personnel have affirmed compliance with Code of Conduct, as applicable to them, in respect of the Financial Year ended March 31, 2024.

For **Sarla Performance Fibers Limited**

**Sd/-**  
**Krishnakumar Jhunjunwala**  
Managing Director  
DIN:00097175

Mumbai, May 10, 2024

**Annexure – VI**

**CERTIFICATE ON CORPORATE GOVERNANCE**

To  
**The Board of Directors**  
**SARLA PERFORMANCE FIBERS LIMITED,**  
Survey Mo 59/1/4, Amlī Piparia Industrial Estate,  
Silvassa DN-396230

We have examined all the relevant records of **Sarla Performance Fibers Limited** ('the Company') having CIN: **L31909DN1993PLC000056** 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, 2024.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our 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 our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with all the conditions of Corporate Governance as stipulated in the said Listing Regulations subject to following observation:

1. During the Financial Year 2023-24, the Company has failed to submit the Corporate Governance Report for the quarter ended June 2023 within the due date on NSE Limited. However, the Company have submitted the same on 22/08/2023 on NSE Limited. Further, NSE Limited through their Notice dated August 21, 2023 imposed a penalty of Rs. 58,000 + 18% GST. The Company has applied for waiver by paying sum of Rs 11800 with NSE Limited and the response is awaited therewith.

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 S2014MH267200)**

**Mayank Arora**  
**Partner**  
**Membership No.: F10378**  
**COP No.: 13609**

**Place: Mumbai**  
**Date: 10/06/2024**  
**UDIN No.: F010378F000551261**

**Annexure – VI (A)**

**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, Amlī 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’) having **CIN: L31909DN1993PLC000056** and based on representation made by the Management of the Company for the period from 1<sup>st</sup> April, 2023 to 31<sup>st</sup> March, 2024 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, 2024.

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 S2014MH267200)**

**Mayank Arora**  
**Partner**  
**Membership No.: F10378**  
**COP No.: 13609**

**Place: Mumbai**  
**Date: 10/06/2024**  
**UDIN No.: F010378F000551261**

**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 Standalone Balance Sheet as at 31<sup>st</sup> March 2024, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended and notes to the standalone financial statements, including a summary of Material 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, 2024, the profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the 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 independence 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>We applied the following audit procedures among others, to obtain sufficient and appropriate audit evidence:</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 including for audit trail (audit log) that are relevant to our audit;</li> <li>Assessed the design and evaluation of 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>Assessed the design and evaluation of the operating effectiveness of IT application controls in the key processes impacting financial reporting of the Company;</li> <li>Assessed the operating effectiveness of IT application controls including for audit trail (audit log) in the key processes impacting financial reporting of the Company on test check basis</li> </ul> |
|--|---|

#### 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 our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 Management and 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 state of affairs, profit/loss and 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, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, 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 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 and Board of Directors;
- Conclude on the appropriateness of Management and Board of Directors' use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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, based on our audit 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 Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this report are in agreement with the books of account;

## 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, 2024]

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 2024, 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 (1) 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;

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;

- (ii) (a) The Management has conducted physical verification of inventories except goods-in-transit at regular intervals. In our opinion, considering the size of the Company, the

- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS;
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2024 taken on record by the Board of Directors, none of the director is disqualified as on 31<sup>st</sup> March, 2024 from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls with reference to 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 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:
- 1) The Company has disclosed the impact of pending litigations as on March 31, 2024 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 no. 53 (7) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign 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 no. 53 (8) to the standalone financial statements, no funds (which are material either individually or in the aggregate) 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) There were no amounts which were declared or paid during the year as dividend by the company.
- 6) Based on our examination, which included test checks, the company has used accounting software for maintaining its books of account which has the feature of recording audit trail (edit logs) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instances of audit trail feature being tampered with.
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 C N K & Associates LLP**  
Chartered Accountants  
Firm Registration Number: 101961W/W-100036

**Suresh Agaskar**  
Partner  
Membership No.: 110321  
UDIN: 24110321BKETIH9665

Place: Mumbai  
Date: 10th May, 2024

(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  | 29.00  |
| Balance outstanding as at the Balance sheet date in respect of above cases |        |
| - Others   | -      |
| - Employees  | 20.52  |

(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, 2024 Rs. 213.74 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. 52.87 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, 2024 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           |
| Goods & Services Tax Act, 2017 | Duty, Interest and Penalty | Commissioner of CGST & Central Excise, Appeals | FY 2018-19 to 2021-22              | 644             | 585           |

(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) During the financial year, a term loan of Rs. 23 crore was sanctioned and disbursed to the company towards the reimbursement of capital expenditure incurred from January 2022 to December 2023.

(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-IA 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;

Place: Mumbai  
Date: 10<sup>th</sup> May, 2024

**For CNK & Associates LLP**  
Chartered Accountants  
Firm Registration Number: 101961W/W-100036

**Suresh Agaskar**  
Partner  
Membership No.: 110321  
UDIN: 24110321BKETIH9665

## 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, 2024]**

### **Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the 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, 2024 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 and depreciation / amortization for property, plant and equipment / intangible assets.

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, 2024, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

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

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

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 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 Standalone 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 Standalone financial statements.

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.

**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

Place: Mumbai  
Date: 10<sup>th</sup> May, 2024

**For C N K & Associates LLP**  
Chartered Accountants  
Firm Registration Number: 101961W/W-100036  
  
**Suresh Agaskar**  
Partner  
Membership No.: 110321  
UDIN: 24110321BKETIH9665

Standalone Balance Sheet as at 31st March 2024

(Rs in lakhs)

| Particulars  | Note No | As at March 31, 2024 | As at March 31, 2023 |
|--|---------|----------------------|----------------------|
| <b>I ASSETS</b>  |         |                      |                      |
| (1) Non-current assets   |         |                      |                      |
| (a) Property, Plant and Equipment  | 4       | 22,236.71            | 23,671.32            |
| (b) Other Intangible assets  | 5       | 51.71                | 74.93                |
| (c) Intangible assets under development  | 6       | 8.49                 | -                    |
| (d) Investments in Subsidiaries  | 7       | 6,167.98             | 6,167.98             |
| (e) Financial Assets   |         |                      |                      |
| (i) Investments  | 8       | 14,779.39            | 10,623.09            |
| (ii) Loans   | 9       | 223.29               | 226.31               |
| (iii) Other financial assets   | 10      | 342.77               | 372.11               |
| (f) Non current Tax Assets (Net)   | 11      | 44.32                | 44.53                |
| (g) Other non-current assets   | 12      | 155.53               | 186.39               |
| <b>Total non-current assets</b>  |         | <b>44,010.19</b>     | <b>41,366.67</b>     |
| (2) Current assets   |         |                      |                      |
| (a) Inventories  | 13      | 7,073.47             | 8,452.83             |
| (b) Financial Assets   |         |                      |                      |
| (i) Investments  | 14      | 4,624.08             | 1,888.89             |
| (ii) Trade receivables   | 15      | 9,129.54             | 6,171.47             |
| (iii) Cash and cash equivalents  | 16      | 219.63               | 360.95               |
| (iv) Bank balances other than (iii) above  | 17      | 810.61               | 1,062.73             |
| (v) Loans  | 18      | 15.66                | 22.21                |
| (vi) Other financial assets  | 19      | 756.38               | 600.16               |
| (c) Other current assets   | 20      | 2,038.42             | 1,311.03             |
| <b>Total current assets</b>  |         | <b>24,667.78</b>     | <b>19,870.27</b>     |
| <b>Total Assets</b>  |         | <b>68,677.97</b>     | <b>61,236.94</b>     |
| <b>II EQUITY AND LIABILITIES</b>   |         |                      |                      |
| Equity   |         |                      |                      |
| (a) Equity Share capital   | 21      | 835.03               | 835.03               |
| (b) Other Equity   | 22      | 46,010.12            | 42,262.23            |
| <b>Total equity</b>  |         | <b>46,845.15</b>     | <b>43,097.26</b>     |
| Liabilities  |         |                      |                      |
| (1) Non-current liabilities  |         |                      |                      |
| (a) Financial Liabilities  |         |                      |                      |
| (i) Borrowings   | 23      | 2,300.00             | 10.56                |
| (ia) Lease Liabilities   | 24      | 115.40               | 208.85               |
| (b) Provisions   | 25      | 95.85                | 105.14               |
| (c) Deferred tax liabilities (Net)   | 26      | 2,342.48             | 2,251.72             |
| <b>Total non-current liabilities</b>   |         | <b>4,853.73</b>      | <b>2,576.28</b>      |
| (2) Current liabilities  |         |                      |                      |
| (a) Financial Liabilities  |         |                      |                      |
| (i) Borrowings   | 27      | 11,047.19            | 10,429.23            |
| (ia) Lease Liabilities   |         | 75.25                | 79.60                |
| (ii) Trade payables  | 28      |                      |                      |
| (A) total outstanding dues of micro enterprises and small enterprises                      |         | 492.21               | 41.67                |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises |         | 3,390.98             | 3,146.14             |
| (iii) Other financial liabilities  | 29      | 1,474.86             | 1,369.47             |
| (b) Other current liabilities  | 30      | 335.43               | 353.65               |
| (c) Provisions   | 31      | 72.40                | 105.22               |
| (d) Current Tax Liabilities (Net)  | 32      | 90.75                | 38.42                |
| <b>Total current liabilities</b>   |         | <b>16,979.09</b>     | <b>15,563.40</b>     |
| <b>Total Liabilities</b>   |         | <b>21,832.82</b>     | <b>18,139.68</b>     |
| <b>Total Equity and Liabilities</b>  |         | <b>68,677.97</b>     | <b>61,236.94</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

SURESH AGASKAR  
Partner  
Membership No. 110321

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director  
(DIN: 00097175)

NEHA JHUNJHUNWALA  
Director  
(DIN: 07144529)

Place: Mumbai  
Date: May 10, 2024

Place: Mumbai  
Date: May 10, 2024

RADHIKA SHARMA  
Company Secretary

## Standalone Statement of profit and loss for the year ended 31st March, 2024

(Rs in lakhs)

| Particulars   | Note No. | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|----------|-----------------------------------|-----------------------------------|
| I Revenue from Operations   | 33       | 38,217.12                         | 38,654.70                         |
| II Other Income   | 34       | 2,039.30                          | 923.05                            |
| <b>III TOTAL INCOME (I+II)</b>  |          | <b>40,256.42</b>                  | <b>39,577.74</b>                  |
| IV Expenses   |          |                                   |                                   |
| (a) Cost of materials consumed  | 35       | 18,558.11                         | 19,557.85                         |
| (b) Changes in inventories of finished goods and work-in-progress                 | 36       | 1,450.42                          | 635.17                            |
| (c) Employee benefits expense   | 37       | 1,814.34                          | 1,572.32                          |
| (d) Finance costs   | 38       | 581.00                            | 483.28                            |
| (e) Depreciation and amortization expense   | 39       | 2,329.55                          | 2,107.35                          |
| (f) Other expenses  | 40       | 10,574.25                         | 11,255.49                         |
| <b>TOTAL EXPENSES (a to f)</b>  |          | <b>35,307.66</b>                  | <b>35,611.48</b>                  |
| <b>V Profit/(loss) before tax</b>   |          | <b>4,948.76</b>                   | <b>3,966.26</b>                   |
| VI Tax Expense:   |          |                                   |                                   |
| Current tax   |          | 1,135.81                          | 1,119.45                          |
| Deferred tax  |          | 79.78                             | (128.74)                          |
| Adjustments for earlier years   |          | 17.92                             | 94.38                             |
| <b>Total tax expense</b>  | 26       | <b>1,233.51</b>                   | <b>1,085.09</b>                   |
| <b>VII Profit / (Loss) for the year (V-VI)</b>                                    |          | <b>3,715.25</b>                   | <b>2,881.17</b>                   |
| VIII Other Comprehensive Income ('OCI')   |          |                                   |                                   |
| A (i) Items that will not be reclassified to profit or loss                       |          |                                   |                                   |
| Remeasurement of defined benefit plan   |          | 43.60                             | 37.37                             |
| (ii) Income tax relating to items that will not be reclassified to profit or loss |          |                                   |                                   |
| Remeasurement of defined benefit plan   |          | (10.97)                           | (9.40)                            |
| <b>Total (A)</b>  |          | <b>32.63</b>                      | <b>27.96</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>32.63</b>                      | <b>27.96</b>                      |
| <b>IX Total comprehensive income for the year (VII+VIII)</b>                      |          | <b>3,747.88</b>                   | <b>2,909.13</b>                   |
| X Earnings per equity share   | 41       |                                   |                                   |
| - Basic and Diluted (Face value Re. 1)  |          | 4.45                              | 3.45                              |

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

SURESH AGASKAR  
Partner  
Membership No. 110321

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director  
(DIN: 00097175)

NEHA JHUNJHUNWALA  
Director  
(DIN: 07144529)

Place: Mumbai  
Date: May 10, 2024

Place: Mumbai  
Date: May 10, 2024

RADHIKA SHARMA  
Company Secretary

## Standalone Statement of cash flows for the year ended 31st March, 2024

(Rs in lakhs)

| Particulars  | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| <b>A Cash flows from operating activities</b>                        |                                   |                                   |
| Profit before tax  | 4,948.76                          | 3,966.27                          |
| <b>Adjustments for:</b>  |                                   |                                   |
| Finance costs  | 581.00                            | 483.28                            |
| Depreciation and amortisation expenses                               | 2,329.55                          | 2,107.35                          |
| Interest income  | (418.39)                          | (524.28)                          |
| Gain on disposal of property, plant and equipment                    | (3.51)                            | -                                 |
| Gain on disposal of investments                                      | (229.71)                          | (77.67)                           |
| Gain on fair value of investments                                    | (1,251.97)                        | (10.95)                           |
| Dividend Income  | (16.43)                           | (10.94)                           |
| Unrealised exchange (gain) / loss on foreign currency translations   | 132.69                            | 488.37                            |
| Loss on sale of Property, Plant and Equipment                        | -                                 | 115.00                            |
| Sundry Balances written off / (written back)                         | 140.62                            | 187.84                            |
| <b>Operating profit before working capital changes</b>               | <b>6,212.60</b>                   | <b>6,724.28</b>                   |
| <b>Changes in Assets and Liabilities:</b>                            |                                   |                                   |
| <b>Adjustments for (increase)/decrease in:</b>                       |                                   |                                   |
| Trade receivables  | (3,098.69)                        | 3,756.80                          |
| Inventories  | 1,379.36                          | 1,194.33                          |
| Loans and Advances   | (51.47)                           | 48.22                             |
| Other assets   | (969.13)                          | 1,358.66                          |
| <b>Adjustments for (increase)/decrease in:</b>                       |                                   |                                   |
| Trade payables   | 695.39                            | (1,001.58)                        |
| Other current financial liabilities                                  | 118.02                            | (276.39)                          |
| <b>Cash generated from operations</b>                                | <b>4,286.09</b>                   | <b>11,804.31</b>                  |
| Direct taxes paid (net)  | (1,106.60)                        | (1,189.43)                        |
| <b>Net cash generated from operating activities (A)</b>              | <b>3,179.48</b>                   | <b>10,614.88</b>                  |
| <b>B Cash flows from investing activities</b>                        |                                   |                                   |
| Bank balances other than Cash & Cash equivalents                     | 333.24                            | 5,754.08                          |
| Purchase of property, plant and equipment                            | (909.31)                          | (4,411.98)                        |
| Purchase of Intangible Assets  | (15.58)                           | (10.45)                           |
| Proceeds from disposals of property, plant and equipment             | 9.36                              | -                                 |
| (Purchase) / Proceeds of investments                                 | (5,409.81)                        | (7,287.13)                        |
| Interest received  | 418.39                            | 538.36                            |
| Dividend received  | 16.43                             | 9.44                              |
| <b>Net cash (used in) investing activities (B)</b>                   | <b>(5,557.28)</b>                 | <b>(5,407.68)</b>                 |
| <b>C Cash flows from financing activities</b>                        |                                   |                                   |
| Proceeds from non current borrowings                                 | 2,300.00                          | -                                 |
| Repayment of non current borrowings                                  | (1,534.36)                        | (2,211.93)                        |
| Proceeds/(repayment) from current borrowings                         | 2,134.73                          | (662.14)                          |
| Payments for the principal portion of lease liability                | (72.66)                           | (74.53)                           |
| Payments for the interest portion of lease liability                 | (15.66)                           | (22.55)                           |
| Interest paid  | (575.58)                          | (479.22)                          |
| Dividend paid  | -                                 | (1,670.06)                        |
| <b>Net cash (used in) financing activities (C)</b>                   | <b>2,236.48</b>                   | <b>(5,120.44)</b>                 |
| <b>D NET INCREASE IN CASH AND CASH EQUIVALENTS [(A) + (B) + (C)]</b> | <b>(141.31)</b>                   | <b>86.76</b>                      |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</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>                     |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>            |                                   |                                   |
| Balances with banks in current accounts and deposit accounts         | 212.88                            | 351.05                            |
| Effect of exchange rate changes on cash and cash equivalents         | 0.64                              | 3.39                              |
| Cash on hand   | 6.10                              | 6.51                              |
| <b>CASH AND CASH EQUIVALENTS</b>                                     | <b>219.63</b>                     | <b>360.95</b>                     |
| Supplemental Information   |                                   |                                   |
| Cash Transactions from Operating Activities:                         |                                   |                                   |
| Spent towards Corporate Social Responsibility                        | 5.00                              | 15.62                             |

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

### 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 2023 | Cash flow       | Foreign Exchange movement | As at 31st March, 2024 |
|---|----------------------|-----------------|---------------------------|------------------------|
| Non-current borrowing (including current maturities of non current borrowing) | 1,537.89             | 765.64          | 7.02                      | 2,310.56               |
| Current borrowing   | 8,901.89             | 2,134.73        | -                         | 11,036.63              |
|   | <b>10,439.79</b>     | <b>2,900.38</b> | <b>7.02</b>               | <b>13,347.19</b>       |

| 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>       |

### 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

SURESH AGASKAR  
Partner  
Membership No. 110321

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director  
(DIN: 00097175)

NEHA JHUNJHUNWALA  
Director  
(DIN: 07144529)

Place: Mumbai  
Date: May 10, 2024

Place: Mumbai  
Date: May 10, 2024

RADHIKA SHARMA  
Company Secretary

## Standalone Statement of changes in equity for the year ended 31st March, 2024

### a. Equity Share Capital (note 21) (Rs in lakhs)

| Particulars   | Amount        |
|---|---------------|
| <b>Balance as at April 01, 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> |
| Changes in equity share capital during the year 2023-24 | -             |
| <b>Balance as at March 31, 2024</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, 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> |
| Profit for the year 2023-24                                   | -                    | -                  | -               | 3,715.25          | 3,715.25         |
| Other comprehensive income for the year 2023-24 (net of tax)* | -                    | -                  | -               | 32.63             | 32.63            |
| <b>Total comprehensive income for the year</b>                | -                    | -                  | -               | <b>3,747.88</b>   | <b>3,747.88</b>  |
| Dividend  | -                    | -                  | -               | -                 | -                |
| <b>Balance as at March 31, 2024</b>                           | <b>182.40</b>        | <b>4,529.00</b>    | <b>8,274.38</b> | <b>33,024.34</b>  | <b>46,010.12</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

For and on behalf of the Board of Directors

SURESH AGASKAR  
Partner  
Membership No. 110321

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director  
(DIN: 00097175)

NEHA JHUNJHUNWALA  
Director  
(DIN: 07144529)

Place: Mumbai  
Date: May 10, 2024

Place: Mumbai  
Date: May 10, 2024

RADHIKA SHARMA  
Company Secretary

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

### 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 MATERIAL ACCOUNTING POLICY INFORMATION:

#### 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, 2024 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 10<sup>th</sup> May, 2024.

#### 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, 2024

### 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, 2016 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, 2024

| Asset                                       | Useful life |
|---|-------------|
| Enterprise Resource Planning (ERP) software | 5 years     |

### 2.5. 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.

#### 2.5.1. 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.

#### 2.5.2. 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.

### 2.6. 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.

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

### 2.7. Impairment of Non-financial Assets:

**2.7.1.** 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;

**2.7.2.** 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.

### 2.8. Inventories:

**2.8.1.** Inventories are valued at lower of cost and net realisable value. The cost of raw material is arrived on First-in-first-out basis;

**2.8.2.** 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;

**2.8.3.** 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.

### 2.9. Provisions and Contingent Liabilities:

**2.9.1.** 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;

**2.9.2.** The expenses relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any;

**2.9.3.** 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;

**2.9.4.** 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;

**2.9.5.** Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

### 2.10. Revenue Recognition:

#### 2.10.1. 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.

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

### **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.

### **2.10.2. 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.

**2.10.3.** 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;

**2.10.4.** Interest income is recognized using the effective interest rate (EIR) method;

**2.10.5.** Dividend income on investments is recognised when the right to receive dividend is established;

**2.10.6.** 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.

### **2.11. 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'.

### **2.12. Employee Benefits:**

#### **2.12.1. 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;

#### **2.12.2. 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.

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

### **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.

### **2.13. Borrowing costs:**

**2.13.1.** 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;

**2.13.2.** 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;

**2.13.3.** 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.

### **2.14. Foreign Currency Transactions:**

#### **2.14.1. 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.

#### **2.14.2. 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.

### **2.15. Fair Value measurement:**

**2.15.1.** The Company measures certain financial instruments at fair value at each reporting date;

**2.15.2.** Certain accounting policies and disclosures require the measurement of fair values, for both financial and non- financial assets and liabilities;

**2.15.3.** 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;

**2.15.4.** 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

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

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;

**2.15.5.** 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);

**2.15.6.** 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;

**2.15.7.** 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;

**2.15.8.** 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.

### 2.16. 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.

#### 2.16.1. 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

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

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.

### 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.

### 2.16.2. 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.



## Notes to Standalone Financial Statements for the year ended 31st March, 2024

### 2.16.3. 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.

### 2.16.4. 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.

### 2.16.5. 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 a change in the terms of the contract that significantly modifies the cash flows.

### 2.16.6. 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.

## 2.17. Taxes on Income

### 2.17.1. 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;

### 2.17.2. 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

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

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.

### 2.18. Earnings per share

**2.18.1.** 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;

**2.18.2.** 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.

### 2.19. Cash and Cash equivalents:

**2.19.1.** 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;

**2.19.2.** 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.

### 2.20. 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.

### 2.21. 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:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

Notes to Standalone Financial Statements for the year ended 31st March, 2024

4 a) Property, Plant & Equipment

| Gross carrying amount                           | (Rs in lakhs) |                                     |           |                                |                   |                        |          |                   |           |           | Total |
|---|---------------|-------------------------------------|-----------|--------------------------------|-------------------|------------------------|----------|-------------------|-----------|-----------|-------|
|   | Freehold Land | Leasehold Land (Right of use asset) | Buildings | Buildings (Right of use asset) | Plant & Equipment | Furniture and Fixtures | Vehicles | Office Equipments | Computers | Computers |       |
| <b>Balance as at April 01, 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 |       |
| Additions / Transfers                           | -             | -                                   | 78.75     | 1.33                           | 789.44            | 18.30                  | -        | 4.05              | 3.41      | 895.29    |       |
| Deletions                                       | -             | -                                   | -         | (24.81)                        | (27.67)           | -                      | -        | -                 | -         | (52.48)   |       |
| Adjustment                                      | -             | -                                   | -         | -                              | -                 | -                      | -        | -                 | -         | -         |       |
| <b>Balance as at March 31, 2024</b>             | 3,418.45      | 8.70                                | 3,113.28  | 464.56                         | 27,949.38         | 97.06                  | 280.17   | 51.89             | 149.84    | 35,533.43 |       |
| <b>Accumulated Depreciation</b>                 |               |                                     |           |                                |                   |                        |          |                   |           |           |       |
| <b>Balance as at April 01, 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 |       |
| Additions / Transfers                           | -             | 0.43                                | 152.04    | 81.68                          | 2,026.24          | 7.22                   | 26.36    | 2.54              | 2.72      | 2,299.24  |       |
| Deletions                                       | -             | -                                   | -         | -                              | (21.82)           | -                      | -        | -                 | -         | (21.82)   |       |
| Adjustment                                      | -             | -                                   | -         | -                              | -                 | -                      | -        | -                 | -         | -         |       |
| <b>Balance as at March 31, 2024</b>             | -             | 3.18                                | 771.64    | 261.50                         | 11,852.55         | 51.72                  | 176.47   | 45.51             | 134.13    | 13,296.73 |       |
| <b>Net carrying amount as at March 31, 2024</b> | 3,418.45      | 5.80                                | 2,342.10  | 203.07                         | 16,096.83         | 45.34                  | 103.70   | 6.18              | 15.71     | 22,236.71 |       |
| <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   | 4.88              | 15.02     | 23,671.32 |       |

Notes:

(i) Charge has been created over property, plant and equipments of the Company in respect of borrowings (refer note 23, 27 & 53(6))

Notes to Standalone Financial Statements for the year ended 31st March, 2024

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 Other Intangible assets

(Rs in lakhs)

| Gross carrying amount (at cost)                 | Enterprise Resource Planning (ERP) Software | Total  |
|---|---|--------|
| <b>Balance as at April 01, 2022</b>             | 160.18                                      | 160.18 |
| Additions                                       | 10.45                                       | 10.45  |
| Deletions                                       | -   | -      |
| <b>Balance as at March 31, 2023</b>             | 170.63                                      | 170.63 |
| Additions                                       | 7.09  | 7.09   |
| Deletions                                       | -   | -      |
| <b>Balance as at March 31, 2024</b>             | 177.72                                      | 177.72 |
| <b>Accumulated Amortisation</b>                 |   |        |
| <b>Balance as at April 01, 2022</b>             | 66.35                                       | 66.35  |
| Additions                                       | 29.35                                       | 29.35  |
| Deletions                                       | -   | -      |
| <b>Balance as at March 31, 2023</b>             | 95.70                                       | 95.70  |
| Additions                                       | 30.31                                       | 30.31  |
| Deletions                                       | -   | -      |
| <b>Balance as at March 31, 2024</b>             | 126.01                                      | 126.01 |
| <b>Net carrying amount as at March 31, 2024</b> | 51.71                                       | 51.71  |
| <b>Net carrying amount as at March 31, 2023</b> | 74.93                                       | 74.93  |

Notes to Standalone Financial Statements for the year ended 31st March, 2024

**6 Intangible Assets under Development (Rs in lakhs)**

| Particulars                         | As at March 31, 2024 | As at March 31, 2023 |
|-------------------------------------|----------------------|----------------------|
| Intangible Assets under Development | 8.49                 | -                    |
| <b>Total</b>                        | <b>8.49</b>          | <b>-</b>             |

**(a) Intangible Assets under Development ageing schedule as on March 31, 2024 (Rs in lakhs)**

| Intangible Assets under Development | Amount in 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                | 8.49  | -         | -         | -                 | 8.49  |

**(b) Intangible Assets under Development ageing schedule as on March 31, 2023 (Rs in lakhs)**

| Intangible Assets under Development | Amount in 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                | -   | -         | -         | -                 | -     |

**Note:**

Intangible assets under development completion schedule, whose completion is overdue or has exceeded its cost compared to its original plan: None (March 31, 2023: None).

**7 Investments in Subsidiaries (Rs in lakhs)**

| Particulars  | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| <b>Investments in Equity shares at cost (fully paid)</b>   |                      |                      |
| <b>Unquoted</b>  |                      |                      |
| 4,35,000 (March 31, 2023: 4,35,000) Shares of USD 1 each of Sarla Overseas Holdings Limited                            | 183.22               | 183.22               |
| 9,89,000 (March 31, 2023: 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, 2023: 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. The same has been extended for 3 years during financial year 2022-23.

Notes to Standalone Financial Statements for the year ended 31st March, 2024

**8 Non current financial assets - Investments (Rs in lakhs)**

| Particulars   | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| <b>Quoted</b>   |                      |                      |
| Investments in debentures at amortised cost                       | 3,044.32             | 3,042.87             |
| Investments in debentures at FVTPL                                | 632.76               | 264.46               |
| <b>Quoted</b>   |                      |                      |
| Investments in units of mutual fund at FVTPL                      | 11,102.31            | 7,315.77             |
| <b>Total</b>  | <b>14,779.39</b>     | <b>10,623.09</b>     |
| <b>Aggregate amount of quoted investments - at cost</b>           | <b>13,703.50</b>     | <b>10,532.39</b>     |
| <b>Aggregate amount of quoted investments - at market value</b>   | <b>14,779.39</b>     | <b>10,623.09</b>     |
| <b>Aggregate amount of impairment in the value of investments</b> | <b>-</b>             | <b>-</b>             |

**Note:**

Units of mutual funds of Rs. 924.19 lakhs (as at 31st March, 2023: 144.15 lakhs) are pledged as margin money deposit.

**9 Non-current financial assets - Loans (Rs in lakhs)**

| Particulars  | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| <b>At Amortised Cost</b>                             |                      |                      |
| Other loans and advance (refer note (i))             | 213.74               | 210.78               |
| Loan to Staff  | 9.55                 | 15.53                |
| <b>Total</b>   | <b>223.29</b>        | <b>226.31</b>        |
| <b>Sub-classification of Loans</b>                   |                      |                      |
| Loans considered good - Secured                      | -                    | -                    |
| Loans considered good - Unsecured                    | 9.55                 | 15.53                |
| Loans which have significant increase in credit risk | 213.74               | 210.78               |
| Loans - credit impaired                              | -                    | -                    |
| <b>Total</b>   | <b>223.29</b>        | <b>226.31</b>        |

**Note:**

- Other loans and advance includes loan amounting to Rs. 213.74 lakhs (as at March 31, 2023: Rs. 210.78 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, 2024  |   | As at March 31, 2023  |   |
|-----------------|---|---|---|---|
|                 | 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 | 213.74  | 89.45%  | 210.78  | 84.81%  |

Notes to Standalone Financial Statements for the year ended 31st March, 2024

**10 Non-current financial assets - Others (Rs in lakhs)**

| Particulars   | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---|-------------------------|-------------------------|
| <b>At Amortised Cost</b>                                      |                         |                         |
| <b>Unsecured, considered good</b>                             |                         |                         |
| Fixed deposits with remaining maturity of more than 12 months | 103.18                  | 184.29                  |
| Interest Receivable on fixed deposits                         | 0.48                    | 12.72                   |
| Security deposits   | 296.21                  | 175.10                  |
| Less : Provision for Security Deposit                         | (57.10)                 | -                       |
|   | 239.11                  | 175.10                  |
| <b>Total</b>  | <b>342.77</b>           | <b>372.11</b>           |

**Note:**

Fixed Deposits amounting to Rs. 103.10 lakhs (As at March 31, 2023 Rs. 184.29 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<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| Taxes paid in advance (Net of Provision for tax) | 44.32                   | 44.53                   |
| <b>Total</b>                                     | <b>44.32</b>            | <b>44.53</b>            |

**12 Other Non-Current Assets (Rs in lakhs)**

| Particulars                                   | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---|-------------------------|-------------------------|
| <b>Unsecured, considered good</b>             |                         |                         |
| Capital Advances                              | 55.00                   | 86.64                   |
| Less : Provision for Doubtful advances        | (55.00)                 | (30.00)                 |
|   | -                       | 56.64                   |
| Security Deposits with government authorities | 89.59                   | 89.59                   |
| Prepaid Expenses                              | 65.94                   | 40.15                   |
| <b>Total</b>                                  | <b>155.53</b>           | <b>186.39</b>           |

**13 Inventories (at lower of cost and net realisable value) (Rs in lakhs)**

| Particulars                       | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|-----------------------------------|-------------------------|-------------------------|
| Raw Materials                     | 1,357.51                | 1,855.17                |
| Raw Materials - Stock in Transit  | 357.37                  | 86.71                   |
| Work-In -Progress                 | 2,601.31                | 3,546.35                |
| Finished goods                    | 1,141.69                | 1,641.70                |
| Finished goods - Stock in Transit | 382.02                  | 387.39                  |
| Stores and Spares                 | 302.78                  | 222.66                  |
| Oil & lubricants                  | 407.45                  | 284.51                  |
| Fuel                              | 8.32                    | 6.55                    |
| Packing Materials                 | 515.01                  | 421.79                  |
| <b>Total</b>                      | <b>7,073.47</b>         | <b>8,452.83</b>         |

**Note:**

- (i) Inventories of Rs. 7,073.47 lakhs (as at March 31, 2023: Rs. 8,452.83 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.

Notes to Standalone Financial Statements for the year ended 31st March, 2024

**14 Investments (Rs in lakhs)**

| Particulars   | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---|-------------------------|-------------------------|
| <b>Quoted</b>   |                         |                         |
| Investments in Equity shares at FVTPL                                     | 3,356.28                | 994.36                  |
| Investments in debentures at FVTPL  | 290.78                  | 107.31                  |
| Investments in Treasury Bills and Government Securities at amortised cost | 977.02                  | 787.22                  |
| <b>Total</b>  | <b>4,624.08</b>         | <b>1,888.89</b>         |
| <b>Aggregate amount of quoted investments - at cost</b>                   | <b>4,293.96</b>         | <b>1,903.99</b>         |
| <b>Aggregate amount of quoted investments - at market value</b>           | <b>4,624.08</b>         | <b>1,888.89</b>         |
| <b>Aggregate amount of unquoted investments</b>                           | -                       | -                       |
| <b>Aggregate amount of impairment in value of investments</b>             | -                       | -                       |

**Note:**

Investments of Rs. 2,127.28 lakhs (as at March 31, 2023: 1,888.89 lakhs) are hypothecated against working capital facilities from banks. (Refer note 27)

**15 Trade Receivables (Rs in lakhs)**

| Particulars  | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| <b>At Amortised Cost</b>   |                         |                         |
| (a) Trade Receivables considered good - Secured                      | -                       | -                       |
| (b) Trade Receivables considered good - Unsecured                    | 9,129.54                | 6,171.47                |
| (c) Trade Receivables which have significant increase in credit risk | 42.58                   | 17.46                   |
| (d) Trade Receivables - credit impaired                              | -                       | -                       |
| Less : Allowance as per Expected credit loss model                   | (42.58)                 | (17.46)                 |
| <b>Total</b>   | <b>9,129.54</b>         | <b>6,171.47</b>         |

**Note:**

- (i) Trade receivable includes Rs. 235.22 lakhs (As at March 31, 2023: Rs.289.96 lakhs), receivable from subsidiary.
- (ii) Trade Receivables of Rs. 9,172.12 lakhs (as at March 31, 2023: Rs. 6188.93 lakhs) are hypothecated as security for bank borrowings. (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<br>March 31, 2024 | As at<br>March 31, 2023 |
|---|-------------------------|-------------------------|
| <b>Balance at the beginning of the year</b> | 17.46                   | 284.92                  |
| Provision/(Reversal) during the year        | 25.12                   | (267.46)                |
| <b>Balance at the end of the year</b>       | <b>42.58</b>            | <b>17.46</b>            |

Notes to Standalone Financial Statements for the year ended 31st March, 2024

| 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 |                 |
|  | (Rs in lakhs)  |            |                   |               |                |           |                 |
| (i) Undisputed Trade receivables – considered good   | 8,618.97   | -          | 139.24            | 18.87         | 352.46         | -         | 9,129.54        |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk                       | -  | -          | -                 | 18.70         | 23.89          | -         | 42.58           |
| (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        | -  | -          | -                 | (18.70)       | (23.89)        | -         | (42.58)         |
| <b>Total Current Trade Receivables</b>   | <b>8,618.97</b>  | <b>-</b>   | <b>139.24</b>     | <b>18.87</b>  | <b>352.46</b>  | <b>-</b>  | <b>9,129.54</b> |
| <b>As at March 31, 2023</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 |                 |
|  | (Rs in lakhs)  |            |                   |               |                |           |                 |
| (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  | -  | -          | -                 | -             | -              | -         | -               |
| <b>Less: Impairment allowance for trade receivables – which have significant increase in credit risk</b> | <b>-</b>   | <b>-</b>   | <b>-</b>          | <b>(5.07)</b> | <b>(12.39)</b> | <b>-</b>  | <b>(17.46)</b>  |
| <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> |

There are no unbilled receivable as on 31-03-2024 and 31-03-2023

Notes to Standalone Financial Statements for the year ended 31st March, 2024

**16 Cash & cash equivalents (Rs in lakhs)**

| Particulars              | As at March 31, 2024 | As at March 31, 2023 |
|--------------------------|----------------------|----------------------|
| <b>At Amortised Cost</b> |                      |                      |
| Balances with Banks      | 213.53               | 354.43               |
| Cash on Hand             | 6.10                 | 6.51                 |
| <b>Total</b>             | <b>219.63</b>        | <b>360.95</b>        |

**17 Bank balances other than Cash & Cash equivalents (Rs in lakhs)**

| Particulars  | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Earmarked Balance with Bank:   |                      |                      |
| Balance in unpaid dividend account   | 46.85                | 93.62                |
| <b>At Amortised Cost</b>   |                      |                      |
| Fixed deposits with original maturity for less than 3 months                         | -                    | 500.00               |
| Fixed deposits with original maturity for more than 3 months but less than 12 months | 763.76               | 469.11               |
| <b>Total</b>   | <b>810.61</b>        | <b>1,062.73</b>      |

**Note:**

- (i) Fixed Deposits amounting to Rs.751.83 lakhs (As at March 31, 2023 Rs. 469.11 lakhs) pledged as margin money deposit for facilities from Banks. (Refer note 23 and 27)
- (ii) Fixed Deposit amounting to Rs. Nil (As at March 31, 2023 Rs. 500 Lakhs) pledged as security against possible claims.

**18 Loans (Rs in lakhs)**

| Particulars  | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| <b>At Amortised Cost</b>                             |                      |                      |
| <b>Unsecured, considered good</b>                    |                      |                      |
| <b>Others</b>  |                      |                      |
| Loans to Staff                                       | 15.66                | 22.21                |
| <b>Total</b>   | <b>15.66</b>         | <b>22.21</b>         |
| <b>Sub-classification of loans</b>                   |                      |                      |
| Loans considered good - Secured                      | -                    | -                    |
| Loans considered good - Unsecured                    | 15.66                | 22.21                |
| Loans which have significant increase in credit risk | -                    | -                    |
| Loans - credit impaired                              | -                    | -                    |
| <b>Total</b>   | <b>15.66</b>         | <b>22.21</b>         |

- (i) 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.
- (ii) 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.
- (iii) The Company has not given any short term loan to related party.

Notes to Standalone Financial Statements for the year ended 31st March, 2024

**19 Other financial assets (Rs in lakhs)**

| Particulars                           | As at March 31, 2024 | As at March 31, 2023 |
|---------------------------------------|----------------------|----------------------|
| <b>At Amortised Cost</b>              |                      |                      |
| Interest Receivable on fixed deposits | 43.53                | 16.47                |
| Other Receivables                     | 430.03               | 172.26               |
| <b>At FVTPL</b>                       |                      |                      |
| Derivative financial assets:          |                      |                      |
| Forward Contracts                     | 282.82               | 411.44               |
| <b>Total</b>                          | <b>756.38</b>        | <b>600.16</b>        |

**20 Other Current Assets (Rs in lakhs)**

| Particulars  | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| <b>Unsecured, considered good</b>                      |                      |                      |
| Advances to Suppliers (For Raw Materials and expenses) | 991.90               | 754.47               |
| Less : Provision for doubtful advances                 | (104.00)             | (104.00)             |
|  | <b>887.90</b>        | <b>650.47</b>        |
| Goods & Service Tax recoverable                        | 981.67               | 341.06               |
| Export incentives receivables                          | 66.88                | 181.38               |
| Prepaid Expenses                                       | 101.96               | 138.12               |
| <b>Total</b>   | <b>2,038.42</b>      | <b>1,311.03</b>      |

Advance to Suppliers (For Raw Materials and expenses) includes Rs. 510.21 lakhs (As at March 31, 2023: Rs. 434.18 lakhs), receivable from subsidiary.

**21 Equity Share Capital (Rs in lakhs)**

| Particulars   | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| <b>Authorised</b>   |                      |                      |
| 10,00,00,000 (As at March 31, 2023: 10,00,00,000) Equity Shares of Re. 1 each             | 1,000.00             | 1,000.00             |
| <b>Issued, Subscribed and Paid up</b>   |                      |                      |
| 8,35,03,000 (As at March 31, 2023: 8,35,03,000) 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, 2024 |                 | As at March 31, 2023 |                 |
|-------------------------|----------------------|-----------------|----------------------|-----------------|
|                         | No. of Shares        | Amount in lakhs | No. of Shares        | Amount in lakhs |
| Opening Balance         | 8,35,03,000          | 835.03          | 83,503,000           | 835.03          |
| Changes during the year | -                    | -               | -                    | -               |
| <b>Closing Balance</b>  | <b>8,35,03,000</b>   | <b>835.03</b>   | <b>83,503,000</b>    | <b>835.03</b>   |

Notes to Standalone Financial Statements for the year ended 31st March, 2024

**21.2 Shares held by shareholders each holding more than 5% of the shares**

| Particulars  | As at March 31, 2024 | As at 31st March, 2023 |
|--|----------------------|------------------------|
| <b>Hindustan Cotton Company - through its partners</b> |                      |                        |
| No. of Shares  | 11,463,789           | 11,358,058             |
| Percentage   | 13.73%               | 13.60%                 |
| <b>Satidham Industries Private Limited</b>             |                      |                        |
| No. of Shares  | 23,959,222           | 23,959,222             |
| 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 (P.Y. 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 31.03.2024  |                   | As on 31.03.2023  |                   | % change during the year |
|-------|---|-------------------|-------------------|-------------------|-------------------|--------------------------|
|       |   | No of shares      | % of total shares | No of shares      | % of total shares |                          |
| 1     | Neha Krishna Jhunjunwala  | 4,000             | 0.00              | 4,000             | 0.00              | 0.00                     |
| 2     | Krishnakumar and sons HUF   | 325,000           | 0.39              | 325,000           | 0.39              | 0.00                     |
| 3     | Vrinda Krishna Jhunjunwala  | 880,252           | 1.05              | 880,252           | 1.05              | 0.00                     |
| 4     | Kanav K Jhunjunwala   | 647,000           | 0.77              | 647,000           | 0.77              | 0.00                     |
| 5     | Krishna Madhusudan Jhunjunwala  | 3,269,000         | 3.91              | 1,314,000         | 1.57              | 2.34                     |
| 6     | Madhusudan S Jhunjunwala  | -                 | 0.00              | 1,955,000         | 2.34              | -2.34                    |
| 7     | Madhusudan Jhunjunwala HUF  | 2,469,596         | 2.96              | 2,469,596         | 2.96              | 0.00                     |
| 8     | Sarladevi Madhusudan Jhunjunwala                                      | 3,894,000         | 4.66              | 3,894,000         | 4.66              | 0.00                     |
| 9     | Hindustan Cotton Company - Sarladevi Madhusudan Jhunjunwala (Partner) | 11,463,789        | 13.73             | 11,358,058        | 13.60             | 0.13                     |
| 10    | Sarla Estate Developers Private Limited                               | 145,537           | 0.17              | 145,537           | 0.17              | 0.00                     |
| 11    | Harmony Estates Private Limited                                       | 210,095           | 0.25              | 208,095           | 0.25              | 0.00                     |
| 12    | Satidham Industries Private Limited                                   | 23,959,222        | 28.69             | 23,959,222        | 28.69             | 0.00                     |
|       | <b>Total</b>  | <b>47,267,491</b> | <b>56.58</b>      | <b>47,159,760</b> | <b>56.45</b>      | <b>0.13</b>              |

**22 Other Equity (Rs in lakhs)**

| Particulars        | As at March 31, 2024 | As at March 31, 2023 |
|--------------------|----------------------|----------------------|
| Capital reserve    | 182.40               | 182.40               |
| Securities premium | 4,529.00             | 4,529.00             |
| General reserve    | 8,274.38             | 8,274.38             |
| Retained Earnings  | 33,024.34            | 29,276.46            |
| <b>Total</b>       | <b>46,010.12</b>     | <b>42,262.24</b>     |

The movement in other Equity:

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

### 22.1 Capital reserve (Rs in lakhs)

| Particulars                          | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--------------------------------------|-------------------------|-------------------------|
| 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<br>March 31, 2024 | As at<br>March 31, 2023 |
|--------------------------------------|-------------------------|-------------------------|
| 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<br>March 31, 2024 | As at<br>March 31, 2023 |
|--------------------------------------|-------------------------|-------------------------|
| 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.

### 22.4 Retained earnings (Rs in lakhs)

| Particulars  | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| Balance as at beginning of the year                      | 29,276.46               | 28,037.38               |
| Profit for the year                                      | 3,715.25                | 2,881.18                |
| Re measurement of Net defined benefit plans (net of tax) | 32.63                   | 27.96                   |
| Dividend (refer note below 22.5)                         | -                       | (1,670.06)              |
| <b>Balance as at end of the year</b>                     | <b>33,024.34</b>        | <b>29,276.46</b>        |

Retained earning represents surplus/accumulated earnings of the company and are available for distribution to shareholders.

### 22.5 Dividend (Rs in lakhs)

| Particulars   | Year<br>2023-24 | Year<br>2022-23 |
|---|-----------------|-----------------|
| <b>Dividend on equity shares paid during the year</b>   |                 |                 |
| Final dividend for the FY. 2022-23 :Rs. Nil (previous year Rs. 2) per equity share of Re. 1 each) | -               | 1,670.06        |
| <b>Total</b>  | <b>-</b>        | <b>1,670.06</b> |

**Note:** No dividend has been proposed by the directors for FY. 2023-24.

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

### 23 Non-current borrowings (Rs in lakhs)

| Particulars   | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---|-------------------------|-------------------------|
| <b>At Amortised Cost</b>                                      |                         |                         |
| <b>Term loans(Secured)</b>                                    |                         |                         |
| <b>From Banks:</b>  |                         |                         |
| Indusind Bank (Rupee term loan) (refer note (i) & (ii)(I))    | 2,300.00                | -                       |
| Yes Bank (Rupee Term Loan) for Vehicles (refer note (ii)(II)) | -                       | 10.56                   |
| <b>Total</b>  | <b>2,300.00</b>         | <b>10.56</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) First Charge on Immovable Fixed asset situated at Slivassa plant and all that piece and parcel of Industrial non-agricultural land survey no.64/2, 64/3, 64/4 61/1, 61/2, 63/5, 63/7 and 62/5 situated at Village Aml, Silvassa, Union Territory of Dadra and Nagar Haveli for term loan.                           | Term loan of INR 23,00,00,000 is repayable in 36 equated monthly installment of INR 63,88,888 each till March 2028. Repayment starting from April 2025.  |
| (b) Second Pari-Pasu Charge on Immovable Fixed asset situated at Slivassa plant and all that piece and parcel of Industrial non-agricultural land survey no.64/2, 64/3, 64/4 61/1, 61/2, 63/5, 63/7 and 62/5 situated at Village Aml, Silvassa, Union Territory of Dadra and Nagar Haveli Haveli for working capital limits |  |
| (II) Specific charge on Vehicles financed by the Bank.  | 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 January 2020. |

### 24 Non-current lease liabilities (Rs in lakhs)

| Particulars       | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|-------------------|-------------------------|-------------------------|
| Lease Liabilities | 115.40                  | 208.85                  |
| <b>Total</b>      | <b>115.40</b>           | <b>208.85</b>           |

Refer note 49 for Disclosure in respect of leases.

### 25 Non-current provisions (Rs in lakhs)

| Particulars  | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| <b>Provision for employee benefits (Refer note 42)</b> |                         |                         |
| Gratuity - In respect of Employees                     | 75.85                   | 85.14                   |
| Gratuity - In respect of directors                     | 20.00                   | 20.00                   |
| <b>Total</b>   | <b>95.85</b>            | <b>105.14</b>           |

Notes to Standalone Financial Statements for the year ended 31st March, 2024

26 Tax Expense And Deferred Tax Liabilities (Net)

(a) Amounts recognized in profit and loss

(Rs in lakhs)

| Particulars   | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>Current tax expense (A)</b>                                |                                      |                                      |
| In respect of current year                                    | 1,135.81                             | 1,119.45                             |
|   | <b>1,135.81</b>                      | <b>1,119.45</b>                      |
| <b>Deferred tax expense (B)</b>                               |                                      |                                      |
| In respect of current year                                    | 79.78                                | (128.74)                             |
|   | <b>79.78</b>                         | <b>(128.74)</b>                      |
| <b>Adjustment for earlier years (C)</b>                       | 17.92                                | <b>94.38</b>                         |
| <b>Tax expense recognized in the income statement (A+B+C)</b> | <b>1,233.55</b>                      | <b>1,085.13</b>                      |

(b) Amounts recognized in other comprehensive income

(Rs in lakhs)

| Particulars  | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| <b>Items that will not be reclassified to profit or loss</b> | (10.97)                              | (9.40)                               |
| Remeasurements of the defined benefit plans                  | (10.97)                              | (9.40)                               |

(c) Reconciliation of effective tax rate

(Rs in lakhs)

| Particulars                               | For the year ended<br>31st March, 2024 |                 | For the year ended<br>31st March, 2023 |                 |
|---|--|-----------------|--|-----------------|
|   | %                                      | Amounts         | %                                      | Amounts         |
| <b>Profit before tax</b>                  |  | <b>4,948.76</b> |  | <b>3,966.26</b> |
| Tax using the Company's domestic tax rate | 25.17%                                 | 1,245.50        | 25.17%                                 | 998.23          |
| <b>Tax effect of:</b>                     |  |                 |  |                 |
| Disallowable expenses                     | 1.09%                                  | 54.17           | 0.85%                                  | 33.91           |
| Tax exemptions                            | -0.17%                                 | (8.56)          | -0.13%                                 | (5.03)          |
| Tax paid at lower rate                    | -2.18%                                 | (107.67)        | -0.27%                                 | (10.55)         |
| Others                                    | 0.65%                                  | 32.18           | -0.65%                                 | (25.88)         |
|   | <b>24.56%</b>                          | <b>1,215.63</b> | <b>24.98%</b>                          | <b>990.67</b>   |
| Adjustment for earlier years              | 0.36%                                  | 17.92           | 2.38%                                  | 94.38           |
| <b>Effective income tax rate</b>          | <b>24.93%</b>                          | <b>1,233.55</b> | <b>27.36%</b>                          | <b>1,085.05</b> |

Notes to Standalone Financial Statements for the year ended 31st March, 2024

(d) Movement in deferred tax

(Rs in lakhs)

| Particulars                                      | As at March 31, 2024          |                                    |                      |                                     |                   | Deferred tax liability |
|--|-------------------------------|------------------------------------|----------------------|-------------------------------------|-------------------|------------------------|
|  | Net balance<br>April 01, 2023 | Recognized<br>in profit or<br>loss | Recognized<br>in OCI | Recognized<br>directly in<br>equity | Net               |                        |
| <b>Deferred tax (Asset)/Liabilities</b>          |                               |                                    |                      |                                     |                   |                        |
| Property, plant and equipment                    | (2,198.28)                    | 87.95                              | -                    | -                                   | (2,110.33)        | (2,110.33)             |
| Fair valuation of Mutual Funds and Equity shares | (7.77)                        | (232.80)                           | -                    | -                                   | (240.57)          | (240.57)               |
| Employee benefits                                | 16.03                         | (3.16)                             | -                    | -                                   | 12.88             | -                      |
| Fair valuation of derivatives                    | (103.55)                      | 32.37                              | -                    | -                                   | (71.18)           | (71.18)                |
| Fair valuation of Security Deposits              | 3.72                          | (0.53)                             | -                    | -                                   | 3.19              | -                      |
| Allowance for expected credit losses             | 38.12                         | 25.42                              | -                    | -                                   | 63.54             | -                      |
| <b>Tax assets (Liabilities)</b>                  | <b>(2,251.72)</b>             | <b>(90.75)</b>                     | -                    | -                                   | <b>(2,342.48)</b> | <b>(2,422.08)</b>      |

(Rs in lakhs)

| Particulars                                       | As at March 31, 2023          |                                    |                      |                                     |                   | Deferred tax liability |
|---|-------------------------------|------------------------------------|----------------------|-------------------------------------|-------------------|------------------------|
|   | Net balance<br>April 01, 2022 | Recognized<br>in profit or<br>loss | Recognized<br>in OCI | Recognized<br>directly in<br>equity | Net               |                        |
| <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             | -                      |
| 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              | -                      |
| Allowance for expected credit losses              | 97.88                         | (59.76)                            | -                    | -                                   | 38.12             | -                      |
| <b>Tax assets (Liabilities)</b>                   | <b>(2,371.06)</b>             | <b>119.33</b>                      | -                    | -                                   | <b>(2,251.72)</b> | <b>(2,309.60)</b>      |



Notes to Standalone Financial Statements for the year ended 31st March, 2024

**27 Borrowings** (Rs in lakhs)

| Particulars   | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| <b>At Amortised Costs</b>   |                      |                      |
| <b>From Banks</b>   |                      |                      |
| <b>Secured</b>  |                      |                      |
| Packing Credit<br>(refer note no. (b) (i),(ii) & (iii))           | 10,109.73            | 7,993.40             |
| Foreign Bill Discounting<br>(refer note no. (b) (i),(ii) & (iii)) | 926.90               | -                    |
| Buyer's Credit<br>(refer note no. (b) (i),(ii) & (iii))           | -                    | 908.50               |
| Current maturities of long term borrowings                        | 10.56                | 1,527.33             |
| <b>Total</b>  | <b>11,047.19</b>     | <b>10,429.23</b>     |

**Note:**

- Bank returns/stock statements filed by the Company with its bankers are in materially agreement with books of accounts.
- Term of repayment and securities for current borrowings  
For terms of repayment refer note 23(ii)  
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 - Amli, Silvassa Union Territory of Dadra & Nagar Haveli.

**28 Trade payables** (Rs in lakhs)

| Particulars  | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| <b>At Amortised Cost</b>   |                      |                      |
| <b>Trade payables:</b>   |                      |                      |
| Total outstanding dues of Micro and small enterprises                      | 492.21               | 41.67                |
| Total outstanding dues of creditors other than Micro and small enterprises | 3,390.98             | 3,146.14             |
| <b>Total</b>   | <b>3,883.20</b>      | <b>3,187.81</b>      |

**Note:**

- 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, 2024

(Rs in lakhs)

| Particulars   | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act  |                      |                      |
| - Principal   | 492.21               | 41.67                |
| - 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 deductibile expenditure under section 23 of MSMED Act, 2006 | -                    | -                    |
| <b>Total</b>  | <b>492.21</b>        | <b>41.67</b>         |

**b) Trade payables ageing details**

**As at March 31, 2024** (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                    | 492.21   | -                | -            | -            | -                 | 492.21          |
| (ii) Others                 | 3,093.07   | 224.87           | 15.79        | 57.26        | -                 | 3,390.98        |
| (iii) Disputed Dues - MSME  | -  | -                | -            | -            | -                 | -               |
| (iv) Disputed Dues - Others | -  | -                | -            | -            | -                 | -               |
| <b>Total Trade payables</b> | <b>3,585.28</b>  | <b>224.87</b>    | <b>15.79</b> | <b>57.26</b> | <b>-</b>          | <b>3,883.20</b> |

**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                 | 2,674.74   | 341.92           | 69.66        | 45.58        | 14.25             | 3,146.15        |
| (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>3,187.81</b> |

Notes to Standalone Financial Statements for the year ended 31st March, 2024

**29 Other financial liabilities (Rs in lakhs)**

| Particulars                             | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---|-------------------------|-------------------------|
| <b>At Amortised Costs</b>               |                         |                         |
| Liabilities for Capital goods           | 16.34                   | 200.12                  |
| Interest Accrued                        | 19.89                   | 23.25                   |
| Unpaid dividend (refer note (i) & (ii)) | 46.85                   | 93.62                   |
| Salaries, wages & other payable         | 638.88                  | 367.11                  |
| Book overdraft with banks               | 723.78                  | 685.26                  |
| <b>At FVTPL</b>                         |                         |                         |
| Derivative financial liabilities:       |                         |                         |
| Future and Options Trading              | 29.13                   | 0.10                    |
| <b>Total</b>                            | <b>1,474.86</b>         | <b>1,369.47</b>         |

**Note:**

- (i) There are no amounts due for payment to the Investor Education and Protection Fund Under Section 125 of Act, as at the year end.
- (ii) Amount of Rs. 13.31 lakhs (P.Y. 2022-23: 10.16 lakhs) is transferred to Investor Education and Protection Fund during the year.

**30 Other current liabilities (Rs in lakhs)**

| Particulars                        | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|------------------------------------|-------------------------|-------------------------|
| <b>Revenue received in advance</b> |                         |                         |
| Advance from customers             | 273.64                  | 318.75                  |
| <b>Others</b>                      |                         |                         |
| Statutory dues                     | 61.79                   | 34.90                   |
| <b>Total</b>                       | <b>335.43</b>           | <b>353.65</b>           |

**31 Provisions (Rs in lakhs)**

| Particulars  | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| <b>Provision for employee benefits</b> (Refer note 42) |                         |                         |
| Gratuity   | 21.19                   | 24.45                   |
| Leave Encashment                                       | 31.21                   | 57.43                   |
| Bonus  | 20.00                   | 23.34                   |
| <b>Total</b>   | <b>72.40</b>            | <b>105.22</b>           |

**32 Current tax liabilities (Net) (Rs in lakhs)**

| Particulars                                      | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| Provision for Tax (Net of Taxes paid in advance) | 90.75                   | 38.42                   |
| <b>Total</b>                                     | <b>90.75</b>            | <b>38.42</b>            |

Notes to Standalone Financial Statements for the year ended 31st March, 2024

**33 Revenue From Operations (Rs in lakhs)**

| Particulars                            | for the year<br>ended<br>March 31, 2024 | For the year<br>ended<br>March 31, 2023 |
|--|---|---|
| <b>(a) Sale of Products/ Services:</b> |   |   |
| - Local Sales                          | 15,792.07                               | 17,882.13                               |
| - Export Sales                         | 21,071.50                               | 19,889.52                               |
| - Sale of Wind Power                   | 569.07                                  | 524.27                                  |
| Sale of Products/ Services             | <b>37,432.63</b>                        | <b>38,295.92</b>                        |
| <b>(b) Other Operating Revenues:</b>   |   |   |
| - Export incentives                    | 746.15                                  | 321.48                                  |
| - Sale of Scrap                        | 38.34                                   | 37.29                                   |
| Other Operating Revenues               | <b>784.49</b>                           | <b>358.77</b>                           |
|  | <b>38,217.12</b>                        | <b>38,654.70</b>                        |
| <b>Revenue from operations</b>         | <b>38,217.12</b>                        | <b>38,654.70</b>                        |

**Disclosures as per Ind AS 115 (Rs in lakhs)**

| Particulars  | for the year<br>ended<br>March 31, 2024 | For the year<br>ended<br>March 31, 2023 |
|--|---|---|
| 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 (Transferred at point in time)</b>  |   |   |
| Sale of speciality yarns   | 36,863.56                               | 37,771.65                               |
| Sale of wind power   | 569.07                                  | 524.27                                  |
|  | <b>37,432.63</b>                        | <b>38,295.92</b>                        |
| Sale of Scrap  | 38.34                                   | 37.29                                   |
| <b>Total revenue from contracts with customers</b>   | <b>37,470.97</b>                        | <b>38,333.21</b>                        |
| b) <b>Reconciliation of the revenue from contracts with customers with revenue from operations</b>   |   |   |
| Total revenue from contracts with customers  | 37,470.97                               | 38,333.21                               |
| Export Incentives  | 746.15                                  | 321.48                                  |
| <b>Total Revenue from operations (Refer note 33)</b>   | <b>38,217.12</b>                        | <b>38,654.70</b>                        |

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

### 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<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| <b>Total revenue from contracts with customers</b>  |                                      |                                      |
| <b>Speciality Yarn</b>  |                                      |                                      |
| India   | 15,830.41                            | 17,919.42                            |
| Export  | 21,071.50                            | 19,889.52                            |
| <b>Wind Power</b>   |                                      |                                      |
| India   | 569.07                               | 524.27                               |
| <b>Total</b>  | <b>37,470.97</b>                     | <b>38,333.21</b>                     |
| <b>3 Reconciliation between revenue with customers and contracted price:</b>              |                                      |                                      |
| Revenue as per contracted price   | <b>37,850.18</b>                     | <b>38,383.89</b>                     |
| <b>Less: Adjustments</b>  |                                      |                                      |
| Sales return  | (246.59)                             | (32.00)                              |
| Discounts/ Rebates  | (132.62)                             | (18.58)                              |
| <b>Revenue from contracts with Customers</b>  | <b>37,470.97</b>                     | <b>38,333.21</b>                     |
| <b>4 Sales by performance obligations</b>   |                                      |                                      |
| Upon Shipment   | 36,901.90                            | 37,808.94                            |
| Upon Delivery   | -                                    | -                                    |
| Upon Transmission into grid   | 569.07                               | 524.27                               |
| <b>Total</b>  | <b>37,470.97</b>                     | <b>38,333.21</b>                     |
| <b>5 Contract balances</b>  |                                      |                                      |
| The following table provides information about receivables from contracts with customers: |                                      |                                      |
| (a) Trade receivables   | 9,172.12                             | 6,188.93                             |
| Allowance as per Expected credit loss model   | (42.58)                              | (17.46)                              |
| <b>Total</b>  | <b>9,129.54</b>                      | <b>6,171.47</b>                      |
| Trade receivables are non-interest bearing and are generally on terms of up to 180 days.  |                                      |                                      |
| (b) Contract liability  |                                      |                                      |
| Advances from Customers   | <b>273.64</b>                        | <b>318.75</b>                        |

The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended March 31, 2024.

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

### 34 Other Income

(Rs in lakhs)

| Particulars  | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| <b>a) Interest income</b>  |                                      |                                      |
| Instruments measured at amortised costs                              |                                      |                                      |
| - on fixed deposits with bank  | 77.74                                | 268.86                               |
| - on debenture and bonds   | 269.93                               | 218.40                               |
| - on treasury bills  | 56.00                                | 33.86                                |
| - others   | 14.72                                | 3.16                                 |
| <b>b) Dividend Income</b>  |                                      |                                      |
| - Dividend Income from investments valued at FVTPL                   | 16.43                                | 10.94                                |
| <b>c) Other non-operating Income</b>                                 |                                      |                                      |
| - Gain on disposal of property, plant and equipment                  | 3.51                                 | -                                    |
| - Gain on sale of investments valued at FVTPL                        | 229.71                               | 77.67                                |
| - Gain on Future and option trading                                  | 85.52                                | 183.44                               |
| - Fair Valuation gain on Investments                                 | 1,251.97                             | 10.95                                |
| - Gain or loss on foreign currency transaction and translation (net) | 19.26                                | -                                    |
| - Miscellaneous Income   | 14.51                                | 115.76                               |
| <b>Total</b>   | <b>2,039.30</b>                      | <b>923.05</b>                        |

### 35 Cost of material consumed

(Rs in lakhs)

| Particulars                              | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Inventories at the beginning of the year | 1,855.17                             | 2,520.26                             |
| Purchases                                | 18,060.45                            | 18,892.76                            |
| Inventories at the end of the year       | (1,357.51)                           | (1,855.17)                           |
| <b>Total</b>                             | <b>18,558.11</b>                     | <b>19,557.85</b>                     |

Notes to Standalone Financial Statements for the year ended 31st March, 2024

**36 Changes in inventories of finished goods and work in progress**

| Particulars   | (Rs in lakhs)                     |                                   |
|---|-----------------------------------|-----------------------------------|
|   | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
| <b>Closing inventories</b>                              |                                   |                                   |
| Work-in-progress  | 2,601.31                          | 3,546.35                          |
| Finished goods  | 1,523.71                          | 2,029.09                          |
| <b>Subtotal (A)</b>                                     | <b>4,125.02</b>                   | <b>5,575.45</b>                   |
| <b>Opening inventories</b>                              |                                   |                                   |
| Work-in-progress  | 3,546.35                          | 4,237.95                          |
| Finished goods  | 2,029.09                          | 1,972.67                          |
| <b>Subtotal (B)</b>                                     | <b>5,575.45</b>                   | <b>6,210.62</b>                   |
| <b>Net (Increase)/decrease in Inventories [(B)-(A)]</b> | <b>1,450.42</b>                   | <b>635.17</b>                     |

**37 Employee benefits expense**

| Particulars                               | (Rs in lakhs)                     |                                   |
|---|-----------------------------------|-----------------------------------|
|   | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
| Salaries and wages, bonus etc.            | 1,687.45                          | 1,455.49                          |
| Contribution to provident and other funds | 109.29                            | 85.56                             |
| Staff welfare expenses                    | 17.60                             | 31.27                             |
| <b>Total</b>                              | <b>1,814.34</b>                   | <b>1,572.32</b>                   |

**38 Finance costs**

| Particulars  | (Rs in lakhs)                     |                                   |
|--|-----------------------------------|-----------------------------------|
|  | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
| <b>At Amortised Cost</b>   |                                   |                                   |
| <b>Interest expenses</b>   |                                   |                                   |
| Interest on borrowings   | 559.92                            | 380.12                            |
| Exchanges differences regarded as an adjustment to borrowing costs | -                                 | 76.68                             |
| Interest expense on lease liability                                | 15.66                             | 22.55                             |
| Interest on Income tax and TDS                                     | 5.42                              | 3.93                              |
| <b>Total</b>   | <b>581.00</b>                     | <b>483.28</b>                     |

Notes to Standalone Financial Statements for the year ended 31st March, 2024

**39 Depreciation and amortisation expenses**

| Particulars   | (Rs in lakhs)                     |                                   |
|---|-----------------------------------|-----------------------------------|
|   | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
| Depreciation on property, plant and equipment           | 2,217.56                          | 1,988.68                          |
| Depreciation charged for right of use assets - building | 81.68                             | 89.32                             |
| Amortisation of intangible assets                       | 30.31                             | 29.35                             |
| <b>Total</b>  | <b>2,329.55</b>                   | <b>2,107.35</b>                   |

**40 Other expenses**

| Particulars  | (Rs in lakhs)                     |                                   |
|--|-----------------------------------|-----------------------------------|
|  | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
| Consumption of stores and spare parts                                | 380.76                            | 362.97                            |
| Power and fuel   | 2,230.21                          | 2,223.54                          |
| Consumption of packing materials                                     | 1,395.44                          | 1,424.02                          |
| Consumption of oils and chemicals                                    | 364.32                            | 371.88                            |
| Labour charges   | 2,633.15                          | 2,327.82                          |
| Repairs and Maintenance:   |                                   |                                   |
| - Building   | 61.55                             | 47.70                             |
| - Machinery  | 394.26                            | 148.84                            |
| - Others   | 158.34                            | 92.57                             |
| Water, waste and effluent treatment charges                          | 104.47                            | 111.89                            |
| Rent   | 58.89                             | 43.20                             |
| Insurance  | 76.09                             | 87.35                             |
| Director sitting fees  | 5.20                              | 5.00                              |
| Legal, professional and consultancy charges                          | 356.84                            | 294.44                            |
| Corporate Social Responsibility Expenses (Refer note 49)             | 100.62                            | 99.90                             |
| - Gain or loss on foreign currency transaction and translation (net) | -                                 | 421.08                            |
| Miscellaneous expenses   | 721.92                            | 725.57                            |
| Payment to auditor:  |                                   |                                   |
| - Audit fees   | 9.00                              | 9.00                              |
| - for other services (Limited Review and certifications)             | 10.15                             | 7.50                              |
| - Out of pocket expenses   | 0.30                              | 0.20                              |
| Freight and forwarding charges                                       | 857.80                            | 1,506.53                          |
| Loss due to fire   | -                                 | 115.00                            |
| Commission on sales  | 546.22                            | 799.48                            |
| Provision for doubtful receivables/advances                          | 108.72                            | 30.00                             |
| <b>Total</b>   | <b>10,574.25</b>                  | <b>11,255.49</b>                  |

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

### 41 Earnings per share (EPS) (Rs in lakhs)

| Particulars  | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Profit for the year  | 3,715.25                             | 2,881.18                             |
| Weighted average number of Equity shares for basic earning per share | 83,503,000                           | 83,503,000                           |
| Nominal value of each share (in Rs.)                                 | 1                                    | 1                                    |
| Basic and Diluted earning per share                                  | 4.45                                 | 3.45                                 |

### 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. 108.07 lakhs (March 31, 2023: Rs. 82.49 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<br>March 31, 2024 | As at<br>March 31, 2023 |
|-----------------------------------|-------------------------|-------------------------|
| PVO at the beginning of the year  | 218.65                  | 274.67                  |
| Interest cost                     | 15.98                   | 17.17                   |
| Current service cost              | 23.05                   | 21.66                   |
| Benefits paid                     | (56.84)                 | (17.03)                 |
| Past Service cost                 | -                       | (40.89)                 |
| Actuarial (Gains)/Losses          | (45.89)                 | (36.93)                 |
| <b>PVO at the end of the year</b> | <b>154.95</b>           | <b>218.65</b>           |

### Reconciliation of Fair value of plan assets: (Rs in lakhs)

| Particulars   | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---|-------------------------|-------------------------|
| Fair value of plan assets at the beginning of the year  | 109.07                  | 118.27                  |
| <b>Adjustments:</b>                                     |                         |                         |
| Return on plan assets excl. interest income             | (2.29)                  | 0.44                    |
| Interest income   | 7.97                    | 7.39                    |
| Contributions by the employer                           | -                       | -                       |
| Benefits paid   | (56.84)                 | (17.03)                 |
| <b>Fair value of plan assets at the end of the year</b> | <b>57.91</b>            | <b>109.07</b>           |

### Net Liabilities / (Assets) recognised in the balance sheet: (Rs in lakhs)

| Particulars   | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---|-------------------------|-------------------------|
| PVO of the defined benefit obligation at the end of period        | 154.95                  | 218.65                  |
| Fair value of planned assets at end of year                       | (57.91)                 | (109.07)                |
| <b>Net liabilities / (Assets) recognised in the balance sheet</b> | <b>97.04</b>            | <b>109.58</b>           |

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

### Amount recognised in Statement of Profit and Loss (Rs in lakhs)

| Particulars  | 2023-2024    | 2022-2023     |
|--|--------------|---------------|
| Current service cost   | 23.05        | 21.66         |
| Past service cost and loss/(gain) on curtailments and settlement | -            | (40.89)       |
| Net interest   | 8.01         | 9.77          |
| <b>Net charge to the statement of profit or loss</b>             | <b>31.06</b> | <b>(9.45)</b> |

### Amount recognised in Other Comprehensive Income (OCI) (Rs in lakhs)

| Particulars                                     | 2023-2024      | 2022-2023      |
|---|----------------|----------------|
| Actuarial (Gain)/Loss recognised for the period | (45.89)        | (36.93)        |
| Return on plan assets excluding net interest    | 2.29           | (0.44)         |
| <b>Recognised in OCI for the year</b>           | <b>(43.60)</b> | <b>(37.37)</b> |

### Expected Payout (Rs in lakhs)

| Year                                 | 2023-2024 | 2022-2023 |
|--------------------------------------|-----------|-----------|
| Expected Outflow in 1st Year         | 46.22     | 61.34     |
| Expected Outflow in 2nd Year         | 25.71     | 41.93     |
| Expected Outflow in 3rd Year         | 23.70     | 32.64     |
| Expected Outflow in 4th Year         | 25.37     | 28.04     |
| Expected Outflow in 5th Year         | 15.08     | 27.23     |
| Expected Outflow in 6th to 10th Year | 43.64     | 64.82     |

The weighted average duration of the defined benefit plan obligations at the end of reporting period is 3.61 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<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| Impact on present value of defined benefit obligation: |                         |                         |
| If discount rate is increased by 0.5%                  | (2.47)                  | (3.44)                  |
| If discount rate is decreased by 0.5%                  | 2.56                    | 3.78                    |
| If salary escalation rate is increased by 0.5%         | 2.54                    | 3.78                    |
| If salary escalation rate is decreased by 0.5%         | (2.47)                  | (3.86)                  |

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

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<br>March 31, 2024           | As at<br>March 31, 2023           |
|--|-----------------------------------|-----------------------------------|
| Discount Rate                          | 7.19%                             | 7.31%                             |
| Expected rate of return on plan assets | 7.19%                             | 7.31%                             |
| Expected rate of salary increase       | 7.00%                             | 7.00%                             |
| Employee attrition rate                | 20.00%                            | 20.00%                            |
| Mortality                              | Indian Assured<br>Lives (2012-14) | Indian Assured<br>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, 2024 of Rs. 37.33 lakhs (March 31, 2023: Rs. 63.52 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

Savitex SA De C.V., Honduras  
MRK SA De C.V., Honduras  
Sarla Textstill Filament Sanayi Ticaret A.S.

#### (d) Entities controlled by Key Managerial Personnel

Satidham Industries Private Limited  
Hindustan Cotton Company  
Harmony Estates Pvt Ltd  
Sarla Estate Developers Pvt Ltd

#### (e) Entities over which Key Managerial Personnel are able to exercise significant influence

Shri Narayani Seva Sansthan  
Shivchandrai Jhunjunwala Charitable Trust

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

### (f) Directors & Key Managerial Personnel

#### (i) Executive Director

Krishna Jhunjunwala - Chairman & Managing Director  
Kanav Jhunjunwala - Director  
Neha Jhunjunwala - Director

#### (ii) Non Executive Directors

Shreya Desai - Independent and Non Executive Director  
Parantap Dave - Independent and Non Executive Director  
Paulo Manuel Castro - Independent and Non Executive Director  
Bharat Kishore Jhamvar (From August 10, 2023)  
Sachin Shashikant Abhiyankar (From August 10, 2023)

#### (iii) Key Managerial Personnel

Mukesh Deopura - Chief Financial officer (Till March 26, 2024)  
Neha Somani - Company Secretary (Till September 22, 2023)  
Radhika Sharma - Company Secretary (From November 04, 2023)  
Madhusudan S Jhunjunwala - Relative of Chairman & Managing Director and Promoter

### (g) Relatives of Key Managerial Personnel

Chanda Deopura - Relative of Chief Financial officer (Till March 26, 2024)  
Vrinda Jhunjunwala - Relative of Chairman and Managing Director (From April 01, 2022)  
Sarladevi Jhunjunwala - Relative of Chairman & Managing Director and Promoter  
Krishnakumar and Sons HUF - Relative of Chairman & Managing Director  
Madhusudan Jhunjunwala & Sons HUF - Relative of Chairman & Managing Director and Promoter

Notes to Standalone Financial Statements for the year ended 31st March, 2024

140

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, 2024                               | Year ended March 31, 2023 | Year ended March 31, 2024 | Year ended March 31, 2023 | Year ended March 31, 2024   | Year ended March 31, 2023 | Year ended March 31, 2024            | Year ended March 31, 2023 | Year ended March 31, 2024             | Year ended March 31, 2023 |
|  | (a) <b>Remuneration (including Retirement Benefits)</b> |                           |                           |                           |   |                           |                                      |                           |                                       |                           |
| Krishna Jhunjhunwala                       | -   | -                         | -                         | -                         | -   | -                         | 180.00                               | 180.00                    | -                                     | -                         |
| Kanav Jhunjhunwala                         | -   | -                         | -                         | -                         | -   | -                         | 19.08                                | 12.00                     | -                                     | -                         |
| Neha Jhunjhunwala                          | -   | -                         | -                         | -                         | -   | -                         | 18.00                                | 18.00                     | -                                     | -                         |
| Mukesh Deopura                             | -   | -                         | -                         | -                         | -   | -                         | 36.00                                | 35.09                     | -                                     | -                         |
| Neha Somani                                | -   | -                         | -                         | -                         | -   | -                         | 7.39                                 | 15.48                     | -                                     | -                         |
| Chanda Deopura                             | -   | -                         | -                         | -                         | -   | -                         | -                                    | -                         | 21.60                                 | 20.97                     |
| Vrinda Jhunjhunwala                        | -   | -                         | -                         | -                         | -   | -                         | -                                    | -                         | 6.00                                  | 6.00                      |
| Radhika Sharma                             | -   | -                         | -                         | -                         | -   | -                         | 6.45                                 | -                         | -                                     | -                         |
| (b) <b>Sitting Fees</b>                    |   |                           |                           |                           |   |                           |                                      |                           |                                       |                           |
| Shreya Desai                               | -   | -                         | -                         | -                         | -   | -                         | 2.00                                 | 2.50                      | -                                     | -                         |
| Parantap Dave                              | -   | -                         | -                         | -                         | -   | -                         | 2.00                                 | 2.50                      | -                                     | -                         |
| Bharat Kishore Jhamvar                     | -   | -                         | -                         | -                         | -   | -                         | 0.60                                 | -                         | -                                     | -                         |
| Sachin Shashikant Abhiyankar               | -   | -                         | -                         | -                         | -   | -                         | 0.60                                 | -                         | -                                     | -                         |
| (c) <b>Commission paid</b>                 |   |                           |                           |                           |   |                           |                                      |                           |                                       |                           |
| Sarla Europe, LDA                          | -   | -                         | 206.09                    | 170.70                    | -   | -                         | -                                    | -                         | -                                     | -                         |
| (d) <b>Plant &amp; Equipment purchases</b> |   |                           |                           |                           |   |                           |                                      |                           |                                       |                           |
| Sarlaflex Inc                              | -   | -                         | 4.58                      | -                         | -   | -                         | -                                    | -                         | -                                     | -                         |
| (e) <b>CSR expenditure</b>                 |   |                           |                           |                           |   |                           |                                      |                           |                                       |                           |
| Shivchandrai Jhunjhunwala Charitable Trust | -   | -                         | -                         | -                         | 5.00  | 15.62                     | -                                    | -                         | -                                     | -                         |

Notes to Standalone Financial Statements for the year ended 31st March, 2024

|                                    |       |        |   |   |        |        |       |       |       |       |
|------------------------------------|-------|--------|---|---|--------|--------|-------|-------|-------|-------|
| (f) <b>Advance Given for Goods</b> | 91.64 | 435.77 | - | - | -      | -      | -     | -     | -     | -     |
| Sarlaflex Inc.                     | -     | -      | - | - | -      | -      | -     | -     | -     | -     |
| (g) <b>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  |
| (h) <b>Rent Paid</b>               |       |        |   |   |        |        |       |       |       |       |
| Krishna Jhunjhunwala               | -     | -      | - | - | -      | -      | 21.60 | 21.60 | -     | -     |
| Madhusudan Jhunjhunwala & Sons HUF | -     | -      | - | - | -      | -      | -     | -     | 21.60 | 21.60 |
| Hindustan Cotton Co.               | -     | -      | - | - | 13.50  | -      | -     | -     | -     | -     |
| (i) <b>Security Deposit</b>        |       |        |   |   |        |        |       |       |       |       |
| Krishna Jhunjhunwala               | -     | -      | - | - | -      | -      | -     | 11.00 | -     | -     |
| Madhusudan Jhunjhunwala & Sons HUF | -     | -      | - | - | -      | -      | -     | -     | -     | 11.00 |
| Hindustan Cotton Co.               | -     | -      | - | - | 36.00  | -      | -     | -     | -     | -     |

141

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

### Key management personnel compensation (Rs in lakhs)

| Particulars  | 2023-2024 | 2022-2023 |
|--|-----------|-----------|
| Short-term employee benefits                               | 266.92    | 260.56    |
| Post-employment benefits                                   | -         | -         |
| Others (including sitting fees to non-executive directors) | 5.20      | 5.00      |

### 3 Balances Outstanding:

| Nature of Transaction               | As at March 31, 2024 | As at March 31, 2023 |
|-------------------------------------|----------------------|----------------------|
| <b>(a) Investment in Shares</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.                      | 213.74               | 210.78               |
| <b>(c) Trade Receivables</b>        |                      |                      |
| Sarla Overseas Holding Limited      | 235.22               | 289.96               |
| <b>(d) Advances given for goods</b> |                      |                      |
| Sarlaflex Inc.                      | 510.21               | 434.18               |
| <b>(e) Security Deposit</b>         |                      |                      |
| Krishna Jhunjunwala                 | 11.00                | 11.00                |
| Hindustan Cotton                    | 36.00                | -                    |
| Madhusudan Jhunjunwala & Sons HUF   | 11.00                | 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, 2023: 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, 2023: Rs. 42.12 lakhs).
- Goods and Service Tax (GST) demand for Rs 643.51 lakhs pertaining to the GST refund availed on exports on payment of IGST in EOU unit for FY 2018-19 to 2021-22 (As at March 31, 2023: Rs NIL). The matter is sub-judiciary with the Commissioner of CGST & Central Excise, Appeals. The company has deposited Rs. 58.50 Lakhs against the demand under protest.

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

### 45.2 Capital Commitment (Rs in lakhs)

| Particulars   | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| For capital expenditures (net of advances of Rs. 55.00 lakhs (As at March 31, 2023: Rs. 86.64 lakhs)) | 120.00               | 127.28               |

### 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 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:

| Particulars                                  | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Non-current borrowings                       | 2,300.00             | 10.56                |
| Current maturities of non-current borrowings | 10.56                | 1,527.33             |
| Current borrowings                           | 11,036.63            | 8,901.89             |
| <b>Total Debt</b>                            | <b>13,347.19</b>     | <b>10,439.79</b>     |
| Equity                                       | 46,845.15            | 43,097.27            |
| <b>Net debt to equity ratio</b>              | <b>0.28</b>          | <b>0.24</b>          |

#### B Financial Instruments-Classifications and Fair value measurements (Ind AS 107)

##### i) Classification of Financial Assets and Liabilities: (Rs in lakhs)

| Particulars                                       | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| <b>Financial assets</b>                           |                      |                      |
| <b>At Amortised cost</b>                          |                      |                      |
| Investments in Debentures                         | 3,044.32             | 3,042.87             |
| Investments in Treasury Bill                      | 977.02               | 787.22               |
| Trade receivables                                 | 9,129.54             | 6,171.47             |
| Cash and cash equivalents                         | 219.63               | 360.95               |
| Bank balances other than above                    | 810.61               | 1,062.73             |
| Loans   | 238.95               | 248.52               |
| Other financial assets                            | 816.32               | 560.83               |
| <b>At Fair value through Profit and Loss</b>      |                      |                      |
| Investments in equity shares                      | 3,356.28             | 994.36               |
| Derivative contracts                              | 282.82               | 411.44               |
| Investments in Debentures                         | 923.54               | 371.77               |
| Investments in Mutual Funds                       | 11,102.31            | 7,315.77             |
| <b>Total</b>                                      | <b>30,901.34</b>     | <b>21,327.93</b>     |
| <b>Financial liabilities</b>                      |                      |                      |
| <b>At Amortised cost</b>                          |                      |                      |
| Borrowings  | 13,347.19            | 10,439.79            |
| Lease Liabilities                                 | 190.65               | 288.45               |
| Trade payables                                    | 3,883.20             | 3,187.81             |
| Other Financial liabilities                       | 1,445.73             | 1,369.36             |
| <b>At Fair value through Profit and Loss</b>      |                      |                      |
| Derivative contracts - Future and Options Trading | 29.13                | 0.10                 |
| <b>Total</b>                                      | <b>18,895.90</b>     | <b>15,285.52</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, 2024

### ii) Fair Value Measurements (Ind AS 113):

The fair value 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, 2024 | As at March 31, 2023 |
| <b>Financial Assets at Fair Value through Profit and Loss</b> |                      |                      |
| Investments in equity shares (Level 1)                        | 3,356.28             | 994.36               |
| Derivative contracts (Level 2)                                | 282.82               | 411.44               |
| Investments in Mutual Funds (Level 2)                         | 11,102.31            | 7,315.77             |
| <b>Total</b>  | <b>14,741.42</b>     | <b>8,721.56</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, 2024 and March 31, 2023, 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 (other than Subsidiaries): 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, 2024

### 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 Company 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, 2024 | As at March 31, 2023 |
|----------------|----------------------|----------------------|
| up to 180 days | 8,618.97             | 5,495.24             |
| 181-365 days   | 139.24               | 217.08               |
| Above 365 days | 413.91               | 476.61               |
| <b>Total</b>   | <b>9,172.13</b>      | <b>6,188.93</b>      |

#### Movement in allowances as per expected credit loss model

(Rs in lakhs)

| Particulars                                | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Balance at beginning of the year           | 17.46                | 284.92               |
| Movement in expected credit loss allowance | 25.12                | (267.46)             |
| <b>Balance at end of the year</b>          | <b>42.58</b>         | <b>17.46</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, 2024. 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.

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

### 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 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, 2024 |                        |                  | As at March 31, 2023 |                        |                  |
|---|----------------------|------------------------|------------------|----------------------|------------------------|------------------|
|   | 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) | 13,347.19            | 11,047.19              | 2,300.00         | 10,439.79            | 10,429.23              | 10.56            |
| Trade and other payables  | 3,883.20             | 3,883.20               | -                | 3,187.81             | 3,187.81               | -                |
| Other financial liabilities                                       | 1,445.73             | 1,445.73               | -                | 1,369.36             | 1,369.36               | -                |
| Lease Liabilities   | 190.65               | 75.25                  | 115.40           | 288.45               | 79.60                  | 208.85           |
| <b>Total</b>  | <b>18,866.77</b>     | <b>16,451.37</b>       | <b>2,415.40</b>  | <b>15,285.42</b>     | <b>15,066.00</b>       | <b>219.42</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, 2024 |               |                   | As at March 31, 2023 |               |                   |
|---|----------------------|---------------|-------------------|----------------------|---------------|-------------------|
|   | USD                  | GBP           | EURO              | USD                  | GBP           | EURO              |
| <b>Financial assets</b>                           |                      |               |                   |                      |               |                   |
| Cash and cash equivalents                         | 82.89                | -             | 0.00              | 58.77                | -             | 0.39              |
| Trade receivables                                 | 4,252.73             | 378.74        | 1,252.21          | 3,916.55             | 440.82        | 5,092.90          |
| Loans   | 213.74               | -             | -                 | 210.78               | -             | -                 |
| Less: Foreign currency forward exchange contracts | -                    | -             | (3,050.49)        | (2,474.73)           | -             | (6,541.35)        |
| <b>Net exposure for assets</b>                    | <b>4,549.36</b>      | <b>378.74</b> | <b>(1,798.28)</b> | <b>1,711.48</b>      | <b>440.79</b> | <b>(1,447.94)</b> |
| <b>Financial liabilities</b>                      |                      |               |                   |                      |               |                   |
| Foreign Currency Loans                            | -                    | -             | -                 | -                    | -             | 1,513.25          |
| Short term borrowings                             | -                    | -             | -                 | 908.50               | -             | -                 |
| Trade and other payables                          | 2,312.90             | -             | 2.73              | 1,474.50             | -             | 3.09              |
| Less: Foreign currency forward exchange contracts | -                    | -             | -                 | -                    | -             | -                 |
| <b>Net exposure for liabilities</b>               | <b>2,312.90</b>      | <b>-</b>      | <b>2.73</b>       | <b>2,383.00</b>      | <b>-</b>      | <b>1,516.34</b>   |
| <b>Net exposure (Assets - Liabilities)</b>        | <b>2,236.46</b>      | <b>378.74</b> | <b>(1,801.01)</b> | <b>(671.51)</b>      | <b>440.82</b> | <b>(2,964.28)</b> |

## Notes to Standalone Financial Statements for the year ended 31st March, 2024

### 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) | Increase in Exchange rate by 5%   |                                   | Decrease in Exchange rate by 5%   |                                   |
|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                                   | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
| USD                               | 111.82                            | (33.58)                           | (111.82)                          | 33.58                             |
| GBP                               | 18.94                             | 22.04                             | (18.94)                           | (22.04)                           |
| EURO                              | (90.05)                           | (148.21)                          | 90.05                             | 148.21                            |

### 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, 2024 | For the year ended March 31, 2023 |
|-------------------------------|-----------------------------------|-----------------------------------|
| <b>Term loans - long term</b> |                                   |                                   |
| Floating Rate Borrowings      | -                                 | -                                 |
| Fixed Rate Borrowings         | 2,310.56                          | 1,537.89                          |
| Short term borrowings         | 11,036.63                         | 8,901.89                          |
| <b>Total</b>                  | <b>13,347.19</b>                  | <b>10,439.78</b>                  |

#### Interest rate sensitivities for floating rate borrowings: (Rs in lakhs)

| Movement in rate      | Increase in interest rate by 0.25% |                                   | Decrease in interest rate by 0.25% |                                   |
|-----------------------|------------------------------------|-----------------------------------|------------------------------------|-----------------------------------|
|                       | For the year ended March 31, 2024  | For the year ended March 31, 2023 | For the year ended March 31, 2024  | For the year ended March 31, 2023 |
| Short term borrowings | (27.59)                            | (22.25)                           | 27.59                              | 22.25                             |

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, 2024

**48. Financial Performance Ratios:**

| Ratio                                    | Numerator                                     | Denominator                  | March 31, 2024 | March 31, 2023 | % Variation | Reason for variation  |
|--|---|------------------------------|----------------|----------------|-------------|---|
| Current Ratio (Times)                    | Current Assets                                | Current Liabilities          | 1.45           | 1.28           | 13.79%      |   |
| Debt-Equity Ratio (Times)                | Total Debt                                    | Shareholder's Equity         | 0.28           | 0.24           | 16.67%      |   |
| Debt Service Coverage Ratio (Times)      | Earnings available for debt service           | Debt Service                 | 0.71           | 0.57           | 24.56%      |   |
| Return on Equity Ratio (%)               | Net Profits after taxes - Preference Dividend | Average Shareholder's Equity | 8.26%          | 6.78%          | 21.83%      |   |
| Inventory turnover ratio (Times)         | Cost of goods sold                            | Average Inventory            | 4.85           | 4.21           | 15.20%      |   |
| Trade Receivables turnover ratio (Times) | Net Credit Sales                              | Avg. Accounts Receivable     | 5.00           | 4.76           | 5.04%       |   |
| Trade payables turnover ratio (Times)    | Net Credit Purchases                          | Average Trade Payables       | 8.04           | 8.11           | -0.86%      |   |
| Net capital turnover ratio (Times)       | Net Sales                                     | Working Capital              | 6.37           | 4.59           | 38.78%      | The Ratio has increased due to reduction in average working capital as compared to last financial year. |
| Net profit ratio (%)                     | Net Profit                                    | Net Sales                    | 9.72%          | 7.45%          | 30.47%      | The Ratio has increased due to increase in other income as compared to last financial year.             |
| Return on Capital employed(%)            | Earning before interest and taxes             | Capital Employed             | 8.81%          | 7.93%          | 11.10%      |   |
| Return on Investment (%)                 | Income from Investment                        | Average Investment           | 11.98%         | 6.53%          | 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, 2024 and its carrying value as on that date

(Rs in lakhs)

| Particulars   | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| <b>Addition of right-of-use assets that do not meet the definition of investment property</b> |                      |                      |
| Lease hold Land and Buildings   | 1.33                 | 155.06               |
| <b>Total</b>  | <b>1.33</b>          | <b>155.06</b>        |
| <b>Depreciation charged during the current year</b>   |                      |                      |
| Lease hold Land and Buildings   | 82.11                | 89.76                |
| <b>Total</b>  | <b>82.11</b>         | <b>89.76</b>         |
| <b>Carrying value of Right-of-use assets</b>  |                      |                      |
| Lease hold Land and Buildings   | 208.86               | 314.73               |
| <b>Total</b>  | <b>208.86</b>        | <b>314.73</b>        |

Notes to Standalone Financial Statements for the year ended 31st March, 2024

**(b) Movement in lease liabilities for the year ended:**

(Rs in lakhs)

| Particulars                          | As at March 31, 2024 | As at March 31, 2023 |
|--------------------------------------|----------------------|----------------------|
| Balance at the beginning of the year | 288.45               | 210.59               |
| Additions                            | (9.49)               | 174.94               |
| Payment of lease liabilities         | (88.32)              | (97.08)              |
| <b>Total Lease liabilities</b>       | <b>190.65</b>        | <b>288.45</b>        |

**(c) Maturity Analysis of Lease liabilities**

(Rs in lakhs)

| Maturity analysis for lease hold Land and Buildings               | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| Less than one year  | 58.60                | 61.37                |
| One to five years   | 59.64                | 117.40               |
| More than five years  | 1.75                 | 2.59                 |
| <b>Total undiscounted lease liabilities for the year ended</b>    | <b>119.99</b>        | <b>181.35</b>        |
| Lease liabilities included in the statement of financial position |                      |                      |
| Current   | 75.25                | 79.60                |
| Non-current   | 115.40               | 208.85               |
| <b>Total Lease Liabilities</b>                                    | <b>190.65</b>        | <b>288.45</b>        |

**(d) Amounts recognised in the statement of profit or loss**

(Rs in lakhs)

| Particulars  | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Depreciation charge for right-of-use assets  | 82.11                | 89.76                |
| Interest on lease liabilities (included in finance cost)   | 15.66                | 22.55                |
| 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>97.77</b>         | <b>112.31</b>        |

**(e) Amount recognised in the statement of cash flows**

(Rs in lakhs)

| Particulars   | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| Total cash outflow for leases (excluding short-term leases, leases of low-value assets) | 88.32                | 97.08                |

Notes to Standalone Financial Statements for the year ended 31st March, 2024

50 CSR Expenditure

- a) Gross amount required to be spent by the Company during the year – Rs. 100.61 lakhs (March 31, 2023: Rs. 83.39 lakhs)  
b) Amount spent during the year

| For the period ended March 31, 2024 |                              |                              |                                  |                                   |                      |                          |  |  |
|-------------------------------------|------------------------------|------------------------------|----------------------------------|-----------------------------------|----------------------|--------------------------|--|--|
| Opening Balance                     | Amount 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. |
| 140.72                              | 100.61                       | 5.00                         | 45.11                            | -                                 | -                    | Medical Facilities       | Out of above, Rs. 5.00 lakhs Contributed to Shivchandrai Jhunjhunwala Charitable Trust which are related parties.  | N.A.   |

| For the period ended March 31, 2023 |                              |                              |                                  |                                   |                      |                          |  |  |
|-------------------------------------|------------------------------|------------------------------|----------------------------------|-----------------------------------|----------------------|--------------------------|--|--|
| Opening Balance                     | Amount 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.   |

- c) Unspent amount of CSR expenditure for prior years is Rs. 295 lakhs

Notes to Standalone Financial Statements for the year ended 31st March, 2024

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

(Rs in lakhs)

| Particulars                                   | Relationship            | 31.03.2024 | 31.03.2023 |
|---|-------------------------|------------|------------|
| Name of the loanee - Sarlaflex Inc.           | Wholly owned Subsidiary |            |            |
| <b>In respect of Inter Corporate Deposits</b> |                         |            |            |
| Amount as at year end                         |                         | 213.74     | 210.78     |
| Maximum amount outstanding                    |                         | 213.74     | 210.78     |

(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          | 213.74   | Capital Expenditure and Working Capital |

\*Excluding Impact of 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, 2024

### 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, 2024 | Balance outstanding as on March 31, 2024 | Transaction during the year ended March 31, 2023 | Balance outstanding as on March 31, 2023 | 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, 2024) and the report release date (May 10, 2024)

### 56 Figures for previous year have been regrouped, wherever necessary

## 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 2024, 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 Material 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 as amended and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31<sup>st</sup> March, 2024, 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 independence 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

- 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 in spite of suspension of manufacturing operations since December 2017 and net worth becoming negative, respectively (Also refer note 51 & 52 to the consolidated financial statements)
- 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, 2024. 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><br/>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> <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><br/>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>We applied the following audit procedures among others, to obtain sufficient and appropriate audit evidence:</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 including for audit trail (audit log) that are relevant to our audit;</li> <li>Assessed the design and evaluation of 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>Assessed the design and evaluation of the operating effectiveness of IT application controls in the key processes impacting financial reporting of the Company;</li> <li>Assessed the operating effectiveness of IT application controls including for audit trail (audit log) in the key processes impacting financial reporting of the Company on test check basis</li> </ul> |

**Information Other than the Consolidated Financial Statements and Auditor's Report thereon**

The Holding Company's Management and 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' 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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 Management and 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 statement of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of 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 Management and 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 Management and Board of 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 Management and 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; Our responsibilities in this regard are further described in 'Other Matter' paragraph in this audit report.
- 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 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.3,633.11 lakhs, total liabilities (before consolidation adjustments) of Rs.9,072.83 lakhs as at 31<sup>st</sup> March, 2024; total revenue (before consolidation adjustments) of Rs.369.74 lakhs and total comprehensive loss (before consolidation adjustments) of Rs.89.76 lakhs for the year ended 31<sup>st</sup> March, 2024 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, the financial statements and other financial information certified by the Management.

#### Report on Other Legal and Regulatory Requirements

- 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.
- 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:
  - 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;
  - 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;
  - 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;
  - 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;
  - On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2024 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, 2024 from being appointed as a director in terms of Section 164(2) of the Act;
  - 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;

- 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:
  - 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);
  - 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;
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company
  - The Management of the Holding Company has represented that, to the best of its knowledge and belief, as disclosed in note no. 54 (7) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the 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;
    - The Management of Holding Company

has represented, that, to the best of its knowledge and belief, as disclosed in note no. 54 (8) to the standalone financial statements, no funds (which are material either individually or in the aggregate) 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. There were no amounts which were declared or paid during the year as dividend by the Holding Company.

6. Based on our examination, which included

test checks, that performed by us on the Holding Company, the Holding company has used accounting software for maintaining its books of account which has the feature of recording audit trail (edit logs) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instances of audit trail feature being tampered with.

As all the subsidiaries are incorporated outside India, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for such subsidiaries.

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

**Suresh Agaskar**  
Partner  
Membership No.: 110321  
UDIN: 24110321BKETII4501

Place: Mumbai  
Date: 10<sup>th</sup> May, 2024

## Consolidated Balance Sheet as at 31st March 2024

| Particulars  | Note No | (Rs in lakhs)        |                      |
|--|---------|----------------------|----------------------|
|  |         | As at March 31, 2024 | As at March 31, 2023 |
| <b>I ASSETS</b>  |         |                      |                      |
| <b>(1) Non-current assets</b>  |         |                      |                      |
| (a) Property, Plant and Equipment  | 4       | 23,987.03            | 25,849.02            |
| (b) Intangible assets  | 5       | 51.71                | 74.93                |
| (c) Intangible assets under development  | 6       | 8.49                 | -                    |
| (d) Investments accounted for using equity method  | 7       | -                    | -                    |
| (e) <b>Financial Assets</b>  |         |                      |                      |
| (i) Investments  | 8       | 14,779.39            | 10,623.09            |
| (ii) Loans   | 9       | 9.55                 | 15.53                |
| (iii) Other financial assets   | 10      | 342.77               | 372.11               |
| (f) Non current Tax Assets (Net)   | 11      | 44.32                | 44.53                |
| (g) Other non-current assets   | 12      | 155.53               | 186.39               |
| <b>Total non-current assets</b>  |         | <b>39,378.80</b>     | <b>37,165.61</b>     |
| <b>(2) Current assets</b>  |         |                      |                      |
| (a) Inventories  | 13      | 8,472.88             | 9,832.88             |
| (b) <b>Financial Assets</b>  |         |                      |                      |
| (i) Investments  | 14      | 4,624.08             | 1,888.89             |
| (ii) Trade receivables   | 15      | 9,105.98             | 6,071.58             |
| (iii) Cash and cash equivalents  | 16      | 368.91               | 508.36               |
| (iv) Bank balances other than (iii) above  | 17      | 810.61               | 1,062.73             |
| (v) Loans  | 18      | 15.66                | 22.21                |
| (vi) Other financial assets  | 19      | 756.38               | 600.16               |
| (c) Other current assets   | 20      | 1,527.17             | 883.14               |
| <b>Total current assets</b>  |         | <b>25,681.67</b>     | <b>20,869.95</b>     |
| <b>Total Assets</b>  |         | <b>65,060.48</b>     | <b>58,035.56</b>     |
| <b>II EQUITY AND LIABILITIES</b>   |         |                      |                      |
| <b>Equity</b>  |         |                      |                      |
| (a) Equity Share capital   | 21      | 835.03               | 835.03               |
| (b) Other Equity   | 22      | 41,996.15            | 38,656.52            |
| <b>Equity attributable to equity share holders</b>   |         | <b>42,831.18</b>     | <b>39,491.55</b>     |
| Non-controlling interests  |         | 6.52                 | 25.59                |
| <b>Total equity</b>  |         | <b>42,837.70</b>     | <b>39,517.14</b>     |
| <b>Liabilities</b>   |         |                      |                      |
| <b>(1) Non-current liabilities</b>   |         |                      |                      |
| (a) <b>Financial Liabilities</b>   |         |                      |                      |
| (i) Borrowings   | 23      | 2,458.38             | 133.86               |
| (ia) Lease Liabilities   | 24      | 115.40               | 208.85               |
| (b) Provisions   | 25      | 95.85                | 105.14               |
| (c) Deferred tax liabilities (Net)   | 26      | 2,342.48             | 2,250.64             |
| <b>Total non-current liabilities</b>   |         | <b>5,012.11</b>      | <b>2,698.50</b>      |
| <b>(2) Current liabilities</b>   |         |                      |                      |
| (a) <b>Financial Liabilities</b>   |         |                      |                      |
| (i) Borrowings   | 27      | 11,047.19            | 10,429.23            |
| (ia) Lease Liabilities   |         | 75.25                | 79.60                |
| (ii) Trade payables  | 28      |                      |                      |
| (A) total outstanding dues of micro enterprises and small enterprises                      |         | 492.21               | 41.67                |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises |         | 3,408.26             | 3,131.27             |
| (iii) Other financial liabilities  | 29      | 1,474.86             | 1,369.48             |
| (b) Other current liabilities  | 30      | 549.75               | 625.03               |
| (c) Provisions   | 31      | 72.40                | 105.22               |
| (d) Current Tax Liabilities (Net)  | 32      | 90.75                | 38.42                |
| <b>Total current liabilities</b>   |         | <b>17,210.67</b>     | <b>15,819.91</b>     |
| <b>Total Liabilities</b>   |         | <b>22,222.78</b>     | <b>18,518.41</b>     |
| <b>Total Equity and Liabilities</b>  |         | <b>65,060.48</b>     | <b>58,035.56</b>     |

As per our attached report of even date

For CNK & ASSOCIATES LLP  
Chartered Accountants  
ICAI Firm's Registration No.: 101961W/W-100036

SURESH AGASKAR  
Partner  
Membership No. 110321

Place: Mumbai  
Date: May 10, 2024

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director  
(DIN: 00097175)

Place: Mumbai  
Date: May 10, 2024

NEHA JHUNJHUNWALA  
Director  
(DIN: 07144529)

RADHIKA SHARMA  
Company Secretary



Consolidated Statement of profit and loss for the year ended 31st March, 2024

(Rs in lakhs)

| Sr. No. | Particulars  | Note No. | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---------|--|----------|-----------------------------------|-----------------------------------|
| I       | Revenue from Operations  | 33       | 38,326.12                         | 38,740.02                         |
| II      | Other Income   | 34       | 2,093.94                          | 987.52                            |
| III     | <b>TOTAL INCOME (I+II)</b>   |          | <b>40,420.06</b>                  | <b>39,727.53</b>                  |
| IV      | <b>Expenses</b>  |          |                                   |                                   |
| (a)     | Cost of materials consumed   | 35       | 18,553.99                         | 19,528.85                         |
| (b)     | Changes in inventories of finished goods and work-in-progress  | 36       | 1,438.03                          | 566.24                            |
| (c)     | Employee benefits expense  | 37       | 1,953.58                          | 1,674.32                          |
| (d)     | Finance costs  | 38       | 581.00                            | 483.29                            |
| (e)     | Depreciation and amortization expense  | 39       | 2,789.21                          | 2,959.48                          |
| (f)     | Other expenses   | 40       | 10,596.00                         | 11,287.53                         |
|         | <b>TOTAL EXPENSES (a to f)</b>   |          | <b>35,911.82</b>                  | <b>36,499.73</b>                  |
| V       | <b>Profit before share of net profits of investment accounted for using equity method and tax (III-IV)</b> |          | <b>4,508.25</b>                   | <b>3,227.82</b>                   |
| VI      | Share of net profit/(loss) of Joint ventures accounted for using the equity method                         |          | -                                 | -                                 |
| VII     | <b>Profit before tax (V+VI)</b>  |          | <b>4,508.25</b>                   | <b>3,227.82</b>                   |
| VIII    | <b>Tax expense:</b>  |          |                                   |                                   |
|         | Current tax  |          | 1,138.50                          | 1,123.95                          |
|         | Deferred tax   |          | 79.78                             | (128.74)                          |
|         | Adjustments for earlier years  |          | 17.92                             | 94.38                             |
|         | <b>Total tax expense</b>   |          | <b>1,236.20</b>                   | <b>1,089.59</b>                   |
| IX      | <b>Profit / (Loss) for the year (VII-VIII)</b>   |          | <b>3,272.05</b>                   | <b>2,138.23</b>                   |
| X       | <b>Other Comprehensive Income ('OCI')</b>  |          |                                   |                                   |
| A       | (i) Items that will not be reclassified to profit or loss  |          |                                   |                                   |
|         | Remeasurement of defined benefit plan  |          | 43.60                             | 37.37                             |
|         | (ii) Income tax relating to items that will not be reclassified to profit or loss                          |          |                                   |                                   |
|         | Remeasurement of defined benefit plan  |          | (10.97)                           | (9.40)                            |
|         | <b>Total (A)</b>   |          | <b>32.63</b>                      | <b>27.96</b>                      |
| B       | (i) Items that will be reclassified to profit or loss  |          |                                   |                                   |
|         | Foreign exchange differences in translating financial statements of foreign operations                     |          | 15.87                             | 155.00                            |
|         | (ii) Income tax relating to items that will be reclassified to profit or loss                              |          | -                                 | -                                 |
|         | <b>Total (B)</b>   |          | <b>15.87</b>                      | <b>155.00</b>                     |
|         | <b>Total Other comprehensive income (A+B)</b>  |          | <b>48.50</b>                      | <b>182.96</b>                     |
| XI      | <b>Total comprehensive income for the year (IX+X)</b>  |          | <b>3,320.55</b>                   | <b>2,321.19</b>                   |
|         | <b>Profit attributable to:</b>   |          |                                   |                                   |
|         | Owners of the Company  |          | 3,291.20                          | 2,133.91                          |
|         | Non-Controlling Interest   |          | (19.15)                           | 4.32                              |
|         | <b>Other Comprehensive Income attributable to:</b>   |          |                                   |                                   |
|         | Owners of the Company  |          | 48.42                             | 181.52                            |
|         | Non-Controlling Interest   |          | 0.08                              | 1.44                              |
|         | <b>Total Comprehensive Income attributable to:</b>   |          |                                   |                                   |
|         | Owners of the Company  |          | 3,339.62                          | 2,315.43                          |
|         | Non-Controlling Interest   |          | (19.06)                           | 5.76                              |
| XII     | <b>Earnings per equity share</b>   | 41       |                                   |                                   |
|         | - Basic and Diluted (Face value Re. 1)   |          | 3.94                              | 2.56                              |

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

SURESH AGASKAR  
Partner  
Membership No. 110321

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director  
(DIN: 00097175)

NEHA JHUNJHUNWALA  
Director  
(DIN: 07144529)

Place: Mumbai  
Date: May 10, 2024

Place: Mumbai  
Date: May 10, 2024

RADHIKA SHARMA  
Company Secretary

Consolidated Statement of cash flows for the year ended 31st March, 2024

(Rs in lakhs)

| Particulars  | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| <b>A Cash flows from operating activities</b>                      |                                   |                                   |
| Profit before tax  | 4,508.25                          | 3,227.83                          |
| <b>Adjustments for:</b>  |                                   |                                   |
| Finance costs  | 581.00                            | 483.28                            |
| Depreciation and amortisation expenses                             | 2,789.21                          | 2,959.47                          |
| Interest income  | (418.39)                          | (524.28)                          |
| Gain on disposal of property, plant and equipment                  | (3.51)                            |                                   |
| Gain on disposal of investments                                    | (229.71)                          | (77.67)                           |
| Gain on fair value of investments                                  | (1,251.97)                        | (10.95)                           |
| Dividend Income  | (16.43)                           | (10.94)                           |
| Unrealised exchange gain or loss on foreign currency translations  | 37.86                             | 488.37                            |
| Foreign currency translation reserve                               | -                                 | (437.24)                          |
| Loss due to fire   | -                                 | 115.00                            |
| Sundry Balances written off / (written back)                       | 140.62                            | 187.84                            |
| <b>Operating profit before working capital changes</b>             | <b>6,136.94</b>                   | <b>6,400.72</b>                   |
| <b>Changes in Assets and Liabilities:</b>                          |                                   |                                   |
| <b>Adjustments for (increase)/decrease in:</b>                     |                                   |                                   |
| Inventories  | 1,360.00                          | 1,086.57                          |
| Trade receivables  | (3,175.02)                        | 3,767.59                          |
| Loans and Advances   | (51.47)                           | 48.22                             |
| Other assets   | (967.41)                          | 1,375.03                          |
| Trade payables   | 727.53                            | (1,162.02)                        |
| Other current financial liabilities                                | 179.45                            | (119.13)                          |
| <b>Cash generated from operations</b>                              | <b>4,210.03</b>                   | <b>11,396.98</b>                  |
| Direct taxes paid (net)  | (1,108.22)                        | (1,195.00)                        |
| <b>Net cash generated from operating activities (A)</b>            | <b>3,101.81</b>                   | <b>10,201.97</b>                  |
| <b>B Cash flows from investing activities</b>                      |                                   |                                   |
| Bank balances other than Cash & Cash equivalents                   | 333.24                            | 5,754.08                          |
| Purchase of Property, Plant and Equipment                          | (932.20)                          | (4,646.90)                        |
| Purchase of Intangible Assets                                      | (15.58)                           | (10.45)                           |
| Proceeds from disposals of property, plant and equipment           | 5.03                              | -                                 |
| Purchase/Proceeds of investments                                   | (5,409.81)                        | (7,290.34)                        |
| Loans given  | (41.15)                           | 65.28                             |
| Interest received  | 418.39                            | 538.36                            |
| Dividend Income on Current investments                             | 16.43                             | 9.44                              |
| <b>Net cash (used in) investing activities (B)</b>                 | <b>(5,625.65)</b>                 | <b>(5,580.53)</b>                 |
| <b>C Cash flows from financing activities</b>                      |                                   |                                   |
| Proceeds from non current borrowings                               | 2,451.46                          | (1,622.29)                        |
| Repayment of non current borrowings                                | (1,534.36)                        | -                                 |
| Proceeds/(repayment) from current borrowings                       | 2,131.20                          | (681.80)                          |
| Payments for the principal portion of lease liability              | (72.66)                           | (74.53)                           |
| Payments for the interest portion of lease liability               | (15.66)                           | (22.55)                           |
| Interest paid  | (575.58)                          | (479.22)                          |
| Dividend paid  | -                                 | (1,670.06)                        |
| <b>Net cash (used in) financing activities (C)</b>                 | <b>2,384.41</b>                   | <b>(4,550.45)</b>                 |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS [(A) + (B) + (C)]</b> | <b>(139.43)</b>                   | <b>70.99</b>                      |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>    |                                   |                                   |
| Balances with banks in current accounts and deposit accounts       | 496.19                            | 427.66                            |
| Effect of exchange rate changes on cash and cash equivalents       | 3.39                              | 1.07                              |
| Cash on hand   | 8.78                              | 8.64                              |
| <b>CASH AND CASH EQUIVALENTS</b>                                   | <b>508.36</b>                     | <b>437.37</b>                     |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>          |                                   |                                   |
| Balances with banks in current accounts and deposit accounts       | 359.95                            | 496.19                            |
| Effect of exchange rate changes on cash and cash equivalents       | 0.64                              | 3.39                              |
| Cash on hand   | 8.32                              | 8.78                              |
| <b>CASH AND CASH EQUIVALENTS</b>                                   | <b>368.91</b>                     | <b>508.36</b>                     |
| Supplemental Information   |                                   |                                   |
| Cash Transactions from Operating Activities:                       |                                   |                                   |
| Spent towards Corporate Social Responsibility                      | 5.00                              | 15.62                             |

## Consolidated Statement of cash flows for the year ended 31st March, 2024

### 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 2023 | Cash flow    | Foreign Exchange movement/ Non Cash Adjustments | As at 31st March, 2024 |
|---|----------------------|--------------|---|------------------------|
| "Non - current borrowing (including current maturities of non current borrowing)" | 1,661                | 801          | 7.02  | 2,468.95               |
| Current borrowing   | 8,902                | 2,135        | -   | 11,036.63              |
|   | <b>10,563</b>        | <b>2,935</b> | <b>7.02</b>                                     | <b>13,505.57</b>       |

| 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   | 1,661.19               |
| Current borrowing   | 9,479                | (577)          | -   | 8,901.89               |
|   | <b>13,266</b>        | <b>(2,780)</b> | <b>76.69</b>                                    | <b>10,563.09</b>       |

As per our attached report of even date

For C N K & ASSOCIATES LLP  
Chartered Accountants  
ICAI Firm's Registration No.: 101961W/W-100036

SURESH AGASKAR  
Partner  
Membership No. 110321

Place: Mumbai  
Date: May 10, 2024

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director  
(DIN: 00097175)

Place: Mumbai  
Date: May 10, 2024

NEHA JHUNJHUNWALA  
Director  
(DIN: 07144529)

RADHIKA SHARMA  
Company Secretary

## Consolidated Statement of changes in equity for the year ended 31st March, 2024

| Particulars   | a. Equity Share Capital (note 21) |  | b. Other Equity (note 22) |  | (Rs in lakhs)   |                    |                 |   |   |                   |   |                     |           |
|---|-----------------------------------|--|---------------------------|--|-----------------|--------------------|-----------------|---|---|-------------------|---|---------------------|-----------|
|   | Amount                            |  | Amount                    |  | Capital reserve | Securities premium | General reserve | Reserves and surplus Foreign currency translation reserve | Foreign currency monetary item translation difference account | Retained earnings | Total attributable to Owners of the Company | Attributable to NCI | Total     |
| Balance as at April 01, 2022                                  | 835.03                            |  |                           |  | 183.46          | 4,529.00           | 8,274.38        | (60.31)   | (0.00)  | 25,083.66         | 38,010.66                                   | 19.83               | 38,030.48 |
| Changes in equity share capital during the year 2022-23       | -                                 |  |                           |  | -               | -                  | -               | -   | -   | 2,133.91          | 2,133.91                                    | 4.32                | 2,138.23  |
| Balance as at March 31, 2023                                  | 835.03                            |  |                           |  | 183.46          | 4,529.00           | 8,274.38        | 153.56  | -   | 27.96             | 181.52                                      | 1.44                | 182.96    |
| Changes in equity share capital during the year 2023-24       | -                                 |  |                           |  | -               | -                  | -               | -   | -   | -                 | -   | -                   | -         |
| Balance as at March 31, 2024                                  | 835.03                            |  |                           |  | 183.46          | 4,529.00           | 8,274.38        | 153.56  | (0.00)  | 25,575.48         | 38,656.52                                   | 5.76                | 38,681.63 |
| Profit for the year 2022-23                                   |                                   |  |                           |  |                 |                    |                 |   |   | 3,291.20          | 3,291.20                                    | (19.15)             | 3,272.05  |
| Other comprehensive income for the year 2022-23 (net of tax)* |                                   |  |                           |  |                 |                    |                 |   |   | 32.63             | 48.42                                       | 0.08                | 48.50     |
| Addition/(Deletions) during the year                          |                                   |  |                           |  |                 |                    |                 |   |   |                   |   |                     |           |
| Amortisation during the year                                  |                                   |  |                           |  |                 |                    |                 |   |   |                   |   |                     |           |
| <b>Total comprehensive income for the year</b>                |                                   |  |                           |  |                 |                    |                 |   |   |                   |   |                     |           |
| Dividend  |                                   |  |                           |  |                 |                    |                 |   |   |                   |   |                     |           |
| As at March 31, 2023  |                                   |  |                           |  | 183.46          | 4,529.00           | 8,274.38        | 93.25   | (0.00)  | 25,575.48         | 38,656.52                                   | 25.59               | 38,681.63 |
| Profit for the year 2023-24                                   |                                   |  |                           |  |                 |                    |                 |   |   | 3,291.20          | 3,291.20                                    | (19.15)             | 3,272.05  |
| Other comprehensive income for the year 2023-24 (net of tax)* |                                   |  |                           |  |                 |                    |                 |   |   | 32.63             | 48.42                                       | 0.08                | 48.50     |
| Addition during the year                                      |                                   |  |                           |  |                 |                    |                 |   |   |                   |   |                     |           |
| Amortisation during the year                                  |                                   |  |                           |  |                 |                    |                 |   |   |                   |   |                     |           |
| <b>Total comprehensive income for the year</b>                |                                   |  |                           |  |                 |                    |                 |   |   |                   |   |                     |           |
| Dividend  |                                   |  |                           |  |                 |                    |                 |   |   |                   |   |                     |           |
| As at March 31, 2024  |                                   |  |                           |  | 183.46          | 4,529.00           | 8,274.38        | 109.82  | (0.00)  | 28,899.68         | 41,996.15                                   | (19.06)             | 3,320.55  |

\* 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

SURESH AGASKAR  
Partner  
Membership No. 110321

Place: Mumbai  
Date: May 10, 2024

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA  
Managing Director  
(DIN: 00097175)

Place: Mumbai  
Date: May 10, 2024

NEHA JHUNJHUNWALA  
Director  
(DIN: 07144529)

RADHIKA SHARMA  
Company Secretary

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### 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 MATERIAL ACCOUNTING POLICY INFORMATION:

#### 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, 2024 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 10<sup>th</sup> May, 2024.

#### 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 judgements 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, 2024

### 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.

#### 1.1.1 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;

#### 1.1.2 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;

#### 1.1.3 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, 2024;
- 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.

#### 1.1.4 The percentage of ownership interest of the Company in the Subsidiary companies and Joint Ventures as on 31<sup>st</sup> March, 2024 are as under:

| Particulars                                | Country of Incorporation     | Percentage of actual ownership interest as on |                              |
|--|------------------------------|---|------------------------------|
|  |                              | 31 <sup>st</sup> March, 2024                  | 31 <sup>st</sup> March, 2023 |
| <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 49 of consolidated financial statements)

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### 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, 2016 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;
- 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);

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

- 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 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.

#### 2.7.1 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 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.

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.

#### 2.7.2 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. 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.

### 2.8 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

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

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.

### 2.9 Inventories:

- 2.9.1** Inventories are valued at lower of cost and net realisable value. The cost of raw material is arrived on First-in-first-out basis;
- 2.9.2** 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;
- 2.9.3** 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.

### 2.10 Fair Value measurement:

- 2.10.1** The Group measures certain financial instruments at fair value at each reporting date;
- 2.10.2** Certain accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities;
- 2.10.3** 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;
- 2.10.4** 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 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;
- 2.10.5** 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)
- 2.10.6** 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;
- 2.10.7** 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;
- 2.10.8** 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.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### 2.11 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.

#### 1.11.1 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;

##### 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.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### 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.

#### 2.11.2 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;

#### 2.11.3 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;

#### 2.11.4 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;

#### 2.11.5 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.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows;

#### 2.11.6 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.

#### 2.12 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 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).

##### 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.

#### 2.12.2 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 also excludes taxes collected from customers on behalf of 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.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### 2.13 Employee Benefits:

#### 2.13.1 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;

#### 2.13.2 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.

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.

### 2.14 Borrowing costs:

**2.14.1** 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;

**2.14.2** 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;

**2.14.3** 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.

### 2.15 Foreign Currency Transactions:

**2.15.1** 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 (₹);

#### 1.15.2 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.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### 2.15.3 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.

### 2.15.4 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.

### 2.16 Provisions and Contingent Liabilities:

**2.16.1** 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;

**2.16.2** The expenses relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any;

**2.16.3** 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;

**2.16.4** 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;

**2.16.5** Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

### 2.17 Taxes on Income

#### 2.17.1 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;

#### 2.17.2 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.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### 2.18 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'.

### 2.19 Earnings per share

**2.19.1** 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;

**2.19.2** 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.

### 2.20 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.

### 2.21 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.

### 2.22 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:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

|   | (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>Gross carrying amount</b>                    |                 |                                     |                 |                                |                   |                        |               |                   |               |                  |
| <b>Balance as at April 01, 2022</b>             | 3,380.65        | 8.70                                | 4,951.62        | 332.98                         | 27,642.42         | 82.63                  | 250.17        | 55.11             | 168.51        | 36,872.79        |
| Additions                                       | 112.78          | -                                   | 77.30           | 155.06                         | 5,362.99          | 2.79                   | 44.70         | 24.31             | 0.61          | 5,780.54         |
| Deletions                                       | -               | -                                   | -               | -                              | (313.85)          | -                      | -             | -                 | -             | (313.85)         |
| Exchange fluctuations                           | 6.10            | -                                   | 169.04          | -                              | 470.94            | 0.56                   | 1.23          | (22.17)           | 1.92          | 627.63           |
| <b>Balance as at March 31, 2023</b>             | 3,499.53        | 8.70                                | 5,197.96        | 488.04                         | 33,162.51         | 85.98                  | 296.10        | 57.25             | 171.04        | 42,967.10        |
| Additions                                       | -               | -                                   | 78.75           | 1.33                           | 789.44            | 18.30                  | -             | 8.40              | 3.41          | 899.64           |
| Deletions                                       | -               | -                                   | -               | (24.81)                        | (27.67)           | -                      | -             | -                 | -             | (52.48)          |
| Exchange fluctuations                           | 6.91            | 1.10                                | 23.47           | -                              | 84.58             | 0.10                   | 0.22          | 0.36              | 0.35          | 117.08           |
| <b>Balance as at March 31, 2024</b>             | <b>3,506.44</b> | <b>9.79</b>                         | <b>5,300.19</b> | <b>464.56</b>                  | <b>34,008.86</b>  | <b>104.39</b>          | <b>296.32</b> | <b>66.01</b>      | <b>174.80</b> | <b>43,931.34</b> |
| <b>Accumulated Depreciation</b>                 |                 |                                     |                 |                                |                   |                        |               |                   |               |                  |
| <b>Freehold Land</b>                            |                 |                                     |                 |                                |                   |                        |               |                   |               |                  |
| <b>Balance as at April 01, 2022</b>             | -               | 2.31                                | 844.65          | 90.94                          | 12,485.26         | 44.70                  | 133.79        | 36.92             | 143.49        | 13,780.32        |
| Depreciation charge for the year                | -               | 0.43                                | 169.94          | 89.32                          | 2,608.35          | 6.47                   | 31.41         | 13.61             | 10.61         | 2,930.13         |
| Depreciation on deletion                        | -               | -                                   | -               | -                              | -                 | -                      | -             | -                 | -             | -                |
| Exchange fluctuations                           | -               | -                                   | 29.76           | -                              | 395.03            | 0.56                   | 1.23          | (22.61)           | 1.92          | 405.90           |
| <b>Balance as at March 31, 2023</b>             | -               | 2.74                                | 1,044.35        | 180.26                         | 15,488.64         | 51.73                  | 166.43        | 27.92             | 156.02        | 17,116.35        |
| Depreciation charge for the year                | 13.90           | 0.43                                | 199.20          | 81.68                          | 2,417.56          | 7.22                   | 26.36         | 9.82              | 2.72          | 2,758.90         |
| Depreciation on deletion                        | -               | -                                   | -               | -                              | (21.82)           | -                      | -             | -                 | -             | (21.82)          |
| Exchange fluctuations                           | 5.40            | -                                   | 0.99            | -                              | 81.88             | 0.10                   | 0.22          | 0.20              | 0.35          | 89.13            |
| <b>Balance as at March 31, 2024</b>             | <b>19.30</b>    | <b>3.17</b>                         | <b>1,244.54</b> | <b>261.94</b>                  | <b>17,966.26</b>  | <b>59.06</b>           | <b>193.01</b> | <b>37.94</b>      | <b>159.09</b> | <b>19,942.56</b> |
| <b>Net carrying amount as at March 31, 2024</b> | <b>3,487.14</b> | <b>6.62</b>                         | <b>4,055.64</b> | <b>202.62</b>                  | <b>16,042.60</b>  | <b>45.33</b>           | <b>103.31</b> | <b>28.07</b>      | <b>15.71</b>  | <b>23,987.03</b> |
| <b>Net carrying amount as at March 31, 2023</b> | <b>3,499.53</b> | <b>5.96</b>                         | <b>4,153.61</b> | <b>307.78</b>                  | <b>17,673.86</b>  | <b>34.25</b>           | <b>129.67</b> | <b>29.34</b>      | <b>15.02</b>  | <b>25,849.02</b> |



## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### Notes:

- (i) Freehold land includes, Land acquired during FY 2016-17 and FY 2022-23 for Rs. 3,142 lakhs which is standing in the name of two directors pending completion of formalities for transfer of the same to the holding company name.
- (ii) Charge has been created over property, plant and equipments of the company in respect of borrowings (refer note 23, 27 & 54(6))

### 5 Intangible asset (Rs in lakhs)

| Gross carrying amount (at cost)                 | Enterprise Resource Planning (ERP) Software | Total         |
|---|---|---------------|
| <b>Balance as at April 01, 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> |
| Additions                                       | 7.09  | 7.09          |
| Deletions                                       | -   | -             |
| <b>Balance as at March 31, 2024</b>             | <b>177.72</b>                               | <b>177.72</b> |
| <b>Accumulated Amortisation</b>                 |   |               |
| <b>Balance as at April 01, 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>  |
| Additions                                       | 30.31                                       | 30.31         |
| Deletions                                       | -   | -             |
| <b>Balance as at March 31, 2024</b>             | <b>126.01</b>                               | <b>126.01</b> |
| <b>Net carrying amount as at March 31, 2024</b> |   |               |
| <b>Net carrying amount as at March 31, 2023</b> | <b>51.71</b>                                | <b>51.71</b>  |
|   | <b>74.93</b>                                | <b>74.93</b>  |

### 6 Intangible Assets under Development (Rs in lakhs)

| Particulars                         | As at March 31, 2024 | As at March 31, 2023 |
|-------------------------------------|----------------------|----------------------|
| Intangible Assets under Development | 8.49                 | -                    |
| <b>Total</b>                        | <b>8.49</b>          | <b>-</b>             |

#### (a) Intangible Assets under Development ageing schedule as on March 31, 2024

| Intangible Assets under Development | Amount in 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>         | 8.49  | -         | -         | -                 | 8.49  |

#### (b) Intangible Assets under Development ageing schedule as on March 31, 2023

| Intangible Assets under Development | Amount in 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>         | -   | -         | -         | -                 | -     |

### Note:

Intangible assets under development completion schedule, whose completion is overdue or has exceeded its cost compared to its original plan: None (March 31, 2023: None)

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### 7 Investments accounted for using equity method (Rs in lakhs)

| Particulars  | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| <b>Investments in Joint Ventures</b>                   |                      |                      |
| <b>Unquoted</b>  |                      |                      |
| Savitex SA De C.V., Honduras                           | 1,856.76             | 1,856.76             |
| MRK SA C.V., Honduras                                  | 127.39               | 127.39               |
| Sarla Tekstil Filament Sanayi Ticaret A.S.             | 74.97                | 74.97                |
| Less: Provision for Diminution in value of investments | (2,059.12)           | (2,059.12)           |
| <b>Total</b>   | <b>-</b>             | <b>-</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, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| <b>Quoted</b>   |                      |                      |
| Investments in debentures at amortised cost                       | 3,044.32             | 3,042.87             |
| Investments in debentures at FVTPL                                | 632.76               | 264.46               |
| <b>Quoted</b>   |                      |                      |
| Investments in units of Mutual fund at FVTPL                      | 11,102.31            | 7,315.77             |
| <b>Total</b>  | <b>14,779.39</b>     | <b>10,623.09</b>     |
| <b>Aggregate amount of quoted investments - at cost</b>           | <b>13,703.50</b>     | <b>10,532.39</b>     |
| <b>Aggregate amount of quoted investments - at market value</b>   | <b>14,779.39</b>     | <b>10,623.09</b>     |
| <b>Aggregate amount of impairment in the value of investments</b> | <b>-</b>             | <b>-</b>             |

### Note:

Mutual funds of Rs. 924.19 lakhs (as at 31st March, 2023: 144.15 lakhs) are pledged as margin money deposit.

### 9 Non-current financial assets - Loans (Rs in lakhs)

| Particulars  | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| <b>At Amortised Cost</b>                             |                      |                      |
| Other loans and advance                              | 200.51               | 253.40               |
| Loan to Staff  | 9.55                 | 15.53                |
| Allowance for Bad and Doubtful Advances              | (200.50)             | (253.40)             |
| <b>Total</b>   | <b>9.55</b>          | <b>15.53</b>         |
| <b>Sub-classification of loans</b>                   |                      |                      |
| Loans considered good - Secured                      | -                    | -                    |
| Loans considered good - Unsecured                    | 9.55                 | 15.53                |
| Loans which have significant increase in credit risk | 200.51               | 253.40               |
| Loans - credit impaired                              | -                    | -                    |
| Provision for unrealisable advances                  | (200.50)             | (253.40)             |
| <b>Total</b>   | <b>9.55</b>          | <b>15.53</b>         |

Notes to Consolidated Financial Statements for the year ended 31st March, 2024

**10 Non-current financial assets - others (Rs in lakhs)**

| Particulars  | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| <b>At Amortised Cost</b>                                       |                         |                         |
| <b>Unsecured, considered good</b>                              |                         |                         |
| Fixed deposits with remaining maturity for more than 12 months | 103.18                  | 184.29                  |
| Interest Receivable  | 0.48                    | 12.72                   |
| Security deposits  | 296.21                  | 175.10                  |
| Less: Provision for Security Deposit                           | (57.10)                 | -                       |
|  | 239.11                  | 175.10                  |
| <b>Total</b>   | <b>342.77</b>           | <b>372.11</b>           |

**Note:**

Fixed Deposits amounting to Rs. 103.10 lakhs (As at March 31, 2023 Rs. 184.29 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<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| Taxes paid in advance (Net of Provision for tax) | 44.32                   | 44.53                   |
| <b>Total</b>                                     | <b>44.32</b>            | <b>44.53</b>            |

**12 Other Non-Current Assets (Rs in lakhs)**

| Particulars                                   | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---|-------------------------|-------------------------|
| <b>Unsecured, considered good</b>             |                         |                         |
| Capital Advances                              | 55.00                   | 86.64                   |
| Less : Provision for Doubtful advances        | (55.00)                 | (30.00)                 |
|   | -                       | 56.64                   |
| Security Deposits with government authorities | 89.59                   | 89.59                   |
| Prepaid Expenses                              | 65.94                   | 40.15                   |
| <b>Total</b>                                  | <b>155.53</b>           | <b>186.39</b>           |

**13 Inventories (at lower of cost and net realisable value) (Rs in lakhs)**

| Particulars                       | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|-----------------------------------|-------------------------|-------------------------|
| Raw Materials                     | 1,733.33                | 2,225.79                |
| Raw Materials - Stock in Transit  | 357.37                  | 86.71                   |
| Work-In -Progress                 | 2,601.31                | 3,546.35                |
| Finished goods                    | 2,036.91                | 2,524.53                |
| Finished goods - Stock in Transit | 382.02                  | 387.39                  |
| Stores and Spares                 | 309.90                  | 229.68                  |
| Oil & lubricants                  | 427.80                  | 304.58                  |
| Fuel                              | 8.32                    | 6.55                    |
| Packing Materials                 | 615.92                  | 521.30                  |
| <b>Total</b>                      | <b>8,472.88</b>         | <b>9,832.88</b>         |

**Note:**

- (i) Inventories of Rs. 7,073.47 lakhs (as at March 31, 2023: Rs. 8,452.83 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.

Notes to Consolidated Financial Statements for the year ended 31st March, 2024

**14 Investments (Rs in lakhs)**

| Particulars   | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---|-------------------------|-------------------------|
| <b>Quoted</b>   |                         |                         |
| Investment in Equity shares at FVTPL                            | 3,356.28                | 994.36                  |
| Investments in debentures at FVTPL                              | 290.78                  | 107.31                  |
| Investments in Treasury Bills at amortised cost                 | 977.02                  | 787.22                  |
| <b>Total</b>  | <b>4,624.08</b>         | <b>1,888.89</b>         |
| <b>Aggregate amount of quoted investments - at cost</b>         | <b>4,293.96</b>         | <b>1,903.99</b>         |
| <b>Aggregate amount of quoted investments - at market value</b> | <b>4,624.08</b>         | <b>1,888.89</b>         |
| <b>Aggregate amount of unquoted investments</b>                 | -                       | -                       |
| <b>Aggregate amount of impairment in value of investments</b>   | -                       | -                       |

**Note:**

Investments of Rs. 2,127.28 lakhs (as at March 31, 2023: 1,888.89 lakhs) are hypothecated against working capital facilities from banks. (Refer note 23 & 27)

**15 Trade Receivables (Rs in lakhs)**

| Particulars  | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| (a) Trade Receivables considered good - Secured                      | -                       | -                       |
| (b) Trade Receivables considered good - Unsecured                    | 9,105.98                | 6,071.58                |
| (c) Trade Receivables which have significant increase in credit risk | 157.71                  | 81.64                   |
| (d) Trade Receivables - credit impaired                              | -                       | -                       |
| Less: Allowance as per Expected credit loss model                    | (157.71)                | (81.64)                 |
| <b>Total</b>   | <b>9,105.98</b>         | <b>6,071.58</b>         |

**Note:**

- (i) Trade Receivables of Rs. 9,172.12 lakhs (as at March 31, 2023: Rs. 6,188.93 lakhs) are hypothecated against working capital facilities from banks. (Refer note 23 & 27)
- (ii) 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.
- (iii) Movement in the expected credit loss allowance

**(Rs in lakhs)**

| Particulars                                 | As at<br>31st March, 2024 | As at<br>March 31, 2023 |
|---|---------------------------|-------------------------|
| <b>Balance at the beginning of the year</b> | (81.64)                   | (345.52)                |
| (Provision)/Reversal during the year        | (79.65)                   | 263.88                  |
| <b>Balance at the end of the year</b>       | <b>(161.29)</b>           | <b>(81.64)</b>          |

Notes to Consolidated Financial Statements for the year ended 31st March, 2024

(i) Trade receivables ageing schedule

As at March 31, 2024

(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  | 8,364.90   | -          | 369.76            | 18.87        | 352.46        | -         | 9,105.98        |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk                | -  | -          | -                 | 18.70        | 23.89         | 115.13    | 157.71          |
| (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 | -  | -          | -                 | (18.70)      | (23.89)       | (115.13)  | (157.71)        |
| <b>Total Current Trade Receivables</b>  | <b>8,364.90</b>  | <b>-</b>   | <b>369.76</b>     | <b>18.87</b> | <b>352.46</b> | <b>-</b>  | <b>9,105.98</b> |

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> |

There are no unbilled receivable as on 31-03-2024 and 31-03-2023

Notes to Consolidated Financial Statements for the year ended 31st March, 2024

16 Cash & cash equivalents

(Rs in lakhs)

| Particulars              | As at March 31, 2024 | As at March 31, 2023 |
|--------------------------|----------------------|----------------------|
| <b>At Amortised Cost</b> |                      |                      |
| Balances with Banks      | 360.59               | 499.57               |
| Cash on Hand             | 8.32                 | 8.78                 |
| <b>Total</b>             | <b>368.91</b>        | <b>508.36</b>        |

17 Bank balances other than Cash & Cash equivalents

(Rs in lakhs)

| Particulars  | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Earmarked Balance with Bank:   |                      |                      |
| Balance in unpaid dividend account   | 46.85                | 93.62                |
| <b>At Amortised Cost</b>   |                      |                      |
| Fixed deposits with original maturity for less than 3 months                         | -                    | 500.00               |
| Fixed deposits with original maturity for more than 3 months but less than 12 months | 763.76               | 469.11               |
| <b>Total</b>   | <b>810.61</b>        | <b>1,062.73</b>      |

Note:

- Fixed Deposits amounting to Rs.751.83 lakhs (As at March 31, 2023 Rs. 469.11 lakhs) pledged as margin money deposit for facilities from Banks. (Refer note 23 and 27)
- Fixed Deposit amounting to Rs. Nil (As at 31st March, 2023 Rs. 500 lakhs) pledged as security against possible claims.

18 Loans

(Rs in lakhs)

| Particulars  | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Others   |                      |                      |
| Loans to staff                                       | 15.66                | 22.21                |
| Others   | -                    | -                    |
| <b>Total</b>   | <b>15.66</b>         | <b>22.21</b>         |
| <b>Sub-classification of loans</b>                   |                      |                      |
| Loans considered good - Secured                      | -                    | -                    |
| Loans considered good - Unsecured                    | 15.66                | 22.21                |
| Loans which have significant increase in credit risk | -                    | -                    |
| Loans - credit impaired                              | -                    | -                    |
| <b>Total</b>   | <b>15.66</b>         | <b>22.21</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 Consolidated Financial Statements for the year ended 31st March, 2024

**19 Other financial assets (Rs in lakhs)**

| Particulars                           | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---------------------------------------|-------------------------|-------------------------|
| <b>At Amortised Cost</b>              |                         |                         |
| <b>Unsecured considered good</b>      |                         |                         |
| Interest Receivable on fixed deposits | 43.53                   | 16.47                   |
| Other Receivables                     | 430.03                  | 172.26                  |
| <b>At FVTPL</b>                       |                         |                         |
| Derivative financial assets:          |                         |                         |
| Forward Contracts                     | 282.82                  | 411.44                  |
| <b>Total</b>                          | <b>756.38</b>           | <b>600.16</b>           |

**20 Other Current Assets (Rs in lakhs)**

| Particulars  | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| Advances to Suppliers (For Raw Materials and expenses) | 366.97                  | 214.70                  |
| Goods & Service Tax recoverable                        | 981.67                  | 341.06                  |
| Export incentives receivables                          | 66.88                   | 181.38                  |
| Prepaid Expenses                                       | 101.96                  | 138.12                  |
| Other receivable                                       | 9.69                    | 7.88                    |
| <b>Total</b>   | <b>1,527.17</b>         | <b>883.14</b>           |

**21 Equity Share Capital (Rs in lakhs)**

| Particulars   | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---|-------------------------|-------------------------|
| <b>Authorised</b>   |                         |                         |
| 10,00,00,000 (As at March 31, 2023: 10,00,00,000) Equity Shares of Re. 1 each | 1,000.00                | 1,000.00                |
| <b>Issued, Subscribed and Paid up</b>   |                         |                         |
| 8,35,03,000 (As at March 31, 2023: 8,35,03,000) Equity Shares of Re. 1 each   | 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<br>March 31, 2024 |                 | As at<br>March 31, 2023 |                 |
|-------------------------|-------------------------|-----------------|-------------------------|-----------------|
|                         | 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>   |

**21.2 Shares held by shareholders each holding more than 5% of the shares (Rs in lakhs)**

| Shareholders   | As at March 31,<br>2024 | As at March 31,<br>2023 |
|--|-------------------------|-------------------------|
| <b>Hindustan Cotton Company - through its partners</b> |                         |                         |
| No. of Shares  | 1,14,63,789.00          | 1,13,58,058.00          |
| Percentage   | 13.73%                  | 13.60%                  |
| <b>Satidham Industries Private Limited</b>             |                         |                         |
| No. of Shares  | 2,39,59,222.00          | 2,39,59,222.00          |
| Percentage   | 28.69%                  | 28.69%                  |

Notes to Consolidated Financial Statements for the year ended 31st March, 2024

**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.

**22 Other Equity (Rs in lakhs)**

| Particulars                          | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--------------------------------------|-------------------------|-------------------------|
| Capital reserve                      | 183.46                  | 183.46                  |
| Securities premium reserve           | 4,529.00                | 4,529.00                |
| General reserve                      | 8,274.38                | 8,274.38                |
| Foreign Currency Translation Reserve | 109.61                  | 93.83                   |
| Retained Earnings                    | 28,899.68               | 25,575.85               |
| <b>Total</b>                         | <b>41,996.15</b>        | <b>38,656.52</b>        |

**The movement in other Equity:**

**22.1 Capital reserve (Rs in lakhs)**

| Particulars                          | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--------------------------------------|-------------------------|-------------------------|
| Balance as at beginning of the year  | 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>           |

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<br>March 31, 2024 | As at<br>March 31, 2023 |
|--------------------------------------|-------------------------|-------------------------|
| 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>         |

**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<br>March 31, 2024 | As at<br>March 31, 2023 |
|--------------------------------------|-------------------------|-------------------------|
| 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>         |

**Note:**

General reserve represents appropriation of retained earnings and are available for distribution to shareholders.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### 22.4 Foreign Currency Translation Reserve (Rs in lakhs)

| Particulars                          | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--------------------------------------|-------------------------|-------------------------|
| Balance as at beginning of the year  | 94.03                   | (59.53)                 |
| Adjustments                          | -                       | -                       |
| Movement during the year             | 15.79                   | 153.56                  |
| <b>Balance as at end of the year</b> | <b>109.82</b>           | <b>94.03</b>            |

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<br>March 31, 2024 | As at<br>March 31, 2023 |
|--------------------------------------|-------------------------|-------------------------|
| Balance as at beginning of the year  | -                       | -                       |
| Movement during the year             | -                       | -                       |
| <b>Balance as at end of the year</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<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| Balance as at beginning of the year                      | 25,575.85               | 25,084.06               |
| Profit for the year                                      | 3,291.20                | 2,133.91                |
| Re measurement of Net defined benefit plans (net of tax) | 32.63                   | 27.96                   |
| Dividend (refer note below)                              | -                       | (1,670.06)              |
| <b>Balance as at end of the year</b>                     | <b>28,899.68</b>        | <b>25,575.85</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 2022-24 | Year 2022-23    |
|---|--------------|-----------------|
| <b>Dividend on equity shares paid during the year</b>   |              |                 |
| Final dividend for the FY. 2022-23 :Rs. Nil (previous year Rs. 2) per equity share of Re. 1 each) | -            | 1,670.06        |
| <b>Total</b>  | <b>-</b>     | <b>1,670.06</b> |

Note: No dividend has been proposed by the directors for FY. 2023-24.

### 23 Non -Current borrowings (Rs in lakhs)

| Particulars  | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| <b>Term Loans:</b>   |                         |                         |
| <b>Secured Loans - From Bank</b>                             |                         |                         |
| Indusind Bank (Rupee term loan) (refer note (i) & (ii)(I))   | 2,300.00                | -                       |
| Yes Bank (Rupee Term Loan) for Vehicle (refer note (ii)(II)) | -                       | 10.56                   |
| <b>Unsecured Loans - From others</b>                         |                         |                         |
| Other loans and advances                                     | 158.38                  | 123.30                  |
| <b>Total</b>   | <b>2,458.38</b>         | <b>133.86</b>           |

Note:

i) Term loans were applied for the purpose for which the loans were obtained.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

| (ii) Nature of security   | Terms of repayment   |
|---|--|
| (I) (a) First Charge on Immovable Fixed asset situated at Slivassa plant and all that piece and parcel of Industrial non-agricultural land survey no.64/2, 64/3, 64/4 61/1, 61/2, 63/5, 63/7 and 62/5 situated at Village Amla, Silvassa, Union Territory of Dadra and Nagar Haveli for term loan.                            | Term loan of INR 23,00,00,000 is repayable in 36 equated monthly installment of INR 63,88,888 each till March 2028. Repayment starting from April 2025.  |
| (b) Second Pari-Pasu Charge on Immovable Fixed asset situated at Slivassa plant and all that piece and parcel of Industrial non-agricultural land survey no.64/2, 64/3, 64/4 61/1, 61/2, 63/5, 63/7 and 62/5 situated at Village Amla, Silvassa, Union Territory of Dadra and Nagar Haveli Haveli for working capital limits" |  |
| (II) Specific charge on Vehicles financed by the Bank.  | 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 January 2020. |

### 24 Non-current lease liabilities (Rs in lakhs)

| Particulars       | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|-------------------|-------------------------|-------------------------|
| Lease Liabilities | 115.40                  | 208.85                  |
| <b>Total</b>      | <b>115.40</b>           | <b>208.85</b>           |

Refer note 48 for Disclosure in respect of leases.

### 25 Non-current provisions (Rs in lakhs)

| Particulars                            | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| <b>Provision for employee benefits</b> |                         |                         |
| Gratuity - In respect of Employees     | 75.85                   | 85.14                   |
| Gratuity - In respect of directors     | 20.00                   | 20.00                   |
| <b>Total</b>                           | <b>95.85</b>            | <b>105.14</b>           |

### 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<br>ended<br>31st March, 2024 | For the year<br>ended<br>31st March, 2023 |
|---|---|---|
| <b>Current tax expense (A)</b>                                |   |   |
| In respect of current year                                    | 1,138.50                                  | 1,123.95                                  |
| <b>Total</b>  | <b>1,138.50</b>                           | <b>1,123.95</b>                           |
| <b>Deferred tax expense (B)</b>                               |   |   |
| In respect of current year                                    | 79.78                                     | (128.74)                                  |
| <b>Total</b>  | <b>79.78</b>                              | <b>(128.74)</b>                           |
| <b>Adjustments for earlier years (C)</b>                      | <b>17.92</b>                              | <b>94.38</b>                              |
| <b>Tax expense recognized in the income statement (A+B+C)</b> | <b>1,236.20</b>                           | <b>1,089.59</b>                           |

Notes to Consolidated Financial Statements for the year ended 31st March, 2024

(b) Amounts recognized in other comprehensive income (Rs in lakhs)

| Particulars  | For the year ended |                  |
|--|--------------------|------------------|
|  | 31st March, 2024   | 31st March, 2023 |
| <b>Items that will not be reclassified to profit or loss</b> |                    |                  |
| Remeasurements of the defined benefit plans                  | (10.97)            | (9.40)           |
| <b>Items that will be reclassified to profit or loss</b>     | -                  | -                |
| <b>Income tax benefit/(expense) recognised in OCI</b>        | <b>(10.97)</b>     | <b>(9.40)</b>    |

(c) Reconciliation of effective tax rate (Rs in lakhs)

| Particulars                               | For the year ended |                 | For the year ended |                 |
|---|--------------------|-----------------|--------------------|-----------------|
|   | 31st March, 2024   |                 | 31st March, 2023   |                 |
|   | %                  | Amounts         | %                  | Amounts         |
| <b>Profit before tax</b>                  |                    | <b>4,508</b>    |                    | <b>3,228</b>    |
| Tax using the Company's domestic tax rate | 25.17%             | 1,134.64        | 25.17%             | 940.00          |
| <b>Tax effect of:</b>                     |                    |                 |                    |                 |
| Disallowable expenses                     | 1.20%              | 54.17           | 1.05%              | 33.91           |
| Tax holidays and similar exemptions       | -0.19%             | (8.56)          | -0.16%             | (5.03)          |
| Tax impact of overseas subsidiaries (net) | 2.52%              | 113.52          | 1.99%              | 64.14           |
| Tax paid at lower rate                    | -2.39%             | (107.67)        | -0.33%             | (10.55)         |
| Others                                    | 0.71%              | 32.18           | -0.80%             | (25.88)         |
|   | <b>27.02%</b>      | <b>1,218.28</b> | <b>26.92%</b>      | <b>995.58</b>   |
| Mat credit entitlement                    | 0.00%              | -               | 0.00%              | -               |
| Adjustments for earlier years             | 0.40%              | 17.92           | 2.91%              | 94.00           |
| <b>Effective income tax rate</b>          | <b>27.42%</b>      | <b>1,236.20</b> | <b>29.83%</b>      | <b>1,089.59</b> |

Notes to Consolidated Financial Statements for the year ended 31st March, 2024

(d) Movement in deferred tax liabilities (Net)

| Particulars   | As at 31st March, 2024    |                              |                   |                               |                   |                   | Net          | Deferred tax asset | Deferred tax liability |
|---|---------------------------|------------------------------|-------------------|-------------------------------|-------------------|-------------------|--------------|--------------------|------------------------|
|   | Net balance April 1, 2023 | Recognized in profit or loss | Recognized in OCI | Recognized directly in equity | Recognized in OCI | Recognized in OCI |              |                    |                        |
| <b>Deferred tax Asset / (Liabilities)</b>                                     |                           |                              |                   |                               |                   |                   |              |                    |                        |
| Property, plant and equipment   | (2,198.28)                | 87.95                        | -                 | -                             | -                 | (2,110.33)        | -            | (2,110.33)         |                        |
| Fair valuation of Mutual Funds  | (7.77)                    | (232.80)                     | -                 | -                             | -                 | (240.57)          | -            | (240.57)           |                        |
| Employee benefits   | 17.11                     | 10.23                        | (14.47)           | -                             | -                 | 12.88             | 12.88        | -                  |                        |
| Fair valuation of investments (Preference Shares)                             | (103.55)                  | 103.55                       | -                 | -                             | -                 | -                 | -            | -                  |                        |
| Fair valuation of derivatives   | -                         | (71.18)                      | -                 | -                             | -                 | (71.18)           | -            | (71.18)            |                        |
| Amortisation of Foreign currency monetary item translation difference account | 3.72                      | (3.72)                       | -                 | -                             | -                 | -                 | -            | -                  |                        |
| Fair valuation of Security Deposits   | 38.12                     | (34.93)                      | -                 | -                             | -                 | 3.19              | 3.19         | -                  |                        |
| Allowance for expected credit losses  | -                         | 63.54                        | -                 | -                             | -                 | 63.54             | 63.54        | -                  |                        |
|   | <b>(2,250.64)</b>         | <b>(77.36)</b>               | <b>(14.47)</b>    | -                             | -                 | <b>(2,342.48)</b> | <b>79.60</b> | <b>(2,422.08)</b>  |                        |
| MAT credit entitlement  | -                         | -                            | -                 | -                             | -                 | -                 | -            | -                  |                        |
| Less: MAT credit utilised   | -                         | -                            | -                 | -                             | -                 | -                 | -            | -                  |                        |
| <b>Tax assets (Liabilities)</b>   | <b>(2,250.64)</b>         | <b>(77.36)</b>               | <b>(14.47)</b>    | -                             | -                 | <b>(2,342.48)</b> | <b>79.60</b> | <b>(2,422.08)</b>  |                        |

Notes to Consolidated Financial Statements for the year ended 31st March, 2024

| Particulars   | As at 31st March, 2023    |                              |                   |                               |                   |                    |                        |
|---|---------------------------|------------------------------|-------------------|-------------------------------|-------------------|--------------------|------------------------|
|   | Net balance April 1, 2022 | 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   | (2,325.45)                | 127.17                       | -                 | -                             | (2,198.28)        | -                  | (2,198.28)             |
| Fair valuation of Mutual Funds  | (3.96)                    | (3.81)                       | -                 | -                             | (7.77)            | -                  | (7.77)                 |
| Employee benefits   | 51.66                     | (34.54)                      | -                 | -                             | 17.11             | 17.11              | -                      |
| Fair valuation of investments (Preference Shares)                             | (4.98)                    | 4.98                         | -                 | -                             | -                 | -                  | -                      |
| Fair valuation of derivatives   | (190.00)                  | 86.45                        | -                 | -                             | (103.55)          | -                  | (103.55)               |
| Amortisation of Foreign currency monetary item translation difference account | -                         | -                            | -                 | -                             | -                 | -                  | -                      |
| Fair valuation of Security Deposits   | 3.79                      | (0.06)                       | -                 | -                             | 3.72              | 1.00               | 2.72                   |
| Allowance for expected credit losses  | 97.88                     | (59.76)                      | -                 | -                             | 38.12             | 59.00              | (20.88)                |
|   | <b>(2,371.06)</b>         | <b>120.41</b>                | -                 | -                             | <b>(2,250.64)</b> | <b>76.11</b>       | <b>(2,326.76)</b>      |
| MAT credit entitlement  | -                         | -                            | -                 | -                             | -                 | -                  | -                      |
| Less: MAT credit utilised   | -                         | -                            | -                 | -                             | -                 | -                  | -                      |
| <b>Tax assets (Liabilities)</b>   | <b>(2,371.06)</b>         | <b>120.41</b>                | -                 | -                             | <b>(2,250.64)</b> | <b>76.11</b>       | <b>(2,326.76)</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, 2024

**27 Borrowings** (Rs in lakhs)

| Particulars                                | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| <b>From Bank</b>                           |                      |                      |
| <b>Secured</b>                             |                      |                      |
| Packing Credit Loan                        | 10,109.73            | 7,993.40             |
| (note no. (b) (i),(ii) & (iii))            |                      |                      |
| Foreign Bill Discounting                   | 926.90               | -                    |
| (refer note no.(b) (i), (ii) & (iii))      |                      |                      |
| Buyers Credit                              | -                    | 908.50               |
| (refer note no.(b) (i), (ii) & (iii))      |                      |                      |
| Current maturities of long term borrowings | 10.56                | 1,527.33             |
| <b>Total</b>                               | <b>11,047.19</b>     | <b>10,429.23</b>     |

**Note:**

- Bank returns/stock statements filed by the Company with its bankers are in materially agreement with books of accounts.
- Term of repayment and securities for current borrowings  
For terms of repayment refer note 23(ii)  
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 - Amlti, Silvassa Union Territory of Dadra & Nagar Haveli.

**28 Trade payables** (Rs in lakhs)

| Particulars   | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| <b>Trade payables:</b>  |                      |                      |
| Total outstanding dues of Micro and Medium enterprises                      | 492.21               | 41.67                |
| Total outstanding dues of creditors other than Micro and Medium enterprises | 3,408.26             | 3,131.27             |
| <b>Total</b>  | <b>3,900.47</b>      | <b>3,172.94</b>      |

**Trade payables ageing details**

**As at March 31, 2024** (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                    | 492.21   | -                | -            | -            | -                 | 492.21          |
| (ii) Others                 | 2,839.00   | 496.21           | 15.79        | 57.26        | -                 | 3,408.26        |
| (iii) Disputed Dues - MSME  | -  | -                | -            | -            | -                 | -               |
| (iv) Disputed Dues - Others | -  | -                | -            | -            | -                 | -               |
| <b>Total Trade payables</b> | <b>3,331.21</b>  | <b>496.21</b>    | <b>15.79</b> | <b>57.26</b> | <b>-</b>          | <b>3,900.47</b> |

Notes to Consolidated Financial Statements for the year ended 31st March, 2024

**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> |

**29 Other financial liabilities (Rs in lakhs)**

| Particulars                             | As at March 31, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| Creditors for Capital goods             | 16.34                | 200.12               |
| Interest Accrued                        | 19.89                | 23.25                |
| Unpaid dividend (refer note (i) & (ii)) | 46.85                | 93.62                |
| Salaries, wages & other payable         | 638.88               | 367.11               |
| Book overdraft with banks               | 723.78               | 685.26               |
| Derivative financial liabilities:       |                      |                      |
| Future and Options Trading              | 29.13                | 0.10                 |
| <b>Total</b>                            | <b>1,474.86</b>      | <b>1,369.48</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. 13.31 lakhs (P.Y. 2022-23: 10.16 lakhs) is transferred to Investor Education and Protection Fund during the year.

**30 Other current liabilities (Rs in lakhs)**

| Particulars                              | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| <b>Revenue received in advance</b>       |                      |                      |
| Advance from customers                   | 273.64               | 318.75               |
| <b>Others</b>                            |                      |                      |
| Statutory dues                           | 110.11               | 152.74               |
| Creditors for Capital goods and expenses | 46.34                | 45.70                |
| Other liabilities                        | 119.66               | 107.84               |
| <b>Total</b>                             | <b>549.75</b>        | <b>625.03</b>        |

**31 Provisions (Rs in lakhs)**

| Particulars  | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| <b>Provision for employee benefits (Refer note 42)</b> |                      |                      |
| Gratuity   | 21.19                | 24.45                |
| Leave Encashment                                       | 31.21                | 57.43                |
| Bonus  | 20.00                | 23.34                |
| <b>Total</b>   | <b>72.40</b>         | <b>105.22</b>        |

Notes to Consolidated Financial Statements for the year ended 31st March, 2024

**32 Current tax liabilities (Net) (Rs in lakhs)**

| Particulars                                      | As at March 31, 2024 | As at March 31, 2023 |
|--|----------------------|----------------------|
| Provision for Tax (Net of Taxes paid in advance) | 90.75                | 38.42                |
| <b>Total</b>                                     | <b>90.75</b>         | <b>38.42</b>         |

**33 Revenue From Operations (Rs in lakhs)**

| Particulars                            | for the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| <b>(a) Sale of Products/ Services:</b> |                                   |                                   |
| - Local Sales                          | 15,792.07                         | 17,882.13                         |
| - Export Sales                         | 21,071.50                         | 19,889.52                         |
| - Sale of Wind Power                   | 569.07                            | 524.27                            |
| <b>Sale of Products/ Services</b>      | <b>37,432.63</b>                  | <b>38,295.92</b>                  |
| <b>(b) Other Operating Revenues:</b>   |                                   |                                   |
| - Export incentives                    | 746.15                            | 321.48                            |
| - Sale of Scrap                        | 38.34                             | 37.29                             |
| - Commission Income                    | 109.00                            | 85.32                             |
| <b>Other Operating Revenues</b>        | <b>893.49</b>                     | <b>444.09</b>                     |
| <b>Revenue from operations</b>         | <b>38,326.12</b>                  | <b>38,740.02</b>                  |

**Disclosures as per Ind AS 115 (Rs in lakhs)**

| Particulars  | for the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| 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  | 36,863.56                         | 37,771.65                         |
| Sale of wind power   | 569.07                            | 524.27                            |
|  | <b>37,432.33</b>                  | <b>38,295.62</b>                  |
| Sale of Scrap  | 38.34                             | 37.29                             |
| <b>Total revenue from contracts with customers</b>   | <b>37,470.67</b>                  | <b>38,332.91</b>                  |
| 1b) <b>Reconciliation of the revenue from contracts with customers with revenue from operations</b>                                      |                                   |                                   |
| Total revenue from contracts with customers  | 37,470.67                         | 38,332.91                         |
| Commission Income  | 109.00                            | 85.32                             |
| Export Incentives  | 746.15                            | 321.48                            |
| <b>Total Revenue from operations (Refer note 33)</b>   | <b>38,326.12</b>                  | <b>38,740.02</b>                  |



## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### 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  | 15,830.41        | 17,919.42        |
| Export (Including deemed export)                   | 21,071.50        | 19,889.52        |
| <b>Wind Power</b>                                  |                  |                  |
| India  | 569.07           | 524.27           |
| <b>Total</b>                                       | <b>37,470.67</b> | <b>38,332.91</b> |

### 3 Reconciliation between revenue with customers and contracted price:

| Revenue as per contracted price              | <b>37,849.88</b> | <b>38,397.49</b> |
|--|------------------|------------------|
| <b>Less: Adjustments</b>                     |                  |                  |
| Sales return                                 | (246.59)         | (32.00)          |
| Discounts/ Rebates                           | (132.62)         | (32.58)          |
| <b>Revenue from contracts with Customers</b> | <b>37,470.67</b> | <b>38,332.91</b> |

### 4 Sales by performance obligations

| Upon Shipment               | 36,901.90        | 37,808.94        |
|-----------------------------|------------------|------------------|
| Upon Delivery               | -                | -                |
| Upon Transmission into grid | 569.07           | 524.27           |
| <b>Total</b>                | <b>37,470.67</b> | <b>38,332.91</b> |

### 5 Contract balances

The following table provides information about receivables from contracts with customers:

| Particulars                                 | for the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| (a) Trade receivables                       | 9,263.70                          | 6,153.22                          |
| Allowance as per Expected credit loss model | (157.71)                          | (81.64)                           |
| <b>Total</b>                                | <b>9,105.98</b>                   | <b>6,071.58</b>                   |

Trade receivables are non-interest bearing and are generally on terms of up to 180 days.

| (b) Contract liability  |               |               |
|-------------------------|---------------|---------------|
| Advances from Customers | <b>273.64</b> | <b>318.75</b> |

"The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended March 31, 2024."

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### 34 Other Income

(Rs in lakhs)

| Particulars  | for the year ended March 31, 2024 | for the year ended March 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| <b>a) Interest income</b>  |                                   |                                   |
| Instruments measured at amortised costs                              |                                   |                                   |
| - on fixed deposits with bank  | 77.74                             | 268.86                            |
| - on debenture   | 269.93                            | 218.40                            |
| - on treasury bills  | 56.00                             | 33.86                             |
| - others   | 14.72                             | 3.16                              |
| <b>b) Dividend Income</b>  |                                   |                                   |
| - Dividend Income from Current investments at FVTPL                  | 16.43                             | 10.94                             |
| <b>c) Other non-operating Income</b>                                 |                                   |                                   |
| - Gain on disposal of property, plant and equipment                  | 3.51                              | -                                 |
| - Gain on sale of investments valued at FVTPL                        | 229.71                            | 77.67                             |
| - Gain on Future and option trading                                  | 85.52                             | 183.44                            |
| - Fair Valuation gain on Investments                                 | 1,251.97                          | 10.95                             |
| - Gain or loss on foreign currency transaction and translation (net) | 19.26                             | -                                 |
| - Miscellaneous Income   | 69.15                             | 180.23                            |
| <b>Total</b>   | <b>2,093.94</b>                   | <b>987.52</b>                     |

### 35 Cost of material consumed

(Rs in lakhs)

| Particulars                              | for the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--|-----------------------------------|-----------------------------------|
| Inventories at the beginning of the year | 2,226.87                          | 2,862.96                          |
| Purchases                                | 18,060.45                         | 18,892.76                         |
| Inventories at the end of the year       | (1,733.33)                        | (2,226.87)                        |
| <b>Total</b>                             | <b>18,553.99</b>                  | <b>19,528.85</b>                  |

### 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, 2024 | For the year ended March 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| <b>Closing stock</b>                                    |                                   |                                   |
| Work-in-progress  | 2,601.31                          | 3,546.35                          |
| Finished goods  | 2,418.93                          | 2,911.92                          |
| <b>Subtotal (A)</b>                                     | <b>5,020.24</b>                   | <b>6,458.28</b>                   |
| <b>Opening stock</b>                                    |                                   |                                   |
| Work-in-progress  | 3,546.35                          | 4,237.95                          |
| Finished goods  | 2,911.92                          | 2,786.57                          |
| <b>Subtotal (B)</b>                                     | <b>6,458.28</b>                   | <b>7,024.52</b>                   |
| <b>Net (Increase)/decrease in Inventories [(B)-(A)]</b> | <b>1,438.03</b>                   | <b>566.24</b>                     |

### 37 Employee benefits expense

(Rs in lakhs)

| Particulars                               | for the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|-----------------------------------|-----------------------------------|
| Salaries, wages and bonus                 | 1,799.11                          | 1,537.71                          |
| Contribution to provident and other funds | 134.30                            | 103.22                            |
| Staff welfare expenses                    | 20.17                             | 33.39                             |
| <b>Total</b>                              | <b>1,953.58</b>                   | <b>1,674.32</b>                   |

Notes to Consolidated Financial Statements for the year ended 31st March, 2024

**38 Finance costs (Rs in lakhs)**

| Particulars  | for the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| <b>At Amortised Cost</b>   |                                      |                                      |
| <b>Interest expenses</b>   |                                      |                                      |
| Interest on borrowings   | 559.92                               | 380.12                               |
| Exchanges differences regarded as an adjustment to borrowing costs | -                                    | 76.69                                |
| Interest expense on lease liability                                | 15.66                                | 22.55                                |
| Interest on Income tax and TDS                                     | 5.42                                 | 3.93                                 |
| <b>Total</b>   | <b>581.00</b>                        | <b>483.29</b>                        |

**39 Depreciation and amortisation expenses (Rs in lakhs)**

| Particulars   | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|---|--------------------------------------|--------------------------------------|
| Depreciation on property, plant and equipment           | 2,677.23                             | 2,840.81                             |
| Depreciation charged for right of use assets - building | 81.68                                | 89.32                                |
| Amortisation of intangible assets                       | 30.31                                | 29.35                                |
| <b>Total</b>  | <b>2,789.21</b>                      | <b>2,959.48</b>                      |

**40 Other expenses (Rs in lakhs)**

| Particulars  | for the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Consumption of stores and spare parts                              | 380.76                               | 362.97                               |
| Power and fuel   | 2,229.88                             | 2,227.51                             |
| Consumption of packing materials                                   | 1,395.44                             | 1,424.02                             |
| Consumption of oils and chemicals                                  | 364.32                               | 371.88                               |
| Labour charges   | 2,633.15                             | 2,327.82                             |
| Repairs and Maintenance:   |                                      |                                      |
| - Building   | 61.55                                | 47.70                                |
| - Machinery  | 394.26                               | 148.84                               |
| - Others   | 158.34                               | 92.57                                |
| Water, waste and effluent treatment charges                        | 104.47                               | 111.89                               |
| Rent   | 69.32                                | 127.84                               |
| Insurance  | 76.09                                | 88.81                                |
| Director sitting fees  | 5.20                                 | 5.00                                 |
| Legal, professional and consultancy charges                        | 372.27                               | 310.47                               |
| Rates and Taxes  | 99.67                                | -                                    |
| Corporate Social Responsibility Expenses                           | 100.62                               | 99.90                                |
| Gain or loss on foreign currency transaction and translation (net) | 0.52                                 | 422.43                               |
| Miscellaneous expenses   | 749.75                               | 749.94                               |
| Payment to auditor:  |                                      |                                      |
| - Audit fees   | 9.00                                 | 9.00                                 |
| - For other services (Limited Review and certifications)           | 10.15                                | 7.50                                 |
| - Out of pocket expenses   | 0.30                                 | 0.20                                 |
| Freight and forwarding charges                                     | 932.08                               | 1,577.46                             |
| Loss due to fire   | -                                    | 115.00                               |
| Commission on sales  | 340.12                               | 628.77                               |
| Provision for doubtful receivables/advances                        | 108.72                               | 30.00                                |
| <b>Total</b>   | <b>10,596.00</b>                     | <b>11,287.53</b>                     |

Notes to Consolidated Financial Statements for the year ended 31st March, 2024

**41 Earnings per share (EPS) (Rs in lakhs)**

| Particulars  | For the year ended<br>March 31, 2024 | For the year ended<br>March 31, 2023 |
|--|--------------------------------------|--------------------------------------|
| Profit for the year  | 3,291.20                             | 2,133.91                             |
| 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                                  | <b>3.94</b>                          | <b>2.56</b>                          |

**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. 108.07 lakhs (March 31, 2023: Rs. 82.49 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<br>March 31, 2024 | As at<br>March 31, 2023 |
|-----------------------------------|-------------------------|-------------------------|
| PVO at the beginning of the year  | 218.65                  | 274.67                  |
| Interest cost                     | 15.98                   | 17.17                   |
| Current service cost              | 23.05                   | 21.66                   |
| Benefits paid                     | (56.84)                 | (17.03)                 |
| Past Service cost                 | -                       | (40.89)                 |
| Actuarial (Gains)/Losses          | (45.89)                 | (36.93)                 |
| <b>PVO at the end of the year</b> | <b>154.95</b>           | <b>218.65</b>           |

**Reconciliation of Fair value of plan assets: (Rs in lakhs)**

| Particulars   | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---|-------------------------|-------------------------|
| Fair value of plan assets at the beginning of the year  | 109.07                  | 118.27                  |
| <b>Adjustments:</b>                                     |                         |                         |
| Return on plan assets excl. interest income             | (2.29)                  | 0.44                    |
| Interest income   | 7.97                    | 7.39                    |
| Contributions by the employer                           | -                       | -                       |
| Benefits paid   | (56.84)                 | (17.03)                 |
| <b>Fair value of plan assets at the end of the year</b> | <b>57.91</b>            | <b>109.07</b>           |

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### Net Liabilities / (Assets) recognised in the balance sheet: (Rs in lakhs)

| Particulars   | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|---|-------------------------|-------------------------|
| PVO of the defined benefit obligation at the end of period        | 154.95                  | 218.65                  |
| Fair value of planned assets at end of year                       | (57.91)                 | (109.07)                |
| <b>Net liabilities / (Assets) recognised in the balance sheet</b> | <b>97.04</b>            | <b>109.58</b>           |

### Amount recognised in Statement of Profit and Loss (Rs in lakhs)

| Particulars  | 2023-2024    | 2022-2023     |
|--|--------------|---------------|
| Current service cost   | 23.05        | 21.66         |
| Past service cost and loss/(gain) on curtailments and settlement | -            | (40.89)       |
| Net interest   | 8.01         | 9.77          |
| <b>Net charge to the statement of profit or loss</b>             | <b>31.06</b> | <b>(9.45)</b> |

### Amount recognised in Other Comprehensive Income (OCI) (Rs in lakhs)

| Particulars                                     | 2023-2024      | 2022-2023      |
|---|----------------|----------------|
| Actuarial (Gain)/Loss recognised for the period | (45.89)        | (36.93)        |
| Return on plan assets excluding net interest    | 2.29           | (0.44)         |
| <b>Recognised in OCI for the year</b>           | <b>(43.60)</b> | <b>(37.37)</b> |

### Expected Payout (Rs in lakhs)

| Year                                 | 2023-2024 | 2022-2023 |
|--------------------------------------|-----------|-----------|
| Expected Outflow in 1st Year         | 46.22     | 61.34     |
| Expected Outflow in 2nd Year         | 25.71     | 41.93     |
| Expected Outflow in 3rd Year         | 23.70     | 32.64     |
| Expected Outflow in 4th Year         | 25.37     | 28.04     |
| Expected Outflow in 5th Year         | 15.08     | 27.23     |
| Expected Outflow in 6th to 10th Year | 43.64     | 64.82     |

The weighted average duration of the defined benefit plan obligations at the end of reporting period is 3.61 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, 2024

(Rs in lakhs)

| Particulars  | As at<br>March 31, 2024 | As at<br>March 31, 2023 |
|--|-------------------------|-------------------------|
| Impact on present value of defined benefit obligation: |                         |                         |
| If discount rate is increased by 0.5%                  | (2.47)                  | (3.44)                  |
| If discount rate is decreased by 0.5%                  | 2.56                    | 3.78                    |
| If salary escalation rate is increased by 0.5%         | 2.54                    | 3.78                    |
| If salary escalation rate is decreased by 0.5%         | (2.47)                  | (3.86)                  |

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<br>March 31, 2024           | As at<br>March 31, 2023           |
|--|-----------------------------------|-----------------------------------|
| Discount Rate                          | 7.19%                             | 7.31%                             |
| Expected rate of return on plan assets | 7.19%                             | 7.31%                             |
| Expected rate of salary increase       | 7.00%                             | 7.00%                             |
| Employee attrition rate                | 20.00%                            | 20.00%                            |
| Mortality                              | Indian Assured<br>Lives (2012-14) | Indian Assured<br>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.

- (a) Interest risk: a decrease in the bond interest rate will increase the plan liability.
- (b) 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, 2024 of Rs. 37.33 lakhs (March 31, 2023: Rs. 63.52 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.

##### (b) Entities controlled by Key Managerial Personnel

Satidham Industries Private Limited

Hindustan Cotton Company

Harmony Estates Pvt Ltd

Sarla Estate Developers Pvt Ltd

Notes to Consolidated Financial Statements for the year ended 31st March, 2024

**(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**

Krishna Jhunjhunwala - Chairman & Managing Director  
Kanav Jhunjhunwala - Director  
Neha Jhunjhunwala - Director

**(ii) Non Executive Directors**

Shreya Desai - Independent and Non Executive Director  
Parantap Dave - Independent and Non Executive Director  
Paulo Manuel Castro - Independent and Non Executive Director  
Bharat Kishore Jhamvar (from August 10, 2023)  
Sachin Shashikant Abhiyankar (from August 10, 2023)

**(iii) Key Managerial Personnel**

Mukesh Deopura - Chief Financial officer (Till March 26, 2024)  
Neha Somani - Company Secretary (Till September 22, 2023)  
Radhika Sharma - Company Secretary (from November 04, 2023)  
Madhusudan S Jhunjhunwala - Relative of Chairman & Managing Director and Promoter

**(g) Relatives of Key Managerial Personnel**

Chanda Deopura - Relative of Chief Financial officer (Till March 26, 2024)  
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

**2 Details of transactions with above related parties**

(Rs in lakhs)

| Nature of Transaction                                   | 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, 2024   | Year ended March 31, 2023 | Year ended March 31, 2024            | Year ended March 31, 2023 | Year ended March 31, 2024             | Year ended March 31, 2023 |
| <b>(a) Remuneration (including Retirement Benefits)</b> |   |                           |                                      |                           |                                       |                           |
| Krishna Jhunjhunwala                                    | -   | -                         | 180.00                               | 180.00                    | -                                     | -                         |
| Kanav Jhunjhunwala                                      | -   | -                         | 19.08                                | 12.00                     | -                                     | -                         |
| Neha Jhunjhunwala                                       | -   | -                         | 18.00                                | 18.00                     | -                                     | -                         |
| Mukesh Deopura  | -   | -                         | 36.00                                | 35.09                     | -                                     | -                         |
| Neha Somani   | -   | -                         | 6.90                                 | 15.48                     | -                                     | -                         |
| Chanda Deopura  | -   | -                         | -                                    | -                         | 21.60                                 | 20.97                     |
| Vrinda Jhunjhunwala                                     | -   | -                         | -                                    | -                         | 6.00                                  | 6.00                      |
| Radhika Sharma  | -   | -                         | 6.45                                 | -                         | -                                     | -                         |

Notes to Consolidated Financial Statements for the year ended 31st March, 2024

**(b) Sitting Fees**

Shreya Desai  
Parantap Dave  
Bharat Kishore Jhamvar  
Sachin Shashikant Abhiyankar

**(c) CSR expenditure**

Shivchandrai Jhunjhunwala Charitable Trust

**(d) Dividend paid**

Madhusudan S Jhunjhunwala  
Madhusudan Jhunjhunwala & Sons HUF  
Krishna Madhusudan Jhunjhunwala  
Krishnakumar and Sons HUF  
Sarladevi Jhunjhunwala  
Hindustan Cotton Co.  
Kanav K Jhunjhunwala  
Neha Krishna Jhunjhunwala  
Vrinda Krishna Jhunjhunwala  
Satidham Industries Pvt.Ltd.  
Harmony Estates Pvt Ltd  
Sarla Estate Developers Pvt Ltd  
Mukesh Deopura  
Neha Somani  
Chanda Deopura

**(e) Rent Paid**

Krishna Jhunjhunwala  
Madhusudan Jhunjhunwala & Sons HUF  
Hindustan Cotton Co.

**(f) Security Deposit**

Krishna Jhunjhunwala  
Madhusudan Jhunjhunwala & Sons HUF

Hindustan Cotton Co.

|  |       |        |       |       |       |       |
|--|-------|--------|-------|-------|-------|-------|
| Shreya Desai                               | -     | -      | 2.00  | 2.50  | -     | -     |
| Parantap Dave                              | -     | -      | 2.00  | 2.50  | -     | -     |
| Bharat Kishore Jhamvar                     | -     | -      | 0.60  | -     | -     | -     |
| Sachin Shashikant Abhiyankar               | -     | -      | 0.60  | -     | -     | -     |
| Shivchandrai Jhunjhunwala Charitable Trust | 5.00  | 15.62  | -     | -     | -     | -     |
| 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  |
| Krishna Jhunjhunwala                       | -     | -      | 21.60 | 21.60 | -     | -     |
| Madhusudan Jhunjhunwala & Sons HUF         | -     | -      | -     | -     | 21.60 | 21.60 |
| Hindustan Cotton Co.                       | 13.50 | -      | -     | -     | -     | -     |
| Krishna Jhunjhunwala                       | -     | -      | -     | 11.00 | -     | -     |
| Madhusudan Jhunjhunwala & Sons HUF         | -     | -      | -     | -     | -     | 11.00 |
| Hindustan Cotton Co.                       | 36.00 | -      | -     | -     | -     | -     |

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### Key management personnel compensation

(Rs in lakhs)

| Particulars  | 2023-2024 | 2022-2023 |
|--|-----------|-----------|
| Short-term employee benefits                               | 266.43    | 260.56    |
| Post-employment benefits**                                 | -         | -         |
| Others (including sitting fees to non-executive directors) | 5.20      | 5.00      |

\*\* 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:

- (a) 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.
- (b) 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, 2024 | For the year ended March 31, 2023 |
| Yarn                                 | 37,757.06                         | 38,215.75                         |
| Generation of Wind Power             | 707.06                            | 659.62                            |
|                                      | 38,464.11                         | 38,875.37                         |
| Elimination of Intersegment revenues | (137.99)                          | (135.35)                          |
| Unallocated                          | -                                 | -                                 |
|                                      | <b>38,326.12</b>                  | <b>38,740.02</b>                  |

| Segment                  | Segment Results                   |                                   |
|--------------------------|-----------------------------------|-----------------------------------|
|                          | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
| Yarn                     | 4,486.05                          | 3,864.10                          |
| Generation of Wind Power | (101.90)                          | 161.65                            |
|                          | <b>4,384.15</b>                   | <b>4,025.75</b>                   |
| Finance costs            | (581.00)                          | (483.29)                          |
| Other expenses           | (1,388.84)                        | (1,302.16)                        |
| Other income             | 2,093.94                          | 987.52                            |
| Profit before tax        | <b>4,508.25</b>                   | <b>3,227.82</b>                   |
| Current Tax              | <b>(1,156.42)</b>                 | <b>(1,218.33)</b>                 |
| Deferred Tax             | <b>(79.78)</b>                    | <b>128.74</b>                     |
| <b>Profit after tax</b>  | <b>3,272.05</b>                   | <b>2,138.23</b>                   |

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

#### Notes:

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, 2024 | As at March 31, 2023 |
|----------------------------------|----------------------|----------------------|
| <b>Segment assets</b>            |                      |                      |
| Yarn                             | 39,426.44            | 38,028.16            |
| Generation of Wind Power         | 5,375.64             | 6,388.14             |
| <b>Total segment assets</b>      | <b>44,802.08</b>     | <b>44,416.30</b>     |
| Unallocated                      | 20,258.40            | 13,619.25            |
| <b>Consolidated Total assets</b> | <b>65,060.48</b>     | <b>58,035.56</b>     |

| Particulars                           | As at March 31, 2024 | As at March 31, 2023 |
|---------------------------------------|----------------------|----------------------|
| <b>Segment liabilities</b>            |                      |                      |
| Yarn                                  | 8,501.73             | 7,133.40             |
| Generation of Wind Power              | 153.25               | 18.68                |
| <b>Total segment liabilities</b>      | <b>8,654.98</b>      | <b>7,152.08</b>      |
| Unallocated                           | 13,567.80            | 11,366.34            |
| <b>Consolidated Total liabilities</b> | <b>22,222.78</b>     | <b>18,518.42</b>     |

### Other segment information

(Rs in lakhs)

| Particulars              | Depreciation and amortisation     |                                   | Capital expenditure               |                                   |
|--------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                          | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
| Yarn                     | 2,423.95                          | 2,681.79                          | 904.01                            | 5,698.87                          |
| Generation of Wind Power | 365.26                            | 277.69                            | -                                 | -                                 |
| <b>Total</b>             | <b>2,789.21</b>                   | <b>2,959.48</b>                   | <b>904.01</b>                     | <b>5,698.87</b>                   |

### Revenue from major products

(Rs in lakhs)

| Particulars              | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|--------------------------|-----------------------------------|-----------------------------------|
| Yarn                     | 37,757.06                         | 38,215.75                         |
| Generation of Wind Power | 569.07                            | 524.27                            |
| <b>Total</b>             | <b>38,326.12</b>                  | <b>38,740.02</b>                  |

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### 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:

| Particulars     | (Rs in lakhs)                     |                                   |                      |                      |
|-----------------|-----------------------------------|-----------------------------------|----------------------|----------------------|
|                 | Revenue from external customers   |                                   | Non current assets*  |                      |
|                 | For the year ended March 31, 2024 | For the year ended March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| India           | 38,011.02                         | 38,483.99                         | 22,496.77            | 23,925.17            |
| U.S.A.          | -                                 | -                                 | 1,782.49             | 2,207.08             |
| Other countries | 315.10                            | 256.03                            | 20.03                | 22.82                |
| <b>Total</b>    | <b>38,326.12</b>                  | <b>38,740.02</b>                  | <b>24,299.29</b>     | <b>26,155.07</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 year ended March 31, 2024 and March 31, 2023 in case of Yarn business

### 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, 2023: 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, 2023: Rs. 42.12 lakhs).
- Goods and Service Tax (GST) demand for Rs 643.51 lakhs pertaining to the GST refund availed on exports on payment of IGST in EOU unit for FY 2018-19 to 2021-22 (As at March 31, 2023: Rs NIL). The matter is sub-judiciary with the Commissioner of CGST & Central Excise, Appeals. The company has deposited Rs. 58.50 Lakhs against the demand under protest.

### 45.2 Capital Commitment

| Particulars   | (Rs in lakhs)        |                      |
|---|----------------------|----------------------|
|   | As at March 31, 2024 | As at March 31, 2023 |
| For capital expenditures (net of advances of Rs. 55.00 lakhs (As at March 31, 2023: Rs. 86.64 lakhs)) | 120.00               | 127.28               |

## 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 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.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

The gearing ratio at the end of the reporting period was as follows:

(Rs in lakhs)

| Particulars                     | As at March 31, 2024 | As at March 31, 2023 |
|---------------------------------|----------------------|----------------------|
| Non-current borrowings          | 2,458.38             | 133.86               |
| Current borrowings              | 11,047.19            | 10,429.23            |
| <b>Total Debt</b>               | <b>13,516.14</b>     | <b>12,090.42</b>     |
| Equity                          | 42,837.70            | 39,517.14            |
| <b>Net debt to equity ratio</b> | <b>0.32</b>          | <b>0.31</b>          |

For the purpose of computing debt to equity ratio, equity includes Equity Share Capital, Other Equity including Non controlling Interest and Debt includes Long term borrowings, short term borrowings and current maturities of long term borrowings.

### 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, 2024 | As at March 31, 2023 |
|---|----------------------|----------------------|
| <b>Financial assets</b>                           |                      |                      |
| <b>At Amortised cost</b>                          |                      |                      |
| Investments in Debentures                         | 3,044.32             | 3,042.87             |
| Investments in Treasury Bill                      | 977.02               | 787.22               |
| Trade receivables                                 | 9,105.98             | 6,071.58             |
| Cash and cash equivalents                         | 368.91               | 508.36               |
| Bank balances other than above                    | 810.61               | 1,062.73             |
| Loans   | 25.21                | 37.74                |
| Other financial assets                            | 816.32               | 560.82               |
| <b>At Fair value through Profit and Loss</b>      |                      |                      |
| Investments in equity shares                      | 3,356.28             | 994.36               |
| Derivative contracts                              | 282.82               | 411.44               |
| Investments in Debentures                         | 923.54               | 371.77               |
| Investments in Mutual Funds                       | 11,102.31            | 7,315.77             |
| <b>Total</b>                                      | <b>30,813.33</b>     | <b>21,164.66</b>     |
| <b>Financial liabilities</b>                      |                      |                      |
| <b>At Amortised cost</b>                          |                      |                      |
| Borrowings  | 13,505.57            | 10,563.09            |
| Lease Liabilities                                 | 190.65               | 288.45               |
| Trade payables                                    | 3,900.47             | 3,172.94             |
| Other Financial liabilities                       | 1,445.73             | 1,369.38             |
| <b>At Fair value through Profit and Loss</b>      |                      |                      |
| Derivative contracts - Future and Options Trading | 29.13                | 0.10                 |
| <b>Total</b>                                      | <b>19,071.56</b>     | <b>15,393.96</b>     |

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### 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.

| Particulars   | Fair Values          |                      |
|---|----------------------|----------------------|
|   | As at March 31, 2024 | As at March 31, 2023 |
| <b>Financial Assets at Fair Value through Profit and Loss</b> |                      |                      |
| Investments in equity shares (Level 1)                        | 3,356.28             | 994.36               |
| Derivative contracts (Level 2)                                | 282.82               | 411.44               |
| Investments in debentures (Level 2)                           | 923.54               | 371.77               |
| Investments in Mutual Funds (Level 2)                         | 11,102.31            | 7,315.77             |
| <b>Total</b>  | <b>15,664.96</b>     | <b>9,093.33</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, 2024 and March 31, 2023, 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

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### 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.

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:

| Particulars    | Fair Values          |                      |
|----------------|----------------------|----------------------|
|                | As at March 31, 2024 | As at March 31, 2023 |
| Not due        |                      |                      |
| up to 180 days | 8,364.90             | 5,395.35             |
| 181-365 days   | 369.76               | 217.08               |
| Above 365 days | 413.91               | 540.79               |
| <b>Total</b>   | <b>9,148.56</b>      | <b>6,152.93</b>      |

#### Movement in provisions of doubtful debts

| Particulars                | Expected Credit Loss Allowance |                      |
|----------------------------|--------------------------------|----------------------|
|                            | As at March 31, 2024           | As at March 31, 2023 |
| Opening provision          | 81.64                          | 345.52               |
| Additional provision made  | 79.65                          | (263.88)             |
| Reinstatement of provision | -                              | -                    |
| <b>Closing provision</b>   | <b>161.29</b>                  | <b>81.64</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.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### 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.

#### Maturity analysis of significant financial liabilities (Rs in lakhs)

| Particulars  | As at March 31, 2024 |                        |                  | As at March 31, 2023 |                        |                  |
|--|----------------------|------------------------|------------------|----------------------|------------------------|------------------|
|  | 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) | 13,505.57            | 11,047.19              | 2,458.38         | 10,563.09            | 10,429.23              | 133.86           |
| Trade and other payables                                     | 3,900.47             | 3,900.47               | -                | 3,172.94             | 3,172.94               | -                |
| Other financial liabilities                                  | 1,474.86             | 1,474.86               | -                | 1,369.48             | 1,369.48               | -                |
| Lease Liabilities  | 190.65               | 75.25                  | 115.40           | 288.45               | 79.60                  | 208.85           |
| <b>Total</b>   | <b>19,071.56</b>     | <b>16,497.77</b>       | <b>2,573.78</b>  | <b>15,393.96</b>     | <b>15,051.24</b>       | <b>342.72</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, 2024 |               |                   | As at March 31, 2023 |               |                   |
|---|----------------------|---------------|-------------------|----------------------|---------------|-------------------|
|   | USD                  | GBP           | EURO              | USD                  | GBP           | EURO              |
| <b>Financial assets</b>                           |                      |               |                   |                      |               |                   |
| Cash and cash equivalents                         | 82.89                | -             | 0.00              | 58.77                | -             | 0.39              |
| Trade receivables                                 | 4,252.73             | 378.74        | 1,252.21          | 3,916.55             | 440.82        | 5,092.90          |
| Loans   | 213.74               | -             | -                 | 210.78               | -             | -                 |
| Less: Foreign currency forward exchange contracts | -                    | -             | (3,050.49)        | (2,474.73)           | -             | (6,541.35)        |
| <b>Net exposure for assets</b>                    | <b>4,549.36</b>      | <b>378.74</b> | <b>(1,798.28)</b> | <b>1,711.37</b>      | <b>440.82</b> | <b>(1,448.06)</b> |
| <b>Financial liabilities</b>                      |                      |               |                   |                      |               |                   |
| Foreign Currency Loans                            | -                    | -             | -                 | -                    | -             | 1,513.25          |
| Short term borrowings                             | -                    | -             | -                 | 908.50               | -             | -                 |
| Trade and other payables                          | 2,312.90             | -             | 2.73              | 1,474.50             | -             | 3.09              |
| Less: Foreign currency forward exchange contracts | -                    | -             | -                 | -                    | -             | -                 |
| <b>Net exposure for liabilities</b>               | <b>2,312.90</b>      | <b>-</b>      | <b>2.73</b>       | <b>2,383.00</b>      | <b>-</b>      | <b>1,516.34</b>   |
| <b>Net exposure (Assets - Liabilities)</b>        | <b>2,236.46</b>      | <b>378.74</b> | <b>(1,801.01)</b> | <b>(671.62)</b>      | <b>440.82</b> | <b>(2,964.40)</b> |

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### 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)

| Movement in currency | Increase in Exchange rate by 5%   |                                   | Decrease in Exchange rate by 5%   |                                   |
|----------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|                      | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
| USD                  | 111.82                            | (33.58)                           | (111.82)                          | 33.58                             |
| GBP                  | 18.94                             | 22.04                             | (18.94)                           | (22.04)                           |
| EURO                 | (90.05)                           | (148.22)                          | 90.05                             | 148.22                            |

### 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, 2024 | For the year ended March 31, 2023 |
|-------------------------------|-----------------------------------|-----------------------------------|
| <b>Term loans - long term</b> |                                   |                                   |
| Floating Rate Borrowings      | -                                 | -                                 |
| Fixed Rate Borrowings         | 2,300.00                          | 10.56                             |
| Non Interest bearing          | 158.38                            | 123.30                            |
| Short term borrowings         | 11,036.63                         | 8,901.89                          |
| <b>Total</b>                  | <b>13,495.01</b>                  | <b>9,036.42</b>                   |

#### Interest rate sensitivities for floating rate borrowings: (Rs in lakhs)

| Movement in rate      | Increase in Exchange rate by 0.25% |                                   | Decrease in Exchange rate by 0.25% |                                   |
|-----------------------|------------------------------------|-----------------------------------|------------------------------------|-----------------------------------|
|                       | For the year ended March 31, 2024  | For the year ended March 31, 2023 | For the year ended March 31, 2024  | For the year ended March 31, 2023 |
| Short term borrowings | 27.59                              | 22.25                             | (27.59)                            | (22.25)                           |

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period.



## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### 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, 2024 and its carrying value as on that date

| (Rs in lakhs)   |                      |                      |
|---|----------------------|----------------------|
| Particulars   | As at March 31, 2024 | As at March 31, 2023 |
| <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, 2024 | As at March 31, 2023 |
| 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 Leasehold Land and Buildings                | As at March 31, 2024 | As at March 31, 2023 |
| 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   | 75.25                | 79.60                |
| Non-current   | 115.40               | 208.85               |
| <b>Total Lease Liabilities</b>                                    | <b>190.65</b>        | <b>288.45</b>        |

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### (d) Amounts recognised in the statement of profit or loss

| (Rs in lakhs)   |                      |                      |
|---|----------------------|----------------------|
| Particulars   | As at March 31, 2024 | As at March 31, 2023 |
| Depreciation  | 89.76                | 42.72                |
| Interest on lease liabilities (included in finance cost)  | 15.66                | 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>105.42</b>        | <b>53.74</b>         |

### (e) Amount recognised in the statement of cash flows

| (Rs in lakhs)   |                      |                      |
|---|----------------------|----------------------|
| Particulars   | As at March 31, 2024 | As at March 31, 2023 |
| 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           | 109.35%  | 46,845  | 113.54%                             | 3,715  | 67.28%  | 33     | 112.87%                             | 3,748  |
| <b>Subsidiaries</b>                        |  |         |                                     |        |   |        |                                     |        |
| <b>Foreign</b>                             |  |         |                                     |        |   |        |                                     |        |
| Sarlaflex Inc.                             | -12.66%  | (5,421) | -15.32%                             | (501)  | -183.57%  | (89)   | -17.78%                             | (590)  |
| Sarla Overseas Holding Limited             | -0.06%   | (25)    | 1.12%                               | 37     | -1.67%  | (1)    | 1.08%                               | 36     |
| Intercompany Elimination                   | 3.34%  | 1,432   | 1.24%                               | 41     | 217.79%   | 106    | 4.40%                               | 146    |
| Non - Controlling Interest in subsidiaries | 0.02%  | 7       | -0.59%                              | (19)   | 0.17%   | 0      | -0.57%                              | (19)   |

## Notes to Consolidated Financial Statements for the year ended 31st March, 2024

### 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** In 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 for the year, 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 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, 2024) and the report release date (May 10, 2024)

### 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 237of 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, 2024

### 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, 2024 | Balance outstanding as on March 31, 2024 | Transaction during the year ended March 31, 2023 | Balance outstanding as on March 31, 2023 | 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 in sub-judiced. The balances whether recoverable will be decided on the basis of Hon'ble Court's judgement.

**56** Figures for previous year have been regrouped, wherever necessary

## AOC - I for the financial year ended 31 March 2024

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

### Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part A: Subsidiaries

(All amount in Rs. Lakhs, unless otherwise stated)

| Sr. No. | Particulars                        | Sarlaflex INC. (SFI)*             | Sarla Overseas Holding Ltd. (SOHL)* |
|---------|------------------------------------|-----------------------------------|-------------------------------------|
| 1.      | Reporting Period                   | 1st April 2023 to 31st March 2024 | 1st April 2023 to 31st March 2024   |
| 2.      | Reporting Currency                 | USD                               | USD                                 |
| 3.      | Closing Exchange Rate              | 83.3739                           | 83.3739                             |
| 4.      | Avg. Rate                          | 82.7921                           | 82.7921                             |
| 5.      | Date of Acquisition/ Incorporation | 2012                              | 05/09/2006                          |
| 6.      | Issued & subscribed Share Capital  | 596.50                            | 196.99                              |
| 7.      | Reserves and Surplus               | -6017.67                          | -235.14                             |
| 8.      | Total Assets                       | 3309.93                           | 239.96                              |
| 9.      | Total Liabilities                  | 8731.10                           | 272.85                              |
| 10.     | Investments                        | -                                 | 1.94                                |
| 11.     | Revenue from Operation             | 0.06                              | 108.23                              |
| 12.     | Profit before Taxation             | -501.34                           | 65.45                               |
| 13.     | Provision for Taxation             | -                                 | -                                   |
| 14.     | Profit after Taxation              | -501.34                           | 65.45                               |
| 15.     | Proposed Dividend                  | -                                 | -                                   |
| 16.     | Extent of Shareholding (in %)      | 100%                              | 100%                                |
| 17.     | Country                            | USA                               | BVI                                 |

Note: Refer Note 49 & 50 of Consolidated Financial Statements

\*Sarlaflex INC and Sarla Overseas includes its 100% subsidiaries

#### Part B: Associate/ Joint Venture

(All amount in Rs. Lakhs, unless otherwise stated)

| Sr. No. | Particulars   | Name of Joint Venture                |                                 |                                 |
|---------|---|--------------------------------------|---------------------------------|---------------------------------|
|         |   | Sarla Tekstil Filament Sanayi Ve Tic | MRK S.A. De C.V.                | M/s Savitex, S.A. De C.V.       |
| 1.      | Latest audited Balance Sheet Date   | 31/03/2022                           | 31/03/2022                      | 31/03/2022                      |
| 2.      | Date of Acquisition   | 19/03/2010                           | 07/11/2009                      | 2009                            |
| 3.      | No. of Shares held  | 1620                                 | 100                             | 16000                           |
| 4.      | Amount of Investment  | 116.13                               | 45.29                           | 380.80                          |
| 5.      | Extent of Holding (in percentage)   | 45%                                  | 33.33%                          | 40%                             |
| 6.      | Description of how there is significant influence*                          | -                                    | -                               | -                               |
| 7.      | Reason why the joint venture is not consolidated*                           | -                                    | -                               | -                               |
| 8.      | Net worth attributable to Shareholding as per latest audited Balance Sheet* | -                                    | -                               | -                               |
| 9.      | Profit or Loss for the year   | Not considered in Consolidation      | Not considered in Consolidation | Not considered in Consolidation |
|         | i. Considered in Consolidation  |                                      |                                 |                                 |
|         | ii. Not Considered in Consolidation   |                                      |                                 |                                 |

Note: The above list does not include associate and the associate company of the subsidiary

As per our report of even date attached.

**For and on behalf of the Board of Directors**  
**Sarla Performance Fibers Limited**  
**CIN: L31909DN1993PLC000056**

Krishnakumar Jhunjunwala  
Managing Director  
DIN: 00097175

Neha Jhunjunwala  
Executive Director  
DIN: 07144529

Radhika Sharma  
Company Secretary and Compliance Officer  
ACS: 36616

Mumbai  
May 10, 2024

## SARLA PERFORMANCE FIBERS LIMITED

[CIN: L31909DN1993PLC000056]

**Registered Office:** Survey No. 59/1/4, Amla Piparia Industrial Estate, Silvassa, Union Territory of

Dadra & Nagar Haveli – 396230, India

**Tel:** 0260 – 3290467, **Fax:** 0260 – 2631356

**Email:** investors@sarlafibers.com , **Website:** www.sarlafibers.com

### NOTICE OF THIRTY FIRST ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the **THIRTY-FIRST ANNUAL GENERAL MEETING ('AGM')** of the Members of **SARLA PERFORMANCE FIBERS LIMITED** will be held on August 8, 2024, at 9:30 a.m. (IST) through Video Conferencing ('VC') or Other Audio-Visual Means ('OAVM') to transact the following businesses:

#### ORDINARY BUSINESS:

##### 1. To receive, consider and adopt

- Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2024 together with the Reports of the Board of Directors and Auditors thereon;
- Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2024 and the Report of Auditors thereon.

- To appoint a Director in place of Ms. Neha Jhunjunwala (DIN: 07144529), who retires by rotation and being eligible, offers herself for re-appointment.

#### SPECIAL BUSINESS:

##### 3. To consider and, if thought fit, ratify the remuneration payable to M/s. Kasina & Associates, Cost Accountants (Firm Registration Number: 104088), Cost Auditors of the Company for the Financial Year 2023-24 and 2024-25

*To consider and, if thought fit, to pass the following resolution as **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, and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s), amendment(s) and/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. Kasina & Associates, Cost Accountants, (Firm Registration No: 104088), who were appointed by the Board of Directors, as the Cost Auditors to conduct the audit of the cost records of the Company for the Financial Year 2023-24 & 2024-25, amounting to Rs. 95,000/- (Rupees Ninety-Five Thousand Only) per annum 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 necessary, desirable, or expedient for the purpose of giving effect to the above resolution and for the matters concerned or incidental thereto.”

##### 4. To consider and approve re-designation and re-appointment of Mr. Krishnakumar Jhunjunwala (DIN: 00097175) as the Executive Chairman and Managing Director of the Company

*To consider and, if thought fit, to pass the following Resolution as **Special Resolution***

**“RESOLVED THAT** in supersession of the resolutions passed and agreements entered into earlier thereto, pursuant to the provisions of Sections 2(51), 117(3) (c), 196, 197, 203 read with Schedule V and other applicable provisions, if any of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) (including any statutory amendment(s) or modification(s) thereto or substitution(s) or re-enactment(s) made thereof for the time being in force), and pursuant to the recommendation and approval of the Nomination and Remuneration Committee, Audit Committee and Board of Directors, consent of the members be and is hereby accorded for the re-designation and re-appointment of Mr. Krishnakumar Jhunjunwala (DIN: 00097175) as the “Executive Chairman and Managing Director in capacity of Whole Time Key Managerial Personnel (KMP)” of the Company, liable to retire by rotation for a term of five (5) years, commencing from October 1, 2024 to September 30, 2029, from his earlier designation as the “Managing Director” of the Company and, for the payment of remuneration and the same amount as minimum remuneration in the event of no profits / inadequacy of profits to Mr. Jhunjunwala for a period of three (3) years commencing from October 1, 2024 to September 30, 2027, on such terms and conditions, the details of which are given in the explanatory statement, annexed hereto to this Notice, and as may be set-out in the draft service agreement to be entered into in this regard, with liberty to the Board of Directors to alter and vary the terms and conditions

of the said appointment and / or remuneration and / or agreement, or any amendments thereto as may be mutually agreed to between the Board and Mr. Krishna Jhunjunwala subject to the approval of the members of the Company and subject to such other approvals of applicable authority(ies), if any, under the applicable law to such appointment / alteration(s) / variation(s) / amendment(s);

**RESOLVED FURTHER THAT** the Board of Directors and/or Key Managerial Personnel of the Company be and are hereby authorized to sign and execute such agreements, papers, letters, documents, etc. and 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.”

##### 5. To consider and approve re-appointment of Mr. Paulo Manuel Castro Ferreira Moura (DIN:08459844) as a Non-Executive Independent Director of the Company

*To consider and, if thought fit, to pass the following Resolution as **Special Resolution***

**“RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with Schedule IV of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 ('the Rules'), and Regulation 16 (1) (b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or any amendment(s) thereto, or any substitution(s) or any re-enactment(s) thereof, for the time being in force) as amended from time to time, and based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors vide resolution dated May 10, 2024, Mr. Paulo Manuel Castro Ferreira Moura (DIN: 08459844) be and is hereby re-appointed as a Non-Executive Independent Director of the Company, not liable to retire by rotation, for second consecutive term of five (5) years, with effect from May 23, 2024 to May 22, 2029;

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 197 and other applicable provisions, in any of the Companies Act, 2013 read with rules made there under (including any statutory amendment(s) or modification(s) thereto or substitution(s) or re-enactment(s) made thereof for the time being in force), Mr. Paulo Manuel Castro Ferreira Moura (DIN: 08459844) be paid such fees and and profit-related commission as the Board of Directors or the Nomination and Remuneration Committee may approve from time to time which shall however be subject to the limits prescribed in the Act from time to time;

**RESOLVED FURTHER THAT** the Board of Directors and/or Key Managerial Personnel of the Company be and are hereby authorized to sign and execute such agreements, papers, letters, documents, etc. and 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.”

##### 6. To approve ratification of appointment of Mr. Bharat K. Jhamvar (DIN: 00211297) as a Non-Executive Independent Director of the Company

*To consider and, if thought fit, to pass the following Resolution as **Special 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 LODR Regulations”) [including any statutory modification(s) or re-enactment(s) thereof, for the time being in force], and Articles of Association of the Company, 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 approved by members at Annual General Meeting held on September 21, 2023 by passing ordinary resolution, be and is hereby ratified by the members to hold office for a term of five (5) years upto August 09, 2028 and that he shall not be liable to retire by rotation;

**RESOLVED FURTHER THAT** the Board of Directors and/or Key Managerial Personnel of the Company be and are hereby authorized to sign and execute such agreements, papers, letters, documents, etc. and 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.”

##### 7. To consider and approve re-designation of Mr. Sachin Shashikant Abhyankar (DIN: 02760746) as a Non-Executive Independent Director of the Company

*To consider and, if thought fit, to pass the following Resolution as **Special Resolution***

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the rules, circulars and guidelines, as applicable from time to time and other applicable laws and Articles of Association of the Company, the Board of Directors on recommendation of the Nomination and Remuneration Committee,

approved the re-designation of Mr. Sachin Shashikant Abhyankar (DIN: 02760746) as the Non-Executive Independent Director of the Company, not liable to retire by rotation, for whom the Company has received declaration of Independence under Section 149(6) of the Act thereby making him eligible for re-designation as Independent Director for a term of five (5) years commencing from June 24, 2024 to June 23, 2029, subject to the approval of Members;

**RESOLVED FURTHER THAT** the Board of Directors and/or Key Managerial Personnel of the Company be and are hereby authorized to sign and execute such agreements, papers, letters, documents, etc. and 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.”

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

**Radhika Sharma**  
Company Secretary and Compliance Officer

Place: Mumbai  
Date: June 24, 2024

**Registered Office:**

Survey No. 59/1/4,  
Amla Piparia Industrial Estate, Silvassa,  
U.T. of Dadra & Nagar Haveli – 396230  
CIN: L31909DN193PLC000056  
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:**

1. The Ministry of Corporate Affairs (MCA) vide its General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020 and subsequent circulars issued in this regard, the latest being 09/2023 dated September 25, 2023 (collectively referred to as 'MCA Circulars') has permitted the holding of the Annual General Meeting (AGM) through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue. Further, the Securities and Exchange Board of India ('SEBI') vide its circulars dated May 12, 2020 and subsequent circulars issued in this regard, the latest being October 7, 2023 ('SEBI Circulars') has provided certain relaxations from compliance with certain provisions of the SEBI Listing Regulations. In compliance with the applicable provisions of the Companies Act, 2013 ('the Act'), the SEBI Listing Regulations and the MCA Circulars, the 31st AGM of the Company is being held through VC / OAVM on Thursday, August 08, 2024 at 9.30 a.m. (IST). The proceedings of the 31st AGM shall be deemed to be conducted at the Registered Office of the Company, which shall be the deemed venue of the AGM.
2. **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.**
3. 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.
4. 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, 6 & 7 is annexed hereto and forms a part of the Notice. The Board of Directors has considered and decided to include Item no. 3, 4, 5, 6 & 7 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 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 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. 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. 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.
9. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
10. 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.
11. 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.
12. In compliance with the aforesaid MCA Circulars and SEBI Circulars, the Notice of the AGM along with the Annual Report for the FY. 2023-24 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. 2023-24 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 2023-24 and Notice of the 31<sup>st</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.

13. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday August 02, 2024 to Thursday August 08, 2024 (both days inclusive) for the purpose of AGM for FY. 2023-24.
14. 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.
15. SEBI vide circular no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated November 3, 2021 has made it mandatory for all shareholders holding shares in physical form to furnish nomination details to the Company/ RTA. Shareholders 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 shareholder 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.

#### 16. 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. Accordingly, Shareholders are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the website of the Company and RTA. It may be noted that any service request can be processed only after the folio is KYC Compliant.

#### (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.

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

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

SEBI, vide its Master Circular dated May 17, 2023 and subsequent notifications thereto, had made it mandatory for holders of physical securities to furnish details of PAN, KYC (Postal Address, Mobile Number, E-mail, Bank Details, Signature) and Nomination / Optout of Nomination. In order to mitigate unintended challenges on account of freezing of folios and referring frozen folios to the administering authority under the aforesaid Acts, SEBI, vide its Circular dated November 17, 2023, has done away with the provision regarding freezing of folios lacking PAN, KYC, and Nomination details or referring them to the administering authorities. Further SEBI has mandated that with effect from April 1, 2024, dividend to security holders (holding securities in physical form), shall be paid only through electronic mode. Such payment shall be made only after furnishing the PAN, choice of nomination, contact details including mobile number, bank account details and specimen signature. In view of the above, we urge Members holding shares in physical form to submit the required forms along with the supporting documents at the earliest. The relevant forms are available on the website of Company and RTA. Further, relevant FAQs published by SEBI on its website can be viewed at the following link: [https://www.sebi.gov.in/sebi\\_data/faqfiles/jan-2024/1704433843359.pdf](https://www.sebi.gov.in/sebi_data/faqfiles/jan-2024/1704433843359.pdf)

##### (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.

18. 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

| Sr. No. | Financial Year         | Date of Declaration of Dividend | Last date of claiming dividend |
|---------|------------------------|---------------------------------|--------------------------------|
| 1.      | 2016-17 Final Dividend | 29-09-2017                      | 03-11-2024                     |
| 2.      | 2017-18 Final Dividend | 28-09-2018                      | 02-11-2025                     |
| 3.      | 2018-19 Final Dividend | 27-09-2019                      | 01-11-2026                     |
| 4.      | 2021-22 Final Dividend | 28-09-2022                      | 02-11-2029                     |

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 [rant.helpdesk@linkintime.co.in](mailto:rant.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.

19. SEBI vide its Circulars dated July 31, 2023, and August 4, 2023, read with Master Circular dated July 31, 2023 (updated as on August 11, 2023), has established a common Online Dispute Resolution Portal ("ODR Portal") for resolution of disputes arising in the Indian Securities Market. Pursuant to above-mentioned circulars, post exhausting the option to resolve their grievances with the RTA/ Company directly and through existing SCORES platform, the investors can initiate dispute resolution through the ODR Portal (<https://smartodr.in/login>).
20. 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.
21. 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.
22. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also

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.

advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned DP and holdings should be verified from time to time.

23. 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, August 01, 2024 through email on [investors@sarlafibers.com](mailto:investors@sarlafibers.com). The same will be replied by the Company suitably.
24. Members requiring information on the Audited Financial Statement for the year ended March 31, 2024 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.

#### I. 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 Circular, 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 - Partner 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 August 01, 2024 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 August 01, 2024.
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, August 05, 2024 at 9.00 A.M (IST)** and ends on **Wednesday, August 07, 2024 at 5.00 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, August 01, 2024**, 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 August 01, 2024.

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> </ol> |

| Type of shareholders  | Login Method  |
|---|---|
|   | <p>4. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</p> <p style="text-align: center;"><b>NSDL Mobile App is available on</b></p> <div style="display: flex; justify-content: center; gap: 20px;">   </div> <div style="display: flex; justify-content: center; gap: 20px; margin-top: 10px;">   </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 use 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> <li>3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol> |
| <b>Individual Shareholders (holding securities in demat mode) login through their depository participants</b> | <p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider 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.</p>   |

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

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

| Login type  | Helpdesk details   |
|---|--|
| <b>Individual Shareholders holding securities in demat mode with NSDL</b> | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at 022 - 4886 7000 and 022 - 2499 7000                    |
| <b>Individual Shareholders holding securities in demat mode with CDSL</b> | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33 |

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.  
*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*
4. Your User ID details are given below :

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

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

**Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**

**How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.

2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [cs@mayankarora.co.in](mailto:cs@mayankarora.co.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Institutional shareholders (i.e., other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on.: 022 - 4886 7000 and 022 - 2499 7000 or send a request to Mr. Rahul Rajbhar at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email [investors@sarlafibers.com](mailto:investors@sarlafibers.com).

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [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.

**II. 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.

**III. 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.

- Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM i.e. 09.15 a.m. (IST) and shall be closed after the expiry of 15 minutes from the end of the AGM.
- Members are encouraged to join the Meeting through Laptops for better experience.
- Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- 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.
- During the AGM, the Chairman will announce the start of voting through e-voting facility provided at the AGM.
- Members who need assistance before or during the AGM, can contact Mr. Rahul Rajbhar, Assistant Manager, NSDL on email ID: HYPERLINK "mailto: evoting@nsdl.co.in" evoting@nsdl.co.in or call on : 022- 48867000.
- 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.

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

- 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 August 01, 2024 (9:00 a.m. IST) to August 05, 2024 (5:00 p.m. IST).
- 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.
- Members should allow to use camera and are required to use Internet with a good speed to avoid any disturbance during the Meeting.
- 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.

#### V. OTHER INSTRUCTIONS:

- 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.
- Members, whose names appear in the Register of Members/Record of Depositories as on Thursday, August 01, 2024, 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.
- 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.
- 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.
- The Resolution shall be deemed to be passed on the date of AGM i.e. August 08, 2024 subject to receipt of sufficient votes.

#### EXPLANATORY STATEMENT

The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('the Act'), given hereunder sets out all the material facts relating to the Special Business mentioned at Item Nos. 3 to 7 of the accompanying Notice dated June 24, 2024.

#### ITEM NO. 3

The Board of Directors, on recommendations of the Audit Committee, had appointed M/s. Balwinder & Associates, Cost Accountants, (Firm Registration No: 000201), as the Cost Auditors of the Company, for the FY2023-24, vide its Resolution dated 13th May, 2023, 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 30th AGM Notice of the Company.

However, the Company received resignation from the said auditors on March 29, 2024, due to non-receipt of any communication from the previous auditor's i.e., M/s V.B Modi & Associates, in accordance with the provisions of clause (8) of Part 1 of the First Schedule to the Cost and Works Accountants Act, 1959.

Considering the casual vacancy caused in the office of Cost Auditors due to the resignation tendered, the Board of Directors vide their Board Meeting dated April 27, 2024, appointed M/s Kasina & Associates as the Cost Auditors in place of M/s. Balwinder & Associates to carry out Cost Audit for the Financial Year 2023-24 at a remuneration not exceeding Rs. 95,000/- (Rupees Ninety-Five Thousand Only) plus applicable taxes and out-of-pocket expenses at actual on submission of supporting bills.

Further, the Board of Directors vide its Board Meeting dated June 24, 2024 appointed same auditors for the forthcoming FY2024-25 at same remuneration of Rs. 95,000/- (Rupees Ninety-Five Thousand Only) plus applicable taxes and out-of-pocket expenses at actual on submission of supporting bills.

M/s. Kasina & Associates, Cost Accountants, have confirmed that they hold a valid certificate of practice under Section 6(1) of the Cost and Works Accountants Act, 1959.

In accordance with the provisions of Section 148(3) of the Act read with the Companies (Audit and Auditors) Rules, 2014, and the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) and/or re-enactment(s) thereof for the time being in force), the remuneration payable 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, consent of the Members is sought for ratification of the remuneration payable to the Cost Auditors.

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 passing of the Ordinary Resolutions as set out in Item No. 3 of this Notice for approval by the Members of the Company.

#### ITEM NO. 4

The Members at the 26<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> September, 2019, by way of Special Resolution had appointed Mr. Krishnakumar Jhunjunwala as the Managing Director of the Company for a period of 5 years with effect from October 1, 2019 to September 30, 2024. In this regard, the present term of Mr. Krishnakumar Jhunjunwala will cease on September 30, 2024.

Further, Members vide AGM held on same date had also appointed erstwhile Shri Madhusudan Jhunjunwala as the Chairman and Whole Time Director of the Company. Consequent to the vacancy in office of Chairman/Whole Time Director, the Board on recommendation of the Nomination and Remuneration Committee and Audit Committee, on May 10, 2024, approved the re-designation and re-appointment of Mr. Krishnakumar Jhunjunwala as the "Executive Chairman and Managing Director" in capacity of Whole Time Key Managerial Personnel (KMP), of the Company. for a term of five (5) years, commencing from October 1, 2024 to September 30, 2029 and fixation of remuneration and minimum remuneration for a period of three (3) years commencing from October 1, 2024 to September 30, 2027, in case of no profits / inadequacy of

profits, on such terms and conditions as may be agreed to between Mr. Krishnakumar Jhunjunwala and the Company, the details of which are mentioned as follows:

#### Remuneration:

- Base / Basic Salary: Rs. 6,14,817 (Rupees Six Lakh Fourteen Thousand Eight Hundred and Seventeen Only) per month, which shall however be subject to such annual increments as the Nomination and Remuneration Committee and / or the Board may determine and approve, from time to time.
- Supplementary Allowance: Rs. 5,77,775 (Rupees Five Lakh Seventy-Seven Thousand Seven Hundred and Seventy-Five Only) per month, which shall however be subject to such annual increments as the Nomination and Remuneration Committee and / or the Board of Directors may determine and approve, from time to time.
- Performance Bonus: As per the Company's Policy, there is no pre-specified increment. Bonus will be as per the Nomination and Remuneration Committee and / or the Board may in its absolute discretion determine and approve.
- Perquisites: In addition to Salary, Supplementary Allowance and Performance Bonus, Mr. Krishna shall be entitled to the following perquisites as per the rules of the Company, which will be subject to such annual increments as the Nomination and Remuneration Committee and / or the Board of Directors may determine and approve, from time to time
  - Housing: House Rent Allowance (H.R.A) of Rs. 3,07,408/- (Rupees Three Lakh Seven Thousand Four Hundred and Eight only) per month or Company provided/ leased accommodation. In case company provided / leased accommodation, the Company shall bear all rental costs, security deposit and local taxes, subject to such rentals, notional interest cost on the security deposit and taxes aggregating to Rs. 3,07,408/- (Rupees Three Lakh Seven Thousand Four Hundred and Eight Only) per month. The provision of residential accommodation by the Company to Mr. Krishna is however conditional upon his continuing in employment with the Company as Executive Chairman and Managing Director and the use and occupation of the same by Mr. Krishna shall cease immediately upon his ceasing to be in the employment of the Company as Chairman and Managing Director for any reason whatsoever. Further, it will be subject to such annual increments as the Nomination and Remuneration Committee and / or the Board of Directors may determine and approve, from time to time.
  - Annual Leave: Administration of this Leave will be in accordance with the Rules and Regulations of the Company for the time being in force. Mr. Krishna is entitled to a Leave allowance of Rs. 4,30,372 (Rupees Four Lakh Thirty Thousand Three Hundred and Seventy-Two only).

- iii. Any other benefit / perquisite as may be determined by the Nomination and Remuneration Committee and / or the Board of Directors at its discretion from time to time.
- iv. Retirement Benefits: Company's contribution to Gratuity payable as per the rules of the Company for the time being in force. The value of such benefits shall not be included in the computation of the ceiling on the remuneration or perquisites aforesaid.
- v. Income-Tax, if any, on or in respect of the entire remuneration payable to Mr. Krishna shall be borne and paid by him.

All the aforementioned remuneration components payable to Mr. Krishnakumar Jhunjhunwala shall be subject to such revision or adjustments as per the extant Income Tax law, Rules and Regulations.

**Other terms (in brief):**

Notwithstanding anything herein contained, it is expressly agreed and understood that:

1. The total remuneration and perquisites payable by the Company to Mr. Krishna, including salary, other allowance, performance bonus and perquisites as aforesaid shall be subject to, the overall ceiling on managerial remuneration prescribed in the Act, unless otherwise approved by the Shareholders. The audited accounts of the Company shall be final and conclusive evidence with regard to the determination of the Company's net profits computed in the manner prescribed under the Act.
2. Where, in any financial year during the tenure of Mr. Krishna's employment as an Executive Chairman and Managing Director with the Company, the Company has no profits or its profits are inadequate, the aforesaid remuneration (consisting of all his fixed and variable pay) payable by the Company to Mr. Krishna shall be paid as "minimum remuneration", subject to approval by the Members of the Company.
3. The Board of Directors may increase, augment and / or enhance or vary the remuneration agreed to be paid from time to time to Mr. Krishna subject to and in accordance with the applicable provisions of the Act and/ or approval issued, if so required, by other appropriate authority in that behalf as in force and as amended from time to time.
4. Notwithstanding anything to the contrary herein contained:  
Computation of Gross Salary will include all packages of remuneration, including perquisites but shall be exclusive of bonus/ commission, paid if any, during the financial year.
5. Change in the ownership / effective control of the Management:  
In the event of a change in the ownership / effective control of the Management of the Company taking place during the continuance of the appointment, the Company shall be entitled to pay Mr. Krishna

as compensation for loss of office of Executive Chairman and Managing Director amount of compensation equal to his last drawn salary for a period of 12 (twelve) months, or such other period as may be agreed to between the Board and Mr. Krishna, pursuant to the provisions of the Companies Act, 2013, exclusive of performance bonus.

No such payment shall however be made to Mr. Krishna in the event of the commencement of the winding up of the Company, whether before, or at any time within 12 (twelve) months after, the date on which he ceased to hold office, if the assets of the Company on the winding up, after deducting the expenses thereof, are not sufficient to repay to the shareholders of the Company, the Share Capital (including the premiums, if any) contributed by them.

For the purpose of this Clause, the term "change in effective control" of the Management of the Company shall mean change in designation from the existing position as Executive Chairman Managing Director.

Mr. Krishnakumar Jhunjhunwala aged Sixty-Two (62) years holds a bachelor's degree in commerce from the University of Mumbai and has more than thirty (30) years of rich and diversified experience in Textile Industry and Manufacturing Segment. He entered the business of textiles at the age of twenty-one (21) and is engaged in production, planning, marketing and other day-to-day operations relating to our business. Mr. Krishnakumar holds direct responsibility for the Company's P&L, Strategic Planning, nurturing and building key relationships as well as building a sustainable growth-oriented organization that maximizes value for all its stakeholders. The Company admires the calibre, sharp commercial acumen and the in-depth knowledge Mr. Krishna holds. His vision to operate in the business segments of Textiles, Wind Power Generation and Manufacturing through production and global export of High-Performance Fibers, textured Polyester Yarn, Textured Nylon Stretch Yarn, High Bulk Textured Polyester Yarn, Sewing Thread, Specialty Sewing Threads, High-Tenacity Covered Dyed Yarns and Threads has been instrumental in transforming our Company to its present position of strength. Considering the above parameters and Mr. Krishnakumar Jhunjhunwala's rich and varied experience in the industry, the Board of Directors is of the opinion that his continued association with the Company would be of immense benefit and hence the same is hereby recommended for approval of Shareholders.

As on the date of Notice Mr. Krishnakumar holds 32,69,000 Equity Shares in the Company.

Mr. Krishnakumar Jhunjhunwala is not disqualified from being appointed as Director in terms of Section 164 of the Act. Further, he is not debarred from holding of office by the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), Reserve Bank of India (RBI) or any such regulatory authority.

Save and except as provided in the foregoing paragraph, Mr. Krishnakumar Jhunjhunwala satisfies all the other conditions set out in Part-I of Schedule V to the Act as also conditions set out under subsection (3) of Section 196 of the Act for being eligible for his re-appointment.

Additional information in respect of Mr. Krishnakumar Jhunjhunwala, pursuant to Regulation 36 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2), is given at **Annexure I** to this Notice.

The statement of disclosures pursuant to Part B of Section II of Part II of Schedule V of the Companies Act, 2013 is as under:

**I. General Information:**

- A) Nature of industry – The Company belongs to Textile Industry particularly engaged in manufacturing, production and export of High-Performance Fibers, textured Polyester Yarn, Nylon Stretch Yarn, High Bulk Textured Polyester Yarn, Sewing and Specialty Sewing Threads.
- B) Date or expected date of commencement of commercial production- The Company is carrying on business since its incorporation dated November 23, 1993.
- C) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus – N.A.

**II. Information about the Appointee**

| Sr. No. | Particulars        | Details  |
|---------|--------------------|--|
| 1)      | Background details | Mr. Krishnakumar Jhunjhunwala aged 62 years holds a bachelor's degree in Commerce from University of Mumbai and has more than thirty (30) years of rich and diversified experience in the Textile Industry. He entered the business of textiles at the age of Twenty-One (21) and is engaged in production, planning, marketing and other day-to-day operations relating to our business.<br>Mr. Krishnakumar holds direct responsibility for the Company's P&L, Strategic Planning, nurturing and building key relationships as well as building a sustainable growth-oriented organization that maximizes value for all its stakeholders.<br>His vision to operate in the business segments of Textiles, Wind Power Generation and Manufacturing through production and global export of High-Performance Fibers, textured Polyester Yarn, Textured Nylon Stretch Yarn, High Bulk Textured Polyester Yarn, Sewing Thread, Specialty Sewing Threads, High-Tenacity Covered Dyed Yarns and Threads has been instrumental in transforming our Company to its present position of strength.<br>He actively participates in the key financial and strategic decisions of our Company.<br>Mr. Krishnakumar Jhunjhunwala joined the Board of Sarla Performance Fibers Limited with effect from 14 <sup>th</sup> June, 1994. |
| 2)      | Past remuneration  | Rs. 1.80 Lacs for Financial Year ended March 31, 2024.   |

D) Financial performance based on given indicators – Financial Performance of the Company (Standalone figures)

(Rs in Lakhs)

| Particulars                       | For the Financial Year Ended 31.03.2024 | For the Financial Year Ended 31.03.2023 |
|-----------------------------------|---|---|
| Gross Revenue                     | 40256.42                                | 39577.74                                |
| Profit / (Loss) Before Income Tax | 4948.75                                 | 3966.26                                 |
| Less: Provision for Taxation      | 1233.51                                 | 1085.09                                 |
| Current Tax                       | 1135.81                                 | 1,119.45                                |
| Deferred Tax                      | 79.78                                   | (128.74)                                |
| Net Profit/ (loss) after Tax      | 3715.24                                 | 2881.17                                 |

E) Foreign investments or collaborations, if any - The Company has the following foreign investments/ collaborations as on date of this Notice:

| Sr. No. | Name of Company where invested | Type of Investment | No. of Securities | Amount in INR Equivalent (in Lakhs) |
|---------|--------------------------------|--------------------|-------------------|-------------------------------------|
| 1       | Sarlaflex INC                  | Equity Shares      | 9,89,000          | 596.4974                            |
| 2       | Sarlaflex INC                  | Preference Shares  | 11                | 7824.85                             |
| 3       | Sarla Overseas Holding Ltd.    | Equity Shares      | 4,35,000          | 183.222                             |

| Sr. No. | Particulars   | Details   |
|---------|---|---|
| 3)      | Recognition or awards   | The Company has gained multiple recognition and awards during Krishna Jhunhunwala tenure.   |
| 4)      | Job profile and his Suitability   | Mr. Krishna's current term of appointment as a Managing Director of the Company will expire on 30 <sup>th</sup> September 2024. Considering his rich, in-dept and diversified knowledge in various aspects relating to the Company's affairs and long business experience, the Board of Directors are of the opinion that for smooth and efficient running of the business, the services of Mr. Jhunhunwala should be availed.  |
| 5)      | Remuneration proposed   | As mentioned in the explanatory statement – Item No. 4  |
| 6)      | Comparative remuneration profile with respect to industry, size of the company, profile of the position and person    | The remuneration offered to Mr. Jhunhunwala is at par with the industry norms. The Board of Directors considered that the remuneration paid to him is justified, commensurate with other organisations of the similar type, size and nature.  |
| 7)      | Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any | Apart from managerial remuneration he does not have any other pecuniary relationship with the company and managerial personnel of the company, except, Company has entered into certain related party transactions with some concerns in which he is interested, details of which have been given in the Financial Statements of the Company under related party disclosures and his relationship with Ms Neha Jhunhunwala and Mr. Kanav Jhunhunwala, Directors of the Company. |

### III. Other information:

- Reasons of loss or inadequate profits: Due to increase competition from local and global players operating in the textile industry.
- Steps taken or proposed to be taken for improvement: Company has developed good industrial relations and also has an internal control system, commensurate with the size, scale of its operations and based on the report of internal control functions, process owners undertake recommended actions in their respected areas and thereby strengthen the controls.
- Expected increase in productivity and profits in measurable terms: The aforesaid steps taken/to be taken by the Company are expected to improve the Company's performance and profitability in the future.

Accordingly the Board of Directors recommends the passing of the Special resolution as set out in the item no. 4 of the Notice.

None of the Directors except Mr. Kanav Jhunhunwala and Ms. Neha Jhunhunwala and the key managerial personnel and their relatives is interested or concerned in the resolution except Mr. Krishna Jhunhunwala and his relatives.

A copy of the board resolution for redesignation and reappointment of Mr. Krishnakumar Jhunhunwala will be available on the Company's website at [www.sarlafibers.com](http://www.sarlafibers.com) till the last date of e-voting by the Members.

#### ITEM NO. 5

The Company had in 26th Annual General Meeting, appointed Mr. Paulo Manuel Castro Ferreira Moura (DIN:08459844) as a Non-Executive Independent Director of the Company for the term of five (5) years of the Company with effect from May 23, 2019 to May 22, 2024.

The aforesaid tenure of Mr. Paulo Manuel Castro Ferreira Moura (DIN:08459844) was completed on May 22, 2024. Pursuant to the provisions of Sections 149(10), 152 and the Rules made there under read with Schedule IV of the Companies Act, 2013 an independent director can hold office for a term up to five (5) consecutive years on the board of a company and he is eligible for re-appointment for a second term of consecutive 5 Years on passing of a Special Resolution by the Company.

Based on the above and on the recommendations of the Nomination & Remuneration Committee ('the Committee'), and on the basis of the report of performance evaluation the Board of Directors of the Company ('the Board') at its meeting held on May 10, 2024, re-appointed Mr. Paulo as Independent Directors of the Company with effect from May 23, 2024 for the second term of 5 consecutive years, subject to the approval of Members of the Company.

The Committee and the Board are of the view that, given the knowledge, experience and performance of Mr. Paulo and the contributions made by him on Board, his continued association would benefit the Company.

He is not disqualified from being appointed as a director in terms of Section 164 of the Companies Act, 2013 ('the Act'), and has given his consent to act as Director. Declarations have also been received from Mr. Paulo that he meets the criteria of Independence prescribed under Section 149(6) of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014.

In the opinion of the Board, Mr. Paulo fulfils the conditions for appointment as an Independent Directors as specified in Section 149(6) of the Act. Accordingly, the Board recommends the Resolutions set out in item no. 5 of this Notice of AGM in relation to re-appointment of Mr. Paulo as a Non-Executive Independent Director, for approval of the Members of the Company.

The Independent Directors shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose as may be decided by the Board, reimbursement of expenses for participating in the Board and other meetings. Copy of draft letter of appointment of Mr. Paulo setting out the terms and conditions of appointment is available for inspection by the members electronically at the website of the Company - [www.sarlafibers.com](http://www.sarlafibers.com)

As of the date of this notice, Mr. Paulo does not hold any shares in the Company.

Except Mr. Paulo, being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company are concerned or interested, financial or otherwise, in the Resolution set out at Item No. 5.

#### ITEM NO. 6

The Members of the Company, at the 30th Annual General Meeting of the Company, held on September 21, 2023, considered and approved appointment of Mr. Bharat K. Jhamvar (DIN: 00211297) a Non-Executive Independent Director of the Company, effective from August 10, 2023. The Resolution for the appointment of Mr. Bharat Jhamvar was passed by the Members with an overwhelming majority.

Mr. Bharat Jhamvar (DIN: 00211297) was appointed as an Additional Independent Director of the Company with effect from August 10, 2023. Your Board proposed and members approved to regularize his appointment and appointed him as an Independent Non-Executive Director of the Company under Section 149 and 161(1) of the Act for a term of 5 (Five) Years, commencing from August 10, 2023 upto August 9, 2028, not liable to retire by rotation at the Annual General Meeting of the Company held on September 21, 2023 by way of an Ordinary Resolution.

Mr. Bharat Jhamvar is not disqualified from being appointed as a Director in terms of Section 164 of the Act. The Company had received notice in writing from Mr. Bharat Jhamvar proposing his candidature for the office of Director of the Company and declaration that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 at the time of his regularization in the Annual General meeting held on September 21, 2023.

In the opinion of the Board, Mr. Bharat Jhamvar fulfils the conditions specified under the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the Listing Regulations for his appointment as an Independent Director.

However, pursuant to Regulation 25(2A) of the SEBI (LODR) Regulations, 2015 appointment of an Independent Director of a listed entity shall be subject to the approval of shareholders by way of a Special Resolution. Accordingly, your Board recommends to the members, ratification of appointment of Mr. Bharat K. Jhamvar as a Special Resolution set out at item no. 6 for approval of the members.

Additional information in respect of Mr. Bharat K. Jhamvar, pursuant to Regulation 36 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2), is given at **Annexure 1** to this Notice.

Except Mr. Bharat Jhamvar (DIN: 00211297) and his relatives, none of the Directors or Key Managerial Personnel of the Company and their relatives, are concerned or interested, financially or otherwise, in the resolution set out at item no. 6 of the accompanying notice of the Annual General Meeting.

#### ITEM NO. 7

The Members of the Company, at the Annual General Meeting of the Company, held on September 21, 2023, considered, and approved appointment of Mr. Sachin Shashikant Abhyankar (DIN: 02760746) as the Non-Executive Non- Independent Director, effective from August 10, 2023. The Resolution for the appointment of Mr. Sachin Abhyankar (DIN: 02760746) was passed by the Members with an overwhelming majority.

The Nomination and Remuneration Committee ("NRC") of the Company, at its meeting held on June 24, 2024, unanimously recommended to the Board of Directors ("Board"), the re-designation of Mr. Sachin Shashikant Abhyankar (DIN: 02760746) as an Independent Director of the Company, for a term of five (5) years commencing with effect from June 24, 2024 to June 23, 2029 (both dates inclusive).

The NRC, while recommending the re-designation of Mr. Sachin Abhyankar, considered various factors, viz., the number of Board, Committee and General Meetings attended by him, his knowledge & experience, strategic & financial skills thereby helping the Board and the Company in attaining its objectives; his participation in the Board/ Committee deliberations; specialized skills and expertise and his independent judgment in opinion of the entire Board.

Based on the recommendations made by the NRC as stated above, the Board of Directors at its meeting held on June 24, 2024, approved re-designation of Mr. Sachin Shashikant Abhyankar (DIN: 02760746), for term of five (5) years commencing with effect from June 24, 2024 to June 23, 2029, not liable to retire by rotation. The remuneration payable to Mr. Sachin Abhyankar shall be governed by the Remuneration Policy of the Company and shall be in line with Companies Act, 2013 and SEBI Regulations.

The Company has received a notice in writing under Section 160 of the Companies Act, 2013 ("the Act") from a Member proposing the candidature of Mr. Sachin Abhyankar for appointment (re-designation) as Independent Director of the Company. Further, Mr. Sachin Abhyankar has also given his consent to be appointed (redesignated) as such and the confirmation that he is not disqualified to act as Director in terms of Section 164 of the Act.

Besides, he has also provided a confirmation under Section 149(7) of the Act that he meets the criteria of independence as prescribed, both, under Section 149(6)

of the Act read with relevant Rules and under Regulation 16 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and he is independent of the management.

Mr. Sachin Abhyankar has also confirmed that he has not been debarred from holding the office of a director by virtue of any Order passed by SEBI or any other such authority. Further, Mr. Sachin Abhyankar has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties as an Independent Director of the Company.

Due to his strong credentials, vast experience, diverse knowledge of the Accountancy Profession and business of the Company, who meets the criteria for independence as provided in the Act and 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. The Board considers that redesignation of professional like Mr. Sachin Abhyankar as Independent Director would immensely benefit the Company and therefore, recommends obtaining approval of the Members as a Special Resolution for redesignation of Mr. Sachin Abhyankar as Independent Director.

The copy of terms and conditions of re-designation of Mr. Sachin Abhyankar as an Independent Director would be made available for inspection by the Members on the Company's website at www.sarlafibers.com till the last date of e-voting by the Members.

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 1** to this Explanatory Statement and should be taken and read as part hereof.

Except Mr. Sachin none of the other Directors and Key Managerial Personnel of the Company or their relatives, are in any way, concerned or interested, financially or otherwise in the said Special Resolution, set out at Item No. 7 of this Notice. None of the Directors and Key Managerial Personnel of the Company are inter-se related to each other. Mr. Sachin Abhyankar along with his relatives do not hold any shares or for any other person on a beneficial basis in the Company.

The Board recommends the Special Resolution as set forth in Item No. 7 in the Notice for the approval of the Members.

## ANNEXURE 1

### DETAILS OF DIRECTORS RETIRING BY ROTATION / SEEKING APPOINTMENT / RE-APPOINTMENT AT THE 31st AGM OF THE COMPANY

[Pursuant to Regulation 36(3) of SEBI Listing Regulations and Secretarial Standard- 2 on General Meetings]

| Name of the Director                                | Ms. Neha Jhunjhunwala   | Mr. Sachin Shashikant Abhyankar   | Mr. Bharat K. Jhamvar   |
|---|---|---|---|
| Director Identification Number                      | 07144529  | 02760746  | 00211297  |
| Nationality   | Indian  | Indian  | Indian  |
| Date of Birth and Age                               | February 22, 1989 (35 years)  | January 8, 1973 (50 years)  | July 21, 1972 (51 years)  |
| Qualifications                                      | Bachelor's degree in Management Studies from the University of Mumbai and Master's degree in Marketing & Strategy, from the University of Warwick, London.  | 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                            | Ms. Neha Jhunjhunwala brings a great deal of experience to the table. She has been associated with the Company since 2010. Neha's flair for multitasking spans across various functions in the organization namely from plant operations to Human Resources and Marketing to Sales. | Mr. Sachin Abhyankar has built a career spanning 24 years in the field of wealth management and investment. Currently, Mr. Abhyankar provides 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 | Ms. Neha Jhunjhunwala will be reappointed as Executive Director, liable to retire by rotation.  | Mr. Sachin Abhyankar is proposed to be re-designated as Non-Executive Independent Director for five (5) consecutive years with effect from June 24, 2024 up to and including June 23, 2029, whose office would not be liable to retire by rotation. Independent directors are entitled to sitting fees for attending meetings of the Board & Committees.  | Mr. Bharat Jhamvar's appointment is proposed to be ratified as Non-Executive Independent Director for five (5) consecutive years effective from August 10, 2023 upto and including August 09, 2028, whose office would not be 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              | March 31, 2015  | August 10, 2023   | August 10, 2023   |

| Name of the Director   | Ms. Neha Jhunjunwala  | Mr. Sachin Shashikant Abhyankar   | Mr. Bharat K. Jhamvar   |
|--|---|---|---|
| Shareholding in the Company as on March 31, 2024             | 4,000 Equity shares   | --  | --  |
| Relationship with other Directors / Key Managerial Personnel | Ms. Neha belongs to the Promoter Group. She is the daughter of Mr. Krishnakumar Jhunjunwala, Managing Director and sister of Mr. Kanav Jhunjunwala, Executive Director. | Mr. Sachin is not related to any Director/ Key Managerial Personnel of the Company. | Mr. Bharat is not related to any Director / Key Managerial Personnel of the Company.  |
| *Directorships/ Chairmanship of other Boards                 | Nil   | Nil   | 1) Affordable Robotic & Automation Limited<br>2) Subhash Chemical Industries Private limited<br>3) Jorinco Specialities Private Limited<br>4) Suttatti Enterprises Private Limited<br>5) Sameya Cosmetics Private Limited |
| **Memberships/ Chairmanship in other Companies               | Nil   | Nil   | <b>Audit committee Member</b> - Affordable Robotic & Automation Limited   |

| Name of the Director           | Mr. Krishnakumar Jhunjunwala   | Mr. Paulo Manuel Castro Ferreira Moura  |
|--------------------------------|--|---|
| Director Identification Number | 00097175   | 08459844  |
| Nationality                    | Indian   | Portuguese  |
| Date of Birth and Age          | February 15, 1962 (62 years)   | December 7, 1964 (59 years)   |
| Qualifications                 | Qualified Commerce graduate from the university of Mumbai  | He successfully passed the Secondary School and possess a wealth of practical knowledge, skills and experience acquired through hands on learning and real world challenges.  |
| Experience and Expertise       | Mr. Krishnakumar Jhunjunwala aged 62 years holds a bachelor's degree in Commerce from University of Mumbai and has more than thirty (30) years of rich and diversified experience in the Textile Industry. He entered the business of textiles at the age of twenty-one (21) and is engaged in production, planning, marketing and other day-to-day operations relating to our business.<br><br>Mr. Krishnakumar holds direct responsibility for the Company's P&L, Strategic Planning, nurturing and building key relationships as well as building a sustainable growth-oriented organization that maximizes value for all its stakeholders.<br><br>He actively participates in the key financial and strategic decisions of our Company.<br><br>Mr. Krishnakumar Jhunjunwala joined the Board of Sarla Performance Fibers Limited with effect from June 14, 1994. | Mr. Paulo brings a wealth of knowledge about global markets, having navigated diverse cultural landscapes and emerging trends. He possess a deep understanding of consumer behavior, market dynamics, and competitive landscapes across international markets. His extensive experience and global market knowledge helps the company to develop innovative marketing strategies, identify growth opportunities, and drive brand visibility and engagement on a global scale. |

| Name of the Director   | Mr. Krishnakumar Jhunjunwala   | Mr. Paulo Manuel Castro Ferreira Moura   |
|--|--|--|
| Terms and Conditions of appointment/ re-appointment          | As mentioned in Explanatory Statement – Item No. 4   | Mr. Paulo is proposed to be re-appointed as an Independent Non-Executive Director for second term of five (5) consecutive years from May 23, 2024 upto and including May 22, 2029, not liable to retire by rotation.<br><br>Independent directors are entitled to sitting fees for attending meetings of the Board & Committees. |
| Date of first appointment on the Board                       | June 14, 1994  | May 23, 2019   |
| Shareholding in the Company as on 31/03/2024                 | 32,69,000 Equity shares  | Nil  |
| Relationship with other Directors / Key Managerial Personnel | Mr. Krishna belongs to the Promoter Group. He is father of Ms. Neha Jhunjunwala and Mr. Kanav Jhunjunwala, Executive Director's. | Mr. Paulo is not related to any Director / Key Managerial Personnel of the Company.  |
| *Directorships/ Chairmanship of other Boards                 | Nil  | Nil  |
| **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.

None of the Directors mentioned above are debarred from holding office from holding of office by the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), Reserve Bank of India (RBI) or any such regulatory authority.

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

**Radhika Sharma**  
Company Secretary & Compliance Officer

Place: Mumbai  
Date: June 24, 2024

**Registered Office:**  
Survey No. 59/1/4,  
Amlipiparia Industrial Estate, Silvassa,  
U.T. of Dadra & Nagar Haveli – 396230  
Tel: 0260-3290467, Fax: 0260 – 263135  
Email: [investors@sarlafibers.com](mailto:investors@sarlafibers.com)  
Website: [www.sarlafibers.com](http://www.sarlafibers.com)





### **REGISTERED OFFICE**

Sarla Performance Fibers Limited  
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;  
E-mail: [investors@sarlafibers.com](mailto:investors@sarlafibers.com);  
Website: [www.sarlafibers.com](http://www.sarlafibers.com)



A Journey of  
Threading Excellence