Sarla Performance Fibers Ltd.
304, Arcadia, 195, Nariman Point, Mumbai 400021
(O)+91 22 2283 4116/6632 4038
(O)+91 22 4032 2786-4032 2795
(F) +91 22 2285 1728
info@sarlafibers.com
CIN : L31909DN1993PLC000056

SARLA PERFORMANCE FIBERS

www.sarlafibers.com

Date: 7th September, 2021

SPFL/ 2021-2022

BSE Limited

Corporate Relationship Department
1st Floor, New Trading Ring,
Phiroze Jeejeebhoy Towers, Dalal Street,
Fort, Mumbai – 400001
Fax No.: 2272 3121 / 2272 2037
Security Code: 526885

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor,
Bandra Kurla Complex,
Bandra (East),
Mumbai – 400051
Fax No.: 2659 8348 / 2659 8237
Symbol: SARLAPOLY

Dear Sir / Madam,

Sub: Submission of Annual Report for the Financial Year 2020-2021 of Sarla Performance Fibers Limited

In terms of the provisions of Regulation 30 and Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Annual Report of the Company for the Financial Year 2020-2021 along with Notice convening Twenty Eighth Annual General Meeting of the Members of the Company to be held on Wednesday, 29th September, 2021 at 10.30 a.m. at the Registered Office of the Company situated at Survey No.59/1/4, Amli Piparia Industrial Estate, Silvassa - 396 230 (D. & N. HAVELI).

The Annual Report for the Financial Year 2020-2021 is also available on the Company's website at www.sarlafibers.com.

Kindly take the same on your records.

For **Sarla Performance Fibers Limited**

Sarla Performance Fibers Limited

Mahendra Sheth
Company Secretary and Chief Financial Officer

Encl.: As above

UNTEXTILE

HOW WE REWROTE EVERY RULE OF SURVIVAL IN
THE TEXTILE SECTOR – AND SUCCEEDED

SARLA
PERFORMANCE FIBERS

BRAND REPORT 2020-21
SARLA PERFORMANCE FIBERS LIMITED

Disclaimer

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions.

The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should kindly bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

CONTENTS

"The wise work for the welfare of the world,
without thought for themselves."

Bhagwad Gita (Chapter 3, verse 25)

MADHUSUDAN JHUNJHUNWALA

1941 - 2021

Madhusudan Jhunjhunwala was more than the Chairman of Sarla Performance Fibers.

He was our source of inspiration, ethical anchor and reference point.

He conducted his business and life at the highest standard of integrity; he was a generous host; he was accessible to all irrespective of their economic status; he heard criticism and dissent with patience and dignity; he advocated the enduring values of perseverance.

His values extended beyond the book; they have permeated into the way we do business at Sarla Performance Fibers; they will continue to inspire us way beyond his physical presence.

"In his last days, he told me three things: speak with everyone with love and sweetness, never with a high tone; remain positive in adversities; and read the Bhagavad Gita. A few months ago, we were discussing birth, death and rebirth; he said with conviction: this is my last life and after this I will return to God. This gives me peace because I know that he is with God. I am happy that such a great person came into our lives and taught us so much."

Kanav Jhunjhunwala, grandson

UNTE

XTILE

At Sarla, Untextile is not a product, tactic or strategy.

It is a mindset.

A mindset that encounters challenges and perceives ‘opportunity’.

A disposition that encounters convention and asks ‘Why can’t we do it differently?’

A fabric that does not encounter the unusual and ask ‘Why?’ but responds with ‘Why not?’

And that has made all the difference.

UNTEXTILE AND SARLA.

HOW WE HAVE SUCCEEDED ACROSS THE DECADES

They said, 'You will need to borrow substantially to survive in a competitive textile sector.'

We do not have any long-term debt for our textiles business, growing it with our earnings and emerging as a net-cash company in a capital-intensive business instead.

They said, 'The business is of high volumes, low margins and cyclicality.'

We focused on low volumes and high margins, emerging as a relatively non-cyclical company instead.

They said, 'You will need to engage a large marketing team to liquidate a large quantity of yarn.'

We created a focused and passionate marketing team headed by the Managing Director to address customers the world over instead.

They said, 'Success in this business will be based on the quantum of capital that one can aggregate.'

We focused on building a business that would generate annuity revenues from relationship-driven customer accounts instead.

They said, 'The textile sector is generally marked by commodity products where the company that prices lowest usually succeeds.'

We created a company where we developed speciality products and focused on maximising realisations instead.

They said, 'Success in the textile sector is all about making the largest quantity of a few standardised products.'

We focused on the manufacture of moderate volumes of a range of customised products instead.'

1
PERSONALITY & PERFORMANCE


You slip into your innerwear brief.
You wear a T-shirt.
You wear your socks.
You move into your shoes.



You slide into your car seat.

You dive into your mattress.

You draw the quilt up to your chin.

You utilise a bandage (medical or crepe).


In every single of the actions shown on the previous page, life has been touched by speciality nylon or polyester yarns and threads.

In most cases, these yarns would have been manufactured by one company.

Sarla Performance Fibers Limited.

Made in India.
Delivered across more than 60 countries.

Background

Sarla Performance Fibers Limited (formerly Sarla Polyester Limited) comprises three manufacturing facilities in Silvassa, Dadra and Vapi in Western India, of which the Silvassa facility is an 100% export oriented unit. The company is engaged in the manufacture and export of polyester and nylon textured, twisted and dyed yarns, covered yarns, high tenacity yarns and sewing threads.

Beginning as a manufacturer of commodity yarns, the company shifted focus and established itself as a manufacturer of specialised and higher value-added yarns.

The company is managed by the promoter Mr. Krishna Jhunjhunwala, who is also Managing Director. The Company, a balance of family promoters, professional management and listed discipline, enjoys respect for quality, credibility and sustainability.

Our products and applications

Applications: Narrow fabrics, hosiery applications, medical bandages, knitted and denim fabrics, leather goods, soft luggage, automotive seat belts and trims, automotive air bags and upholstery etc.

Yarn products: High tenacity, low shrinkage, covered spandex and lycra yarns

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

Locations

The company's head office is located in Mumbai, India, and manufacturing facilities 160 Km outside Mumbai in Silvassa, Dadra and Vapi. Sarla Europe, LDA is based in Portugal. This subsidiary is located on the western coast of the continent, making it possible for it to service European and South American customers with speed.

Manufacturing facilities

The company's plants are vertically integrated from spinning to the latest technology for high bulk high stretch polyester and nylon muffs to its yarn dyeing plant, in-house bonding and kingspool winding.

This complement of activities makes it possible for the company to produce more than 250 varieties of value-added yarns and threads.

The company comprises the largest capacity of air covering, single and double conventional covering yarns in India.

The upgraded dyeing facility in Vapi is equipped with the latest technology to dye the perfect color in any fiber from stretch nylon to textured sewing thread to high tenacity yarns.

The company's laboratory develops multiple new colours on an average every single day. Our dye batch size ranges from 1 Kg to 500 Kg; automated dyeing vessels and systems ensure that dyeing procedures are implemented correctly each time, resulting in the perfect shade.

The company possesses an installed capacity of 11,900 Tons per annum for manufacturing yarns & 20 Tons per day Nylon POY in Silvassa, 3,000 Tons per annum high tenacity twisting at Dadra and 3,200 Tons per annum for a Dyeing unit at Vapi.

Our certifications

Sarla is a respected global producer with its processes and discipline benchmarked in line with the most credible certifications like ISO 9001: 2015 Certificate, Oeko-Tex Standard 100 and Global Recycle Standard (GRS) Certificate.

Our awards

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 the year 2015 at the Dun & Bradstreet (D&B) SME Excellence Awards hosted 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 hosted in New Delhi.

2012 Best Export Oriented Unit: (SSI Category – Textile & Textile Product) by Export Promotion Council for EOU & SEZ Units.

Our marquee clients (Direct and inderect)

NIKE · adidas · FRUIT OF THE LOOM · TOMMY HILFIGER · PRADA · JW MARRIOTT · TARGET · Massimo Dutti · JOCKEY · ck Calvin Klein · ZARA · Walmart · DECATHLON · Hanes

The Company market its yarn to intermediaries who market to some of the prominent brands listed here (referred to as indirect clients)

Milestones

1993

Sarla Polyester Private Limited (SPL) was formed with the status of a 100% Export Oriented Unit (EOU).

1995

Established its first manufacturing unit in Silvassa at the Amli Piparia Industrial Area for polyester textured yarn. SPL was listed on Bombay Stock Exchange Limited (BSE).

1996

Established an in-house dyeing plant in Vapi, Gujarat

1997

Introduced its second core product - Nylon textured / twisted and dyed yarn.

2006

Set up a spinning plant for the conversion of nylon chips into high tenacity Nylon 6 and Nylon 66 industrial yarns. With this, SPFL became one of the first companies to establish the manufacture of specialised high tenacity threads, which can be utilised in a range of applications.

2007

Created Sarla Overseas Holdings Limited (SOHL), a wholly-owned subsidiary as a separate investment arm for the company. Crossed Rs 100 crore in sales. The company's shares were listed on the National Stock Exchange of India (NSE). Expanded production capacities and facilities in Silvassa with the addition of two new building units.

2008

New products introduction comprised: Bonded threads, a range of specialty threads for high-end applications of the export market. Received Oeko- Tex Certification.

2009

Established a marketing subsidiary in Portugal, Sarla Europe LDA, to service the European Region. This helped the company strengthen its foothold in the European market. Marked its foray into wind power generation to create a more sustainable global environment.

Commissioned the first 1.25 MW wind turbine generator (WTG) in Gujarat

2010

Commissioned a large expansion of the dyeing plant

2012

Incorporated Sarla Flex LLC, a 100% subsidiary of SPFL in South Carolina, USA, for the manufacturing and marketing of yarn to the USA and neighbouring markets.

1999
Shifted focus from commodity yarns to providing customers value-added products. SPL introduced a slew of new products in the forth coming years beginning with covered yarns.

1999
Amongst the first to produce and market air covered and conventional covered rubber/spandex yarns from India;

2000
Expanded the product portfolio to sewing thread

2004
Established the second manufacturing unit in Silvassa to house increasing production capacities.

2005
Received the award for 'Best Export-Oriented Unit' (SSI Category – Textile & Textile Product) by Export Promotion Council for EOU & SEZ Units.

2006
A change was made in the company's name from Sarla Polyester Limited to Sarla Performance Fibers Limited (SPFL).

2006
Established the first joint venture overseas in Honduras under the name of Savitex S.A. de C.V.

2013
Commenced the manufacture of Nylon 66 high tenacity yarn, the first to manufacture this niche product in India.

2014
ISO 9001: Became a 2008 certified company.

2015
Won the SME Business Excellence Awards; award winner for the Textile & Garments - Mid Corporate Sector 2015; Export Promotion Council for EOU & SEZs Award for The Best EOU (other than MSME) unit was awarded to Sarla under SEEPZ-SEZ in the product group category, Textile and Textile Products.

2018
A third time winner at the SME Business Excellence Awards. SPFL won the award for the Textile & Garments-Mid Corporate Sector, 2018.

2019
The new Dadra plant was commissioned

What we make across three manufacturing facilities in Western India

Our versatile product mix addressing the needs of customers in more than 60 countries

Textured polyester

- Available in ready to dye form for your own dye house and/or recycled
- Custom dye-matching; provides precise colour requirements
- Excellent bulk properties
- Low shrinkage characteristic
- Abrasive properties resulting in extended 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

Sarla produces more than 250 varieties of value-added yarns and threads

Nylon

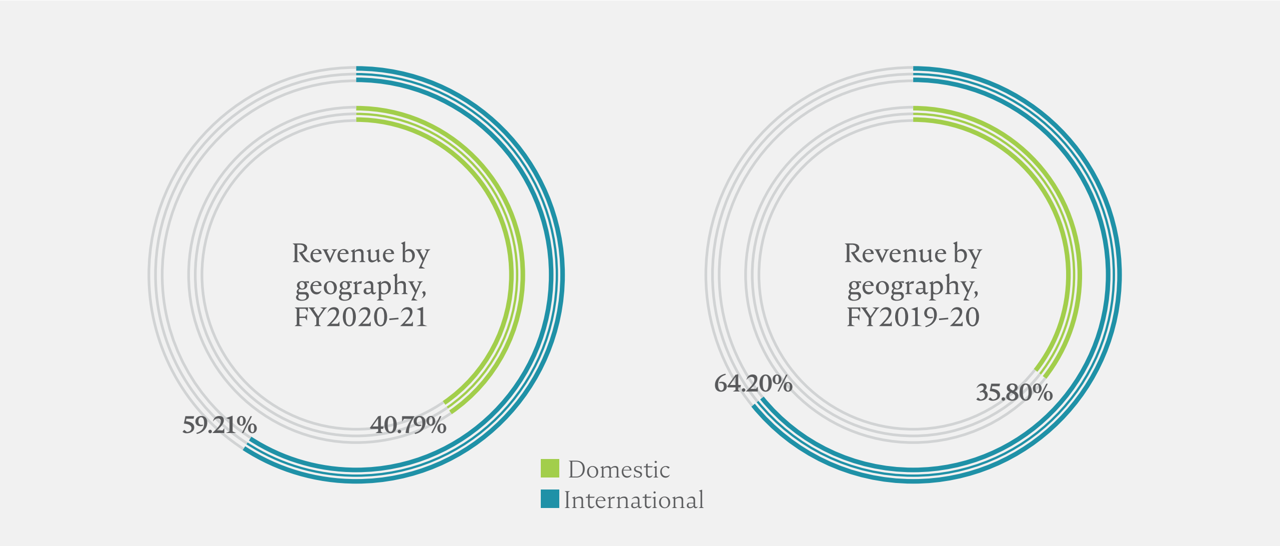
- Solution dyed nylons
- Hank dyed nylon
- Fine deniers
- Vertically integrated
- Micro-filaments
- Recycled
- SPFL's hank dyed nylon is known for its unique stretch
- SPFL-dyed textured nylon has a higher crimp rigidity
- Yarn stretch properties last across garment life
- Custom dye matching for providing the exact color 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 ready to dye form

Sarla's nylon yarn – respected for its softness - is used in active wear, swim wear, narrow fabrics and tapes, hosiery, under-garments and the medical sector.

High bulk high stretch polyester

- Exhibits excellent bulk
- Custom dye matching, providing 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

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



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

Sarla is the most vertically integrated textured sewing thread manufacturer in India. Sarla's speciality sewing thread portfolio comprises embroidery thread, mattress tread, bonded thread and denim thread

High tenacity yarns

- Polyster 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

First company in India to set up HT nylon 6 and 6.6 spinning for sewing and other applications

Covered yarns

- Nylon or polyster 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

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

At Sarla, our transforming personality was increasingly visible across every successive quarter of a challenging FY2020-21

THE FINANCIAL HEALTH OF OUR BUSINESS, FY2020-21

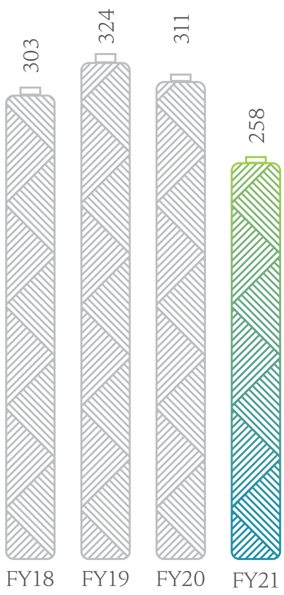
	Quarter one	Quarter two	Quarter three	Quarter four
REVENUES (Rs crore)	25	61	80	91
EBITDA (Rs crore)	9	18	17	29
PROFIT AFTER TAX (Rs crore)	0.18	7	7	12
CASH PROFIT (Rs crore)	6	14	13	19

THE FINANCIAL HYGIENE OF OUR BUSINESS

	Quarter one	Quarter two	Quarter three	Quarter four
EBITDA MARGIN (%)	35	29	21	32
INTEREST COVER (x)	1.21	4.75	6.84	4.05
INTEREST OUTFLOW (Rs crore)	2	2	2	6

How we transformed in the last few years

REVENUES
(Rs crore)



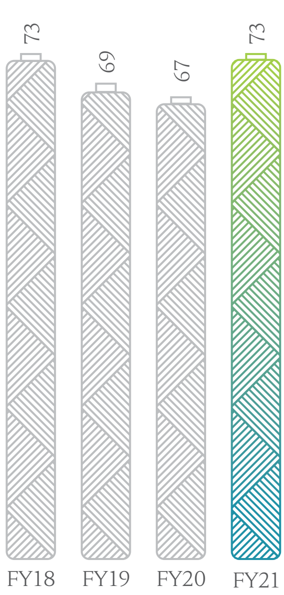
Definition
Growth in sales net of taxes

Why is this measured?
It showcases the Company's ability to enhance offtake, a number that can be compared with sectorial peers.

What does it mean?
Aggregate sales decreased 17% or Rs 53 crore in FY2020-21 due to the impact of the pandemic that moderated offtake

Value impact
The company grew faster than the sectorial average, which resulted in a growth in market share in FY2020-21

EBITDA
(Rs crore)



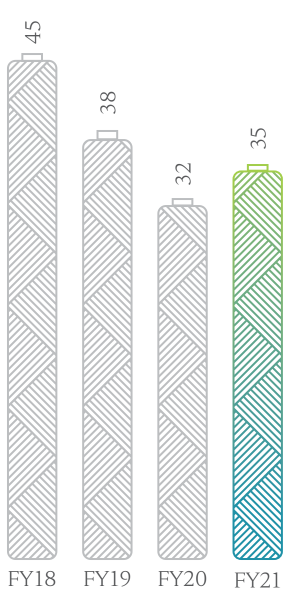
Definition
Earnings before the deduction of fixed expenses (interest, depreciation, extraordinary items and tax)

Why is this measured?
It is an index that showcases the Company's ability to generate a surplus based on operating realities.

What does it mean?
It helps create a robust growth engine, a large part of which could be available for reinvestment

Value impact
The Company generated an attractive growth in EBITDA despite sectorial challenges and a decline in overall revenues, creating a background for profitable growth

NET PROFIT
(Rs crore)



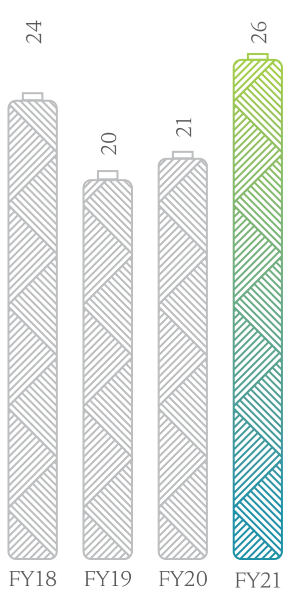
Definition
Profit earned during the year after deducting all expenses and provisions

Why is this measured?
This measure highlights the strength of the business model in enhancing shareholder value

What does it mean?
It ensures that adequate surplus is available for reinvestment in the company's operations.

Value impact
The Company reported a 10% increase in net profit in FY2020-21 following all-round business-strengthening.

EBITDA MARGIN
(%)



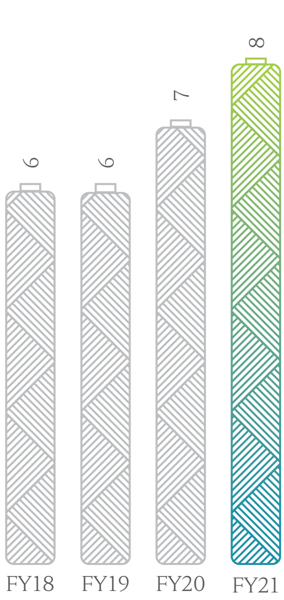
Definition
EBITDA margin is a profitability measure used to assess a company's ability to generate a surplus (pre-interest, deprecation and tax) on a rupee of sales, expressed as a percentage

Why is this measured?
The EBITDA margin provides a lucid insight into the company's earning capacity.

What does it mean?
This demonstrates the buffer available within the company to absorb interest and tax outflow and after making a provision for depreciation

Value impact
The Company reported a 500 bps increase in EBITDA margin during FY2020-21

ROCE
(%)



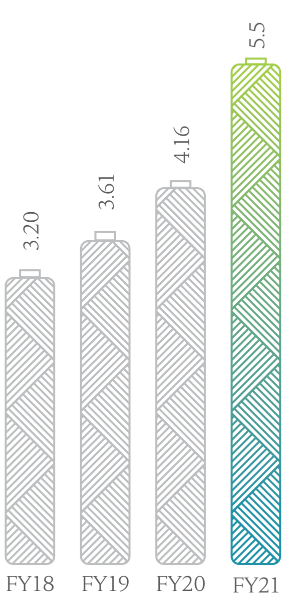
Definition
It is a financial measure that assesses a company's profitability and the efficiency with which its capital is employed in the business

Why is this measured?
ROCE is a useful metric for comparing profitability across companies based on the amount of capital they use – especially in capital-intensive sectors.

What does it mean?
Enhanced ROCE can influence valuation and perception.

Value impact
The Company reported a 90 bps increase in ROCE during FY2020-21.

AVERAGE DEBT COST (%)



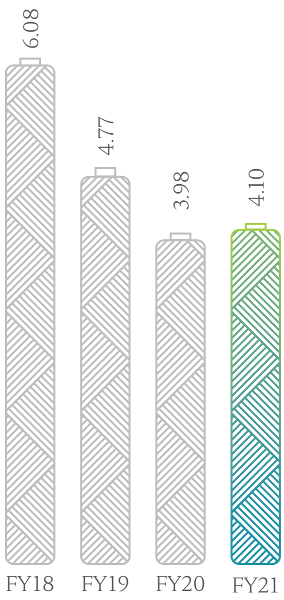
Definition
This is derived through the calculation of the average cost of the consolidated debt on the Company's books

Why is this measured?
This indicates our ability in convincing bankers and other debt providers of the robustness of our business model, translating into a progressively lower debt cost (potentially leading to higher margins).

What does it mean?
Enhanced cash flows; strengthened credit rating for successive declines in debt cost

Value impact
This measure should ideally be read in conjunction with net debt/operating profit (an increase indicating higher liquidity). The debt cost of the company increased 134 bps during the year.

INTEREST COVER
(x)



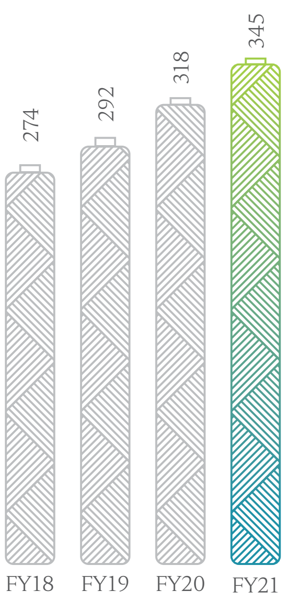
Definition
This is derived through the division of EBITDA by interest outflow

Why is this measured?
Interest cover indicates the Company's comfort in servicing interest – the higher the better.

What does it mean?
A company's ability to meet its interest obligations, an aspect of its solvency, is arguably one of the most important factors in assuring attractive returns to shareholders.

Value impact
The Company's interest cover strengthened by 12 bps during the year under review.

NET WORTH
(Rs crore)



Definition
This is derived through the accretion of shareholder-owned funds

Why is this measured?
Net worth indicates the financial soundness of the company – the higher the better.

What does it mean?
This indicates the borrowing room of the company and influences the gearing (which, in turn, influences the cost at which the company can mobilise debt).

Value impact
The Company's net worth strengthened 8.30% during the year under review.

2

CONVERSATIONS ON 'UNTEXTILE'

KRISHNA JHUNJHUNWALA,
MANAGING DIRECTOR,
EXPLAINS WHY SARLA PERFORMANCE FIBERS IS AT AN INFLECTION POINT IN ITS EXISTENCE

Q: The company reported rising revenues quarter-on-quarter during FY2020-21; the first quarter was possibly the most challenging in the company's existence while the fourth quarter was possibly the best. How do you explain this?

A: The first quarter was the most challenging on account of the lockdown and the inability of the consuming markets (within India and abroad) to produce (and hence consume); there was a logistical challenge in sourcing raw material and delivering finished yarn to customers. The result is that the company's operations were affected during the first quarter. However, as the lockdown progressively relaxed, the company's revenues recovered, leading to a record performance in the last quarter of FY2020-21.

Q: What accounted for the record performance in the last quarter?

A: For the last number of years, Sarla Performance Fibers was predominantly export-focused. In the five years before FY2020-21, the average export percentage in a year's revenues was around 59%. Selling within the domestic market was of secondary importance on the grounds that the customer or consumer within the country had not matured to the point to buy value-added yarns manufactured by the company and any increase in domestic revenue exposure would dilute the company's desired margins and RoCE.

During the year under review, when international revenues were temporarily disrupted, the company recognised the need to broadbase its geographic presence. The company started by enhancing its exposure in the National Capital Region, the largest market for yarns in the country. Besides, the company appointed sales representatives in Surat and South India. The result was that as the Indian markets began to open up, there was a growth in Sarla's domestic revenues.

Q: What accounted for a change in the company's perspective on the price-sensitivity of the Indian market?

A: There were two reasons for this. One, India had been a large market for our yarns in the last few years, except that we selected to focus on the global markets as a priority. In the last couple of years, we achieved stability in the international markets to be able to turn to India with a conscious strategy. Two, India has begun to evolve; there is a new consumer segment that has emerged; this consumer is willing to pay a premium for products; the premium niche has got larger; the market for our products has widened.

Q: What else could have transpired to evolve the Indian market?

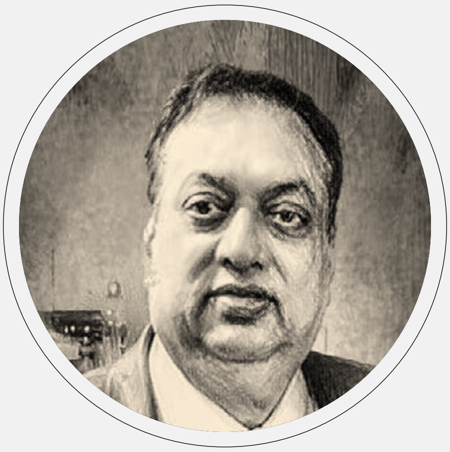
A: In India, the millennial effect is becoming increasingly visible. The proportion of India's population under 35 was estimated at 897 million in FY2020-21; this is the largest economically active population in that age group in the world. This age group is distinctive in its consumption preferences; one of the manifestations is the need to be fitter, look younger and wear trendier. This is catalysing the growth of the athleisure segment where our yarns are being increasingly used. A number of innerwear brands in India are extending from the broad bulge of their product mix towards the premium; it is in these premium segments that our yarns are being used; besides, our yarns can potentially replace the use of rubber in the elastic used in innerwear. The result is that we are finally seeing the coming of age of the vast Indian market, opening up a new dimension in our business.

Q: Where does the company go from here?

A: The answer lies in two words: 'More sales'. The company possesses adequate cash on the books, considerable land for periodic capacity expansions and a stable technology. The priority of the company from this point onwards will be to focus deeper on India and enhance offtake. The company will seek to engage with prominent downstream consumer-facing brands and become integral to their supply chains – promising growing volumes on the one hand and relatively protected profitability on the other. We see distribution as the next decisive play that could transform the company's scale.

Q: Shareholders would be keen to know the prospects of the US plant.

A: The plant has been shut since 2017. The company is faced with two options: revive the plant with a local partner or divest; a decision will be taken in due course. If we select to retain the plant on our books, I must assure shareholders that we will not invest afresh in it, which will protect our Balance Sheet. This capital-light approach could enhance shareholder value in the event that the plant is revived with a local partner.



MAHENDRA SHETH,
CHIEF FINANCIAL OFFICER, EXPLAINS THE SUSTAINABLE BUSINESS OF THE COMPANY

"

Q: How would you describe the business model of the company?

A: Sarla's business model has been encapsulated in one word – Untextile. The company is all what the broad textile sector is not. The result is that the company has been profitable across each of the last ten years; at no time was the company's EBITDA margin less than 14%. This indicates that the company operates in a niche that is largely insulated from the volatility of the larger textile sector. During the year under review, the company reported profitable growth: revenues declined 17% while EBITDA strengthened 6% and profit after tax increased around 9%. The competitiveness of the company was validated when the company stayed EBITDA positive (EBITDA margin 35%) during a challenging first quarter when revenues were just 27% of what the company reported in the fourth quarter.

The result is that Sarla has been rated favourably by the most demanding agencies in India. During the year under review, the company was credit-rated at Long term instrument: Acuite A and short term Acuite A1. We believe that a credible credit-rating makes it possible for us to enhance access to low-priced debt availability (should we need it), strengthening our virtuous cycle of access to growth funds (external) leading to timely business investments and superior margins. We also see our credit-rating as an index of respect and competitiveness across market cycles.

Q: To what extent did the pandemic influence the geographic footprint of the company?

A: The company generated 59% of its revenues from exports (64% in FY2019-20) during the year under review. The company continued to be largely export-driven during the last financial year, even as there was an increase in the percentage of revenues from domestic sales. The company serviced the needs of customers across more than 60 countries by the close of the last financial year. The management expects the increase in Indian revenues to sustain, enhancing the India-derived proportion of revenues to 45% in the next two years (without any decline in export revenues).

Q: In what ways were the company's operations a reflection of its 'Untextile' positioning?

A: The Company continued to report high margins. EBITDA margin for the year under review was 26% (previous year 21%), considerably higher than the average textile sector margins.

The company operated with an aggregate capacity of 10,215 TPA during the year under review. Even as this was the largest in its niche, it would have been considered small (and perhaps even sub-optimal) in the broad Indian filament yarn sector.

The company reported an average realisation of Rs 244 per Kg (Rs 252 per Kg in the previous year).

Q: What is driving the company's competitiveness?

A: The company has selected to be present in a niche of the global textiles sector, where it services the downstream segments of the sewing thread, socks, garment labels and mop segments to name a few. We believe that these segments will continue to report growing demand across the foreseeable future.

The company is integrated vertically from spinning to twisting to dyeing to winding, making it a single-stop solution provider to various customers, while enhancing value for itself. The company makes it possible for customers to select what products they require from within the value chain; customers are able to save on capital expenditure in setting up equipment to manufacture those products, strengthening their engagement with Sarla. Besides, the company has selected to graduate within its product mix towards value-added yarns (high bulk, high tenacity nylon, sewing thread , covered yarn and mattress threads), strengthening its profitability.

Over the years, Sarla has consciously balanced the needs of large and small customers, addressing both ends of the customer spectrum. The result is that sustainable revenues are derived from large and longstanding customers, enhancing revenue visibility. On the other hand, the company services the growing needs of a number of small customers, selecting to grow with them by playing the role of a yarn provider, friend and guide.

Q: Shareholders would be keen to get an insight into the working capital hygiene of the company in FY2020-21.

A: At Sarla, our focus is not just quantitative growth; we focus on financial hygiene that validates that our business is stable, liquid and sustainable. Given a choice of maximising revenues with

The quality of our business was reflected in our receivables cycle of 133 days of turnover equivalent as on 31st March, 2021. As a result, our working capital cycle was 109 days of turnover equivalent in FY2020-21.

stretched liquidity or moderate-to-high revenues with enhanced liquidity, we will select the latter. This priority was reflected during the year under review, when our interest cover (EBITDA divided by interest outflow) remained unchanged to 6.36 (peaking at 10.83 in the third quarter). This indicated that we possessed adequate liquidity to service our interest liability that fell due during FY2020-21. Over the years, we strengthened our interest cover through stronger gearing; our debt-equity ratio improved from 1.20 in FY2015-16 to 0.43 in FY2020-21 as we strengthened net worth on the one hand and moderated debt on the other.

At the heart of this hygiene is our working capital management. The first index of our financial hygiene is whether we have drawn working capital extensively / completely or moderately against the sanctions provided by the banks. As a policy, we seek to maximise the use of accruals in our business, moderating the use of borrowed funds. During the year under review, we drew only 36% of the sanctioned short-term loans (on average), which made it possible to moderate interest outflow and enhance profitability.

We enhanced our working capital hygiene through the following priorities: shrinking our receivables cycle through better terms of trade with our primary customers (trade partners), extension of our payables cycle, marketing products with strong offtake and ongoing graduation to a value-added product mix. At Sarla, we market products to reliable, credible and liquid companies. This explains why the company's outstandings exceeding six months was a mere 20% of its overall receivables as on 31st March, 2021.

The quality of our business was reflected in our receivables cycle of 133 days of turnover equivalent as on 31st March, 2021 (107 days in FY2019-20). As a result, our working capital cycle was 109 days of turnover equivalent in FY2020-21, compared with 91 days in the previous year.

Q: Shareholders would be keen to know how its working capital hygiene translated into its debt structure and cost.

A: The company repaid Rs 129 crore during the year under review. The debt that had been taken for the US plant had been repaid during the last financial year through the earnings of the core business and investment. There was net cash on the books, indicating that the company has no forward-looking liabilities.

The company's net debt-equity ratio – a measure of its Balance Sheet structure – was 0.43 during the year under review. Even as the company had debt of Rs 149 crore on its books as on 31st March, 2021, it had a cash corpus of Rs 98 crore, validating its overall liquidity.

The overall debt on the company's books comprised 46% long-term debt and 54% of short-term debt; the long-term debt attracted 2.2% interest rate while short-term debt attracted a post-subvention interest cost of only 0.6%. The blended debt cost on the company's books was 5.5% at the close of FY2020-21, considerably lower than the prime lending rate in India, enhancing its competitiveness in the global market.

Q: One of the most critical drivers of competitiveness within the global textile sector is the technology relevance of manufacturing assets.

A: At Sarla, we have consistently ploughed a definite part of our cash flows (equivalent to our depreciation provision) into asset modernisation (asset purchase or rejuvenation). The result is that we have been practicing sustainability in our asset investments. This has helped enhance equipment uptime, generate superior yarn quality and moderate the use of fuel and consumables. By the close of the year under review, the average age of our manufacturing equipment was less than five years old, among the best in India's textile sector. Correspondingly, our EBITDA margin was 26% through the year, also among the highest in India's textile sector. The result is a correlation between our asset relevance and profitability.

Q: How did these competitive advantages translate into capital efficiency?

A: At Sarla, we are engaged in business with the objective to generate a return superior to what our risk partners (shareholders) would be able to generate if they invested in alternative asset classes. During the year under review, we reported ROCE of 8%, which was considerably higher than our weighted average debt cost of 5.5%. The company will seek to maximise capital efficiency through low-cost short-term debt mobilisation, investment in new equipment (the largest cost of staying in business) with shrinking payback, presence in value-added niches and superior terms of trade.

Q: Shareholders would be keen to know the surplus allocation priority of the company.

A: The company generated Rs 52 crore in cash profit during the year under review. The company selected to invest 30% in routine modernisation and balance in debt repayment and nil in allocation to reserves. By the close of the year, the company had Rs 98 crore of cash on its books compared to Rs 149 crore of debt (short and long-term), indicating that it was close to becoming net cash-positive.

Q: How broadbased is the company's risk profile?

A: The company's business model has been broad-based across levels: 59% of revenues were derived from outside of India; exports were derived from more than 60 countries; no global country accounted for more than 12% of the company's revenues; no customer accounted for more than 10% of the company's revenues; the five largest customers did not account for more than 30% of revenues in FY2020-21; the proportion of revenues generated from customers of five years or more was 90% during the year under review; customers with annual offtake of not more than 1562 Tons (considered 'small' by the company accounted for 8% of revenues); no customer category by application exceeded 8%. These realities indicate that our business is broad-based and not excessively dependent on any one market or customer.

PAULO MOURA,
HEAD OF SARLA EUROPE, EXPLAINS WHY ONCE A SARLA CUSTOMER IN THE INTERNATIONAL MARKETS RESULTS IN ‘ALWAYS A SARLA CUSTOMER’

“

Q: The yarns segment that Sarla is present in is mature. What makes Sarla distinctive from a global perspective?

A: I have tried to analyse this myself; after all, companies across the world enjoys access to the same equipment used by Sarla and the same raw material used by Sarla. What makes Sarla different is passion for the work it is engaged in: virtually every single company engaged in the business will go the mile; Sarla will go the extra mile. Sarla’s attribute of ‘extra’ has made all the difference.

Q: How would you describe the word 'extra'?

A: It would be simplistic referring to Sarla only as a yarn manufacturer focused on the transaction. We see ourselves as a consultant and partner, focused on how we can enhance the competitiveness of our customers. The result is that we are not focused on the quantities we have for sale or the range of products or the price or the delivery, as would be usual in any commodity-based business; we are more focused on how the customer's products are faring, what market share the customer has added in the last quarter, what our customer's competitors are doing, what our customer's workers have to say about the last consignment that was delivered and what is transpiring across customers in other countries. The result is that when we engage across the table with our customers – usually every 4 weeks – the conversation is usually focused on what Sarla can do to enhance value. We don't discuss price as much as we discuss outcomes; we don't position ourselves as a vendor as much as a partner; we don't discuss realities as much as explore possibilities. This has made all the difference.

Q: What kind of difference?

A: Yarn is yarn; our customers can buy it from anywhere in the world that prices it lower than ours. However, if they select to return to Sarla time and again, it is because of a complement of various realities: one, their shop floor workers continue to insist that their company continue to work with us on account of our quality consistency; one of our buyers said that there is a 'marriage' between our yarn and his machines; he inevitably gets the highest operating efficiency – lower breakages, lower quality variations, better machine speeds – when he uses Sarla's yarn. His workers tell him, 'Do not use anyone except Sarla'; his finance head tells him 'Each time we use Sarla, our margins rise'; his sales people tell him, 'Whenever we use Sarla's yarn, our end product sells faster.' The result is that we do not need to push our product any longer with him; a number of his insiders are doing that for us. The result is that we have usually extended first-time transactions into multi-year relationships.

Q: What is the outcome of this approach?

A: We do not sell our products on the basis of how low we can quote compared with competition; we sell on the basis of what value we can add to the customer's Balance Sheet. We do not sell on the basis of a basic functional delivery; we sell on the basis of the various additional product features that are described in a fitting term called 'yarn-plus approach'. We do not merely take an order and dispatch; we keep our customers informed across the life-cycle of the transaction (time of manufacture, dispatch and estimated time of delivery) that makes it possible for them to stock low inventories and enhance their working capital efficiency. We do not conclude the transaction after we have delivered and the proceeds have been received; we reinforce product dispatch and delivery with follow-on service ('How did our yarn operate on your machine? What was your input-output ratio'). The bottomline: at Sarla, we never stop selling; even when we are not 'selling', we are still selling. Over the years, this has translated into Sarla being treated as a trusted extension of the customer's enterprise. The best compliment from most clients has been: 'Paulo, if you were to decide on our behalf, what would you have done?'

Q: Can you provide an instance of the quality impact of Sarla's yarn on the customer's product leading to consumer delight?

A: Let me give you an instance of how our microfilament yarn adds value to a product like a mop that is used to sweep floors. Years ago, cotton was actively used in the manufacture of these mops. Cotton had limitations; the fluff from the mop would be generated which would need to be cleaned (double cleaning). Besides, cotton mops came usually in one colour. When we found that one of our yarn buyers, who was manufacturing mops, was buying increasing quantities, we enquired into what was transpiring at the consumer's end. This is what we were told: 'Sarla's yarn is softer than competing varieties with a 40% higher water absorption capacity. When it is used in mops, the mop sweeps comprehensively with one swipe; when alternative yarn is used, the user needs to employ two swipes. The user consumes more time. The user has to be paid more. So Sarla's yarn is helping our users save time and money.'

Q: What are the global markets that you serve?

A: I market across Europe, parts of North America and South America. Within these markets, one addresses the growing needs of customers in Mexico, Spain, Portugal, France and Brazil, among other countries. Our growth story is essentially about turning up at the doors of small and large buyers, encouraging them to 'At least try our product', selling a small amount to begin with, helping grow the customer's business, selling more of the same yarn and a little of the others, then selling more of all the yarns we deliver. We do not just sell; we help the customer grow and we grow with the customer. This is what we have consistently achieved across the micro-markets of more than 60 countries. We are a broad-based company with a large number of customers who buy moderate quantities from us as well as a few companies that buy large quantities. We are a broadbased company that is relatively de-risked across its customer profile, enhancing our business sustainability.

Case study

Sarla visited a prospective Brazilian client in 2015.

In this company, the proprietor was Head-Production.

The proprietor was busy. 'Come some other time,' he told Sarla.

The 'other time' was two months later when Sarla's representative flew from Europe to engage with him (and other customers).

The proprietor asked a range of searching questions: 'Who else are you selling to? Who is your largest customer? How long has that company been buying from you? How will you help grow my business? How will your yarn be better than the one I am using?'

The proprietor tested Sarla with a small order.

In the space of six years, this cautious customer turned into Sarla's largest customer in Brazil.

Servicing our international clients

Customised products	Permute products across denier, colour, ply, quantity, packaging put up and delivery capability	Assurance of a quality trust mark	Small volumes
Frequent replenishment	Lower working capital deployment at the customer's end	Higher customer profitability in working with Sarla	Growing volumes for Sarla

Big numbers

163
Rs crore, Sarla's export revenues, FY2019-20

139
Rs crore, Sarla's export revenues, FY2020-21

64
% of Sarla's revenues derived from exports, FY2019-20

59
% of Sarla's revenues derived from exports, FY2020-21

Sarla Performance Fibers is one of the most respected providers of yarns that go into socks for the ability to retain colour fastness, yarn endurance and product shape, transforming the product from functional utility to brand-building visibility.

ROHIT PAL,
GLOBAL CHIEF EXECUTIVE OFFICER, INFIILOOM INDIA, SARLA'S LONG-STANDING CUSTOMER, NARRATES HOW VENDOR-PARTNER SARLA HAS HELPED ENHANCE HIS COMPANY'S COMPETITIVENESS

“

Q: What makes Sarla a dependable vendor-partner?

A: When we went into business, we did so with a vision: to make speciality socks that would represent new standards. We appraised a number of companies that could provide the necessary yarn.

Eventually, we went with Sarla because we realised that a vendor who would merely manufacture and deliver would not be adequate for us: we needed a partner instead, a company that would share our vision, would be driven by passion, would keep striving for 'How can we make it better?' and one that would be driven by the prospect of deepening our competitiveness.

Sarla fufilled these requirements and the result is that we have been working with Sarla for more than two decades without a break; around 30% of all our procurement comes from this one company.

Q: For what reasons has your company continued to work with Sarla?

A: The over-riding reason is 'on-time-in full.' A company like ours invests extensively in product quality and distribution. The last thing that we want is that after all the hard work we could not aggregate adequate quantity to put on shelves because the required quantity of raw material did not arrive on time or because the vendor could not provide as much as was needed.

When one works with Sarla, these worries are non-existent. Sarla delivers! Besides, Sarla encourages us to keep only moderate inventories that do not stretch our working capital requirements. As a result, we do not stock Sarla's yarns for more than 15 days because we are always assured that the company will replenish what has been consumed. This has helped moderate our working capital outlay, save on debt and related interest outflow, strengthening our profitability.

Q: Why is this capability important in your business?

A: This is important because once the consumer finds our products are not in stock, she or he is not likely to return to buy; she or he will simply buy an alternative product. This has put a premium on the capacity to be always stocked at the retail end, which, in turn, puts a premium on the capacity of the raw material provider to neither provide too much in advance that it affects working capital costs and neither provide too little that could cause a stock out. On most occasions, the sales forecasting model ensures that we keep adequate stock; however, there are times when we need raw material in an emergency. At those junctures, Sarla has been a saviour, utilising all its scheduling and manufacturing flexibility to ensure that our production lines keep running. With Sarla as a vendor-partner, continuous access to raw material is one headache less in our business.

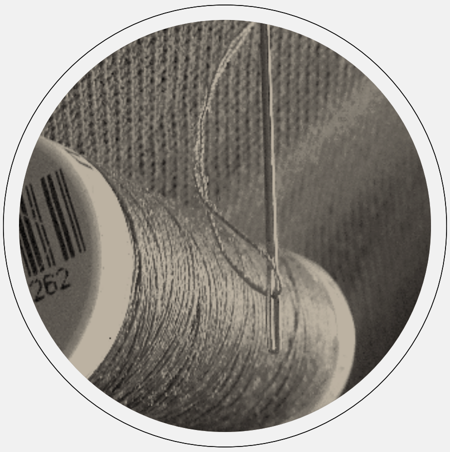
Q: What else do you like about Sarla's dependability as a resource provider?

A: This is a related point: Sarla keeps a tab on our growth and ambition. Based on this, it knows exactly how much more yarn Infiiloom will need two years down the road. Correspondingly, Sarla invests in new machines and gets them up and running in sync with our expansion programme. There is no catch-up with our desired growth; Sarla grows with us. In fact, Sarla has been doing precisely that for 20 years: aggregating the projected capacity growth of all its customers and selecting to invest based on that knowledge. Sarla's business model is integrated with that of my own. The complement of its scalability, coupled with its 'on time-in full' proposition, makes Sarla more than just another vendor.

Q: How has the relationship with Sarla extended beyond the usual 'lowest bidder wins' approach?

A: I won't say that a competitive price is not important when we select to work with Sarla. However, our considerations have extended beyond the lowest cost. The one thing that we take seriously into account is the quality of the yarn that we buy and how they 'sit' on our machines. Over the years, we have developed an unquestioned trust that Sarla's yarns will be consistent batch after batch. The stable interplay between material, men and machines is a 'chemistry' that no sustainability-driven company will wish to disturb. It may take a long time for us to engage a new vendor; conversely, it takes a long time before we decide to discard a trusted vendor. At the end of the day, working with Sarla provides me with a peace of mind; I can assure myself that a lot of my yarn issues are in safe hands and that is one variable less to obsess about. This makes it possible to invest that surplus bandwidth into addressing opportunities of the marketplace.

Infiiloom India Private Limited is one of India's largest manufacturers of socks. The company comprises three state-of-the-art facilities that manufacture quality socks for global brands. Managed and run by a team of experts and skilled workforce, the company delivers large production requirements. The company comprises 1750 latest Lonati machines across three state-of-the-art manufacturing facilities spread over 67,075 square metres area in Pune, Nashik and Nellore, manufacturing 382,000 pairs of finest quality socks every day for leading global brands. The company's clients comprise Hanes, Champion, Adidas, Reebok, Levi's, Kappa, Tigora, Dr Scholl's, Fruot of the loom and Dic.



A SENIOR EXECUTIVE OF THE WORLD'S SECOND LARGEST SEWING THREADS COMPANY RELATES HIS COMPANY'S LONGSTANDING EXPERIENCE OF BUYING NYLON 6 YARN FROM SARLA

"

Q: What makes Sarla a good vendor-partner?

A: A number of things, but eventually it just comes down to one word – trust. As a focused sewing thread manufacturing company, we research new thread applications and features all the time, which need to be shared with credible vendors. Most of these insights are privileged and proprietary. We need to work with a partner who can be completely trusted; someone who will not share our proprietary insights with our competitors (who that vendor in turn would be working with) or will not utilise those insights to graduate to the manufacture of sewing threads itself.

In this respect, Sarla can be completely trusted. The company has evolved into a trusted extension of our enterprise; nearly 80% of nylon 6 yarn requirement is sourced from them.

Q: What are some of the other reasons that have helped protect the multi-year relationship?

A: Sarla possesses a distinctive culture that one will not find in most nylon 6 yarn manufacturers. The company sells yarn to the world's largest sewing thread manufacturer; it understands product quality tolerance limits; it understands application standards; it possesses a varied experience that makes it possible to manufacture whatever exacting thread quality we need; it is an integrated manufacturer, making it possible to select whatever we may need (finished cones, twisted yarn or dye package yarn or winding), shrinking our time-to-market by about seven days and reducing our working capital outlay. When we go to Sarla, it is like going to a focused supermarket where anything can be developed and everything is available.

Q: What else makes Sarla easy to work with?

A: The direct involvement of the promoter in the business has made a big difference; Krishnaji (Managing Director) is a phone call away should we need his help. If we need customisation in a specific yarn batch, we know we can bank on the team's response to address this with speed; if we want them to develop something that we may have in mind, we know that the requirement will be there organisational priority. The result is that Sarla may be a medium-sized textile company but it retains the soul of a small company that will entertain an order with speed irrespective of order size. Sarla is a craftsman that has industrialised. That is Sarla's precise recall.

Q: How has the Sarla engagement helped take your business ahead?

A: A vendor like Sarla has not merely supplied what we may have wanted; it has helped strengthen our business model and enhanced our competitiveness.

Sarla Performance Fibers is a turn-to partner of companies manufacturing athleisure apparel where nylon is used to provide an attractive element and also considered ideal for stretch applications

ASHOK RANAGOL,
HEAD-PRODUCTION, EXPLAINS THE ART THAT GOES INTO THE MANUFACTURE OF YARNS AT SARLA PERFORMANCE FIBERS

“

Q: How would you encapsulate the discipline that goes into the manufacturing function at Sarla?

A: This discipline is described as an interplay of the 3 M’s that are fundamental to our business – men, machines and materials. We train our people to engage in a business that may be relatively low in volume but considerably higher in value over the usual textile industry average. We buy raw materials from select vendors who focus on quality consistency. We invest in capital equipment that conforms with the best standards in the world; we maintain these machines in a manner that delivers a superior uptime and operating efficiency. The coming together of these production factors has translated into the company’s outperformance.

Q: How has this interplay translated into the shop floor?

A: The 3M's have fused over time and translated into a distinctive culture. This culture is described by various things that one may observe when one visits the Sarla shop floor in Silvassa.

One, the mindset is not merely about 'How much quantity can we produce today?' as much as it is about 'How better a quality can we deliver today?'

Two, the focus is not 'How simple is the product that we need to manufacture?' The excited focus is 'How challenging is it?' The result is that we are engaged in the development and manufacture of speciality yarns adapted around customer needs.

Three, the mindset is distinctively international: we recognise that the impact of any improvement that we make will be felt down the line in an end product by a consumer in, say, Colombia or Spain, so there is a corresponding seriousness in everything that we do.

Four, there is a visible application orientation; we are not focused as much on the product as we are on the outcome. We educate our workers on what our buyers do with our yarn. The result is that they start talking in the customer's language whether that customer is engaged in the manufacture of mops, labels or sewing thread. This provides the customer in a faraway country the assurance that Sarla's shopfloor is working directly for him/her.

Five, there is a willingness to experiment (and even fail at times); when faced with the prospect of trying out a higher quality benchmark, the response is not '*Yeh* possible *nahi hain*' as much as 'Try to *karke dekhte hain*.'

Six, there is a culture of mindful observation; we have developed a culture where we encourage workers to observe and memorise operating variables. The environment is metrics-driven; a worker is more likely to respond with an analytical interpretation of, 'When we buy 'x' fiber from 'y' supplier, the fiber snapped on 'z' spindle at 'a' operating speed.' It is this commitment to operational analytics that makes our workplace method-oriented and data-based, enhancing performance outcomes.

Seven, over the years, our workers have evolved to a boutique mindset where they are aware that even as the volumes to be manufactured may be small, the quality needs to be benchmarked with the best in the world. The result is a workforce that is constantly practicing disciplined workflows and standard operating protocols (SOPs).

Q: How would you describe this culture?

A: In most parts of the world, the competence required to manufacture the best yarn is described as 'science'; at Sarla, it represents a balanced fusion of 'art' and 'science'. This 'art' comes from an attribute that is often considered to be a misnomer on the shop floor: 'love'. Our workers are in love with their work. There is a reason for the use of this word. Sarla is not a usual commodity-driven textile company focused singularly on maximising volumes. It is a niche yarn manufacturer that is focused on maximising value. The result is that each worker is aware that any deviation from the quality mean can have implications on realisations and profitability. That deviation cannot be hidden away in the output; it can be brand-impacting. It is this attention to detail in a business influenced by reasonable scale that makes the business boutique-plus – the coming together of a craftsman and industrial scale.

Q: What have been some of the manifestations of this operating culture?

A: In one word: 'consistency'. When a buyer derives a certain operating efficiency on his/her machine using our yarn, he/she wants us to either match that standard or improve upon it. The best recall of our yarn is that we deliver the same (or better) efficiency. This means that the consumer's end product is protected in the marketplace: it may or may not succeed in the marketplace for alternative reasons but the one reason for which it will never fail is a change in the delivered yarn quality. No Sarla customer is likely to come back with a complaint that its socks or labels or mops encountered customer returns traced to inconsistent yarn quality. The result is that due to the interplay of the three M's, Sarla delivers more than a product; it delivers customers with a peace of mind.

Case study

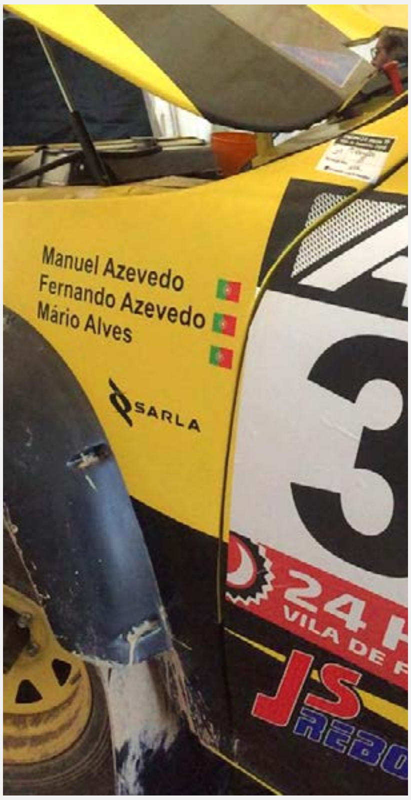
A European customer came to Sarla with an unusual request: it needed the softness of nylon in polyester-manufactured socks.

The customer had been turned down by a number of vendors; he came to Sarla as a last resort. Sarla's technical team examined the requirement down to its exacting technical specifications. The conclusion: 'Let us give this a try.'

The 'try' took an entire year. Of trials. Of errors. Of re-trials. The product that was delivered developed glitches. The customer was pleasantly surprised when Sarla compensated the buyer for the under-delivery.

Normally, the engagement would have been called off; it deepened instead. Finally, Sarla delivered completely and consistently in line with the customer's requirement.

The customer did not just place large orders; it went ahead and put Sarla's name on its proprietary racing car as a measure of deep trust in its relationship with our company!



Case study

For decades, rubber would be used in the elastic in the briefs manufactured by innerwear companies. At Sarla, we worked patiently to develop a superior alternative – spandex covered yarn.

The company invested time and effort in convincing customers to switch.

The general reaction: 'We have been comfortable with rubber. Why switch?'

Sarla continued to evangelise its new development.

Finally, prospective customers began to buy into the change. The result: the elastic in the briefs and socks manufactured have developed stronger 'holding' capacity; their shapeliness has improved; costs have declined.

The customers are now sending cryptic messages to Sarla: 'Need more. Urgent.'

Our manufacturing equipment

- Texturising machines
- Twisting machines
- High bulk twisting machines
- Air covering machines
- Conventional covering machines
- POY spinning machines
- High tenacity nylon (6 and 66) spinning lines
- Draw winders
- Dyeing machines
- Final winding machines
- Bonding machines

Case study

At Sarla, we are constantly experimenting. A couple of years ago, we began to experiment with the replacement of nylon yarn with high stretch polyester in one of our products. The challenges were varied. If one production parameter was tweaked, another would go out of control. After persistence, the company balanced all parameters as per demanding specifications. The company took this product to various socks manufacturers in the global markets. The first users came back with uplifting feedback: Sarla's product was helping them moderate manufacturing costs, enhancing their competitiveness. The result is that at Sarla the offtake of high stretch polyester yarn has increased, addressing the widening needs of customers across Europe.

SATISH MALSARIA,
HEAD – DOMESTIC SALES, HIGHLIGHTS THE GROWING IMPORTANCE OF THE INDIAN MARKET WITHIN THE COMPANY'S BUSINESS MODEL

Q: Why has it taken the company more than two decades to recognise the importance of the Indian market?

A: The background to the company allocating a bigger priority to the Indian market is the pandemic of FY2020-21. For the last couple of decades, the company's success at creating an international clientele had resulted in installed capacity playing catch-up with growing international demand for the company's products. Besides, it suited the company to focus on exports; demand traction was stronger, realisations were better and the market was larger.

Q: What has changed now?

A: The pandemic provided the company with the fleeting opportunity window it needed. The global market was in a state of slowdown. By the virtue of being an export-oriented unit, the Silvassa plant of company could market 66% of its sales within India. There were logistical disruptions in shipping products abroad. The company recognised that the time was right to shift its attention to India.

Q: What has changed in India that empowered the company to think along these lines?

A: A decisive change is being perceived in the Indian market. Following the introduction of GST a few years ago, the marginalised players are yielding ground to branded competitors. These branded players are growing faster; even as the largest premium innerwear player continues to grow, the midsized hosiery players are pushing the envelope so to speak; they are introducing premium brands that are widening this segment faster than has ever happened in the country's innerwear sector.

Q: What implications does this hold out for Sarla?

A: The market for value-added yarns is growing appreciably in India. This trend is being driven by a new consuming India that has emerged. This India is millennial, economically independent, willing to try new products and less price-sensitive. The differential that once existed between the realisations in the international markets and in the Indian markets has begun to narrow. We see this as a beginning of a maturing of the Indian market. As an extension of this reality, the company intends to deliver larger volumes of value-added yarns within India.

Q: How does the company intend to address the growing potential of the market?

A: As a first step, we intend to appoint representatives in some of the prominent markets of the country. We were never represented in the National Capital Region, the largest market in India; we appointed our representative in FY2020-21. We appointed a representative in Surat and one in South India. The presence of these representatives has already begun to generate traction; during the course of the last financial year, one of the lines that we kept hearing time and again from our customers was '*Kitna maal dogay*?' The result was that we could service only 60% of the demand from within India in FY2020-21.

Popular products in India that utilise our yarns

- Sewing thread
- Innerwear briefs
- Socks
- Industrial fabric
- Fishing nets

Sarla Performance Fibers is a dependable source of yarns used in fishing nets within India and abroad. Over time, fishing professionals and companies have turned to Sarla's yarn for its tenacity and endurance

NEHA JHUNJHUNWALA, DIRECTOR, EXPLAINS WHY SARLA'S PRODUCTS REPRESENT AN ATTRACTIVE PROXY OF A WORLD THAT SEEKS TO UPGRADE ITS LIFESTYLE

"

Q: Why is Sarla an attractive proxy of a modern world?

A: One could answer this question from various perspectives – ESG, robust Balance Sheet and product applications – but will select to do so from that of product applications. We believe that our future is assured because some things will never go out of fashion: the consumer's need for lasting products, superior price-value proposition and customised solutions . The result is every player in the value chain - consumers, trade intermediaries, manufacturers and resource providers – are committed to bring a distinctive value to Sarla's table.

Q: Where does Sarla figure in this value chain?

A: Sarla figures at the origination point of the value chain: manufacture of yarns deployed in products for consumers. Our role is critical: our yarn quality influences the quality, longevity and brand recall of the products manufactured by our customers . We carry a sensitive responsibility: to assist our customers stimulate demand, increase consumption and enhance product life .

Q: Will there be an ongoing relevance for the company's products and their applications?

A: There will be a growing relevance for good reasons. When we went into business in the early Nineties, the population of the world was 5.6 billion; the population is now 7.9 billion - the largest population increment during any 30-year period in the history of the world.

Now turn to another measure – global wealth. In the early Nineties, the wealth of the world was USD 1,170 billion; in 2020, global wealth was estimated at USD 399.2 trillion. Our market will keep growing: the global population is estimated at 9.1 billion and global wealth at USD 500 trillion by 2025.

Q: What specific roles do the company's yarns address in everyday living?

A: Sarla addresses downstream customers who manufacture 'staples'. These staples comprise relatively anonymous – but intrinsic – products. We may no longer notice the existence of the thread on our T-shirt but if the thread were to rip and the T-shirt were to unravel, it would be embarrassing. There are dozens of products like these where the performance of the yarn is integral to the end product – the seat cover of an automobile, the yarn used in the elastic of an innerwear brief and the yarn used in the elastic of socks. These are integral to everyday living; more importantly, they are a proxy for prosperity. The more people earn, the greater will be the offtake of specialty yarns that support these products.

Q: What is the driver of the demand of these products?

A: There are a number of demand drivers at play.

One, we believe that the more people earn, the more disproportionately they will spend on items of conspicuous consumption.

Two, the proliferation of the social media has provided a window to vanity and a tailwind for garments offtake.

Three, the world is moving towards informal social dressing. This is growing the market for athleisure (different clothes for different places and different times).

Four, the more economies grow, the wider the employment generation, which could sustain the offtake of a number of products where Sarla's yarns are used; we see the widening coverage of education playing a similar catalytic influence.

Q: What else is a potent driver of the market size and scope?

A: Our optimism is being derived from an increasing preference for quality and the end consumer's willingness to pay more for a better product. Let me give you an instance: about 20 years ago, you could find people using socks that had lost their shape; you could see socks being folded from the top because the elastic had lost its strength. This reality has largely disappeared; most socks now retain their elasticity and shape longer. This indicates that consumers are willing to buy a better quality, which, in turn, is prompting manufacturers to turn to companies like Sarla for enduring yarns.

SUNIL JHUNJHUNWALA,
VICE PRESIDENT, EXPORTS , ANALYSES THE VERSATILITY OF THE TWO YARN SEGMENTS OF THE COMPANY'S PRESENCE (NYLON AND POLYESTER)

Q: Shareholders would be keen to understand whether the company's selection of its two spaces – nylon and polyester – are relatively de-risked and why preferences are not expected to change towards other yarns.

A: Over the last few decades, nylon and polyester have emerged as stable foundations on which to build a range of products and applications. This is because nylon and polyester stand for specific attributes – stretchability and strength – that make them fundamental to various applications in the everyday products that we use. Besides, the fundamental attributes of these products have been enhanced by specialised treatments and finishes, making them inseparable from various downstream products.

Q: Can you provide a perspective with reference to nylon?

A: Nylon is a man-made fiber with limitless properties and possibilities. It possesses superior stretchability, absorbs less moisture and less bacteria or mildew (its silken sheen being important to retaining anti-bacterial properties). Since nylon possesses a higher melting temperature, it is also more heat-resistant.

Q: How integral is this product in our everyday lives?

A: At a personal level, one could well be wearing nylon while reading this; most undergarments are made using nylon in conjunction with new manmade fibers and elastics. To achieve flexibility, speed, lightness and low water resistance, competitive swimsuits are often made with a mix of cotton, nylon, polyurethane and elastane-nylon. The versatility of this material resulted in the flag planted on the moon by Neil Armstrong in 1969 being made of nylon. We at Sarla are longstanding specialists in the manufacture and customisation of nylon yarn around downstream applications.

Q: What are the benefits of the company's textured nylon yarn?

A: The company specialises in various techniques of twisting and heat-setting to manufacture textured nylon yarns with a crimped effect. This effect makes the yarn thicker and softer on the one hand while enhancing stretchability, coupled with the capacity to return the yarn to its original shape on the other. The result is that the company's textured nylon can be used in various applications like garments, swimwear, narrow fabrics & tapes, hosiery, undergarments, furniture and automotive upholstery. These products are fundamental and one will not be able to replace their application or the yarns going into them; more than that, they are a proxy of enhanced incomes, lifestyle quality and prosperity.

Q: Why will nylon be difficult to replace?

A: This could be for various reasons: good colour retention, superior resistance to ultraviolet light, ability to withstand commercial laundering, softness, feel and lustre, relevant for baby wear, stretchability lasting across the life of the garment, higher crimp rigidity, strong anti-abrasive properties for knitted and fabric products as well as the ability to sustain product 'whiteness' for long durations without 'yellowing'. It is almost akin to wonder yarn, which gives us the confidence that it will not be easy to replace this product with new alternatives.

Q: What about polyester yarn, especially the high tenacity yarn manufactured by Sarla?

A: High tenacity polyester yarn makes it possible for fabric to withstand wear and tear. There is a resistance to high heat, acid and alkali, and the ability to deliver an exceedingly strong seam.

The yarn can be used in applications like automotive seat belts and trims, automotive airbags, upholstery, dress, casual & athletic footwear, leather goods, soft luggage and saddlery.

Q: What about polyester yarn (non-high tenacity) manufactured by Sarla?

A: When it comes to sportswear or running socks, polyester is accepted as the best choice for various reasons: soft, warm and light, efficient moisture-wicking, quick dryness, holds colours longer, cost-effective and durable.

Q: What is the outlook for these yarns?

A: We believe that the yarns and technologies required to make them have been stable while applications are widening and more specialised. This is where a focused long-term player like Sarla comes in – its rich experience in transforming a longstanding resource into an exacting end product.

HANAMANTRAO KHADE, PLANT HEAD (DYEING PLANT, VAPI) AND SUNIL BHATTAD, PLANT HEAD (SILVASSA), EXPLAIN THE GROWING ROLE OF ESG (ENVIRONMENT-SOCIAL-GOVERNANCE) IN SARLA'S BUSINESS MODEL

"

Q: Why is ESG a subject of increasing importance at Sarla?

A: The subject was always important; without environment responsibility, one would be have been censured; without efficient technology, one would have suffered a cost increase that would have made us uncompetitive; without the ability to retain people, we would have yielded our quality advantage; without dependable vendors, we would have suffered a low asset utilisation. It is not as if the company was not following the principles of ESG; in fact, it is because we were diligently following the principles of ESG that we built a successful and sustainable company.

Q: So what has changed as far as ESG is concerned at the company?

A: The company's ESG standards have only deepened; what was important in the past has become existence-critical today; what was being observed in the past is being documented today; what was allocated to some executives as a part of their other ongoing duties in the past is now being observed as a focused function today; what was being conducted as a part of 'business as usual' in the past is now being managed as a focused vertical making responsible forward-looking targets and projections on various aspects of ESG performance. The reality is now of an enhanced momentum, criticality, influence and investments.

Q: Why is this traction necessary?

A: This is now the most visible calling card in the global markets. Our yarn buyers are no longer only using cost, quality and delivery as their only filters when appraising yarn vendors; they are also scrutinizing our environment compliance records, our commitment to responsible resource use, our engagement with the community, our ability to work with longstanding vendors and our investment in renewable energy. The objective is simple: our customers seek to know whether our business is holistically sustainable. They would not want a scenario where there could be a possibility of our company being closed by the authorities without notice that could affect their product schedules that could, in turn, affect their brand and competitiveness.

Q: What are some of the priorities in the company's environment commitment?

A: The company's environment commitment has been structured around the 4 R's of renewable, reduction, replacement and recycling. In the area of renewable energy, we were ahead of the curve. In 2009, we installed our first 1.25 MW wind turbine generator(WTG) in Gujarat, a second WTG (Maharashtra) in 2011 and successive investments in subsequent years. By the close of FY2020-21, the company had nine turbines aggregating 14.75MW of wind power generation, which accounted for 35% of the company's power appetite. We installed solar panels on the rooftops of all our plants to generate solar energy.

We replaced conventional lighting in our manufacturing facilities with energy-efficient lamps; we replaced motors with more energy-efficient alternatives.

We recycled cardboard cartons, manufacturing process waste (polyester and nylon) and damaged plastic products (cones and tubes). We reused allied material for SPFL's internal processes and in transfers between Silvassa and Vapi.

We reduced water and energy consumption through an investment in modern machines. We treat the process water used in dyeing before returning it safely to the environment. We invested in an eco-friendly steam boiler.

"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

Our 5P's Sustainability Platform

At Sarla, our commitment to environment responsibility has been centred round the 5 P's: People, Product, Process, Profit and Planet. The 5P's represent our platform for business sustainability and our commitment to reconcile production growth with a moderated carbon footprint.

1 People

A preferred employer among speciality yarn companies in India

Intensive on-the-job training for shop floor workers

Productivity higher than the sectoral average; driven by outperformance

Driven by passion, youthfulness, delegation and stretch target-setting

2 Product

Products manufactured around the highest quality and environment standards

Superior fit on the customer's machines; high productivity

End-to-end knowhow from spinning-texturising-dyeing-winding -packaging

Pioneered new yarns in India

3 Process

Focus on getting more out of less

Investment in new-age technologies; machine average age less than 5 years old

Focus on the best operational standards of the world

Investment in digitalisation to enhance process efficiency

4 Profit

Sustainable revenues from longstanding customers

Focus on a profitable niche

Better working capital management

Net cash company

5 Planet

Moderated carbon footprint

Investments in 5 R's (recycling, reuse, replacement, renewables and reduction)

Investment in cutting-edge technologies enhanced manufacturing efficiency

Preference for cleaner fuels, plants, resources and processes

Our value-creation in numbers

Employee value

Year	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Salaries and wages (Rs crore)	16	13	15	12
Talent retention %	90%	90%	80%	80%

Customer value

Year	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Unique customers	259	251	249	235
% of revenues from customers of five years or more	56	59	57	63
Exports as a % of overall revenues	58	62	64	59

Vendor value

Year	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Procurement (Rs crore)	167	194	161	142

Community

Year	FY2017-18	FY2018-19	FY2019-20	FY2020-21
CSR spending (Rs crore)	0.50	0.38	0.65	0.74

Government

Year	FY2017-18	FY2018-19	FY2019-20	FY2020-21
Taxes paid (Rs crore)	13.26	8.75	9.36	7.43

The soul

WHAT OUR TEAM MEMBERS HAVE TO SAY ABOUT THE DISTINCTIVE SARLA CULTURE

What has deepened Sarla's competitiveness is that over the years, the average age of its machines has declined to less than five years. The result is a high quality of manufactured yarn and the ability to make yarns that perhaps no company can match."

Manajit Pal, Technical consultant

It says something about the confidence and courage of the company to install new machines during a pandemic year. This happened because the company knows exactly which of its customers are increasing their manufacturing capacities and which would require a responsible partner like Sarla to enhance its production."

Sunil Bhattad, Plant Head, Silvassa plant

As a finance person, some of the things I like best about our company is the average cost of debt which is about 1% per annum, increase in profits despite a decline in revenues in FY2020-21, halving of our gearing to 0.43 in one year and the use of less than 40% of the working capital sanctioned by banks. This provides the company with a robust platform for scalable and sustainable growth."

A Senior Leader, Finance Team

Sarla is different from most players in the textile sector in that it is an aggressive investor in cutting-edge technologies. The company has invested in the latest equipment - from data feeding the machine to conducting final approval after cross check before the material goes into bulk production. The result is that the various external realities may have changed, but the one thing that has remained constant and consistent is the Sarla yarn quality – batch after batch after batch."

Sudhir Maske, Quality Control Manager, Silvassa plant

# of Sarla

One of the most decisive things that Sarla did following the pandemic was that its Managing Director travelled across the world or engaged with global customers actively through virtual means. The result of this confidence-enhancing initiative is that the company's capacity utilisation recovered to 100% even when other companies were running at 30-40% utilisation. The senior management did not say 'Let us wait for things to improve.' On the contrary, the senior management and the company reported a blowout fourth quarter in FY2020-21."

Manajit Pal, Technical consultant

Sarla is a coming together of a super market and a boutique. You can get every kind of speciality yarn in the polyester and nylon spaces. The result is that whenever the customer has a requirement, 'Buy from Sarla' is a reflex action."

Manajit Pal, Technical consultant

Board of Directors

Mr. Madhusudan Jhunjhunwala

Chairman (up to 19th July, 2021)

A Commerce Graduate, he has been involved in the Indian textile industry since 1962 initially through cotton trade. He enjoyed 45 years of experience in the textile industry along with holding prestigious positions like,

• Past president of Bombay Cotton Merchants and Muccadum Association, Mumbai, India.

• Past President of Western India Chamber of Commerce.

• Ex- Director of East India Cotton Association Ltd, Mumbai, India.He was also presented with the Lifetime achievement award from East India Cotton Association. Currently, he is deeply involved in religious and philanthropic activities.

• Trustee of Sri Rani Sati Eye Hospital, Amravati, India

• Trustee of Marwari Vidyalay High school, India

• Trustee of Prempuri Ashram, Mumbai, India

• Trustee of Sri Rani Sati Temple, Amravati, India

• Trustee of Sri NarayaniSevaSansthan, Mumbai, India

Mr. Krishna Jhunjhunwala

Managing Director

Mr. Krishna Jhunjhunwala is a commerce graduate from Sydenham college of Commerce. He entered the business of textiles at the age of 21. He has a sharp commercial acumen and possesses in-depth knowledge of various segments of business in the textile industry. His vision of value added yarn sale to global customers has transformed the company to its present position of strength.

Ms. Neha Jhunjhunwala

Director

With a Bachelor's degree in Management Studies from the University of Mumbai; Neha brings a great deal of experience to the table. She also holds a prestigious Master's degree in Marketing & Strategy, from the University of Warwick, London.

She has been a pacesetter at SPFL since she began her journey with us in 2010. Neha's flair for multitasking spans across various functions in the organisation: from plant operations to Human Resources and Marketing to Sales. She truly brings enthusiasm and vigor to the table with a blend of both experience and knowledge.

Mr. Paulo Moura
Director

Paulo Moura de Castro was born in Porto, Portugal on 7th December, 1964. He has over 25 years of experience in the textile industry and is well informed about the European and American Markets. His expertise in the textile business and these markets has helped this company achieve new heights.

Mr. Parantap Dave
Director

He is a Chartered Accountant with 25+ years of consulting experience. Having deep knowledge and understanding on Corporate Advisory, Equity investment, Securing funds both in form of Venture Capital/ Private Equity and Public Equity, M&A services, investment propositions, pre-investment appraisal, and post-investment monitoring, he has been involved in creating equity with Equity Funds, Merchant Bankers, and other Finance Professionals. With deep knowledge and understanding of Indian financial markets and M&A operations, Mr. Dave joined the Board of Sarla Performance Fibers Limited in September 2014.

Ms. Shreya Desai
Independent Director

She is an advocate specialising in the field of corporate law. She completed her Bachelor of Business Administration and Bachelor of Law from Symbiosis Law College, Symbiosis International University, Pune and is enrolled as an advocate with the Bar Council of Maharashtra & Goa. She initially worked with nationally renowned law firms in Mumbai and Ahmedabad and thereafter, from 2017, she started her independent practice as a corporate lawyer. Her areas of expertise involve various significant arenas of corporate legal practice including foreign investments; mergers and acquisitions; private equity and other investment transactions; rendering general corporate law and transactional advisory; capital market transactions; and drafting and advising in respect of all types of commercial contracts and conveyances. Ms. Desai has been involved in advising various domestic as well as MNCs in rendering legal and strategic advice. She has handled corporate legal matters across varied sectors including non-banking financial sector, manufacturing sector, retail sector, food and beverages sector, service sector, banking companies etc.

Corporate details

Board of Directors

Madhusudan Jhunjhunwala
Chairman & Whole Time Director

Krishnakumar Jhunjhunwala
Managing Director

Parantap Dave
Independent Director

Neha Jhunjhunwala
Director

Shreya Desai
Independent Director

Paulo Manuel Ferreira Moura De Castro
Independent Director

Chief Financial Officer & Company Secretary

Mahendra Sheth

Auditors

C N K & Associates LLP, Chartered Accountants, Mumbai.

Bankers

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

Citibank N.A.

DBS Bank India Ltd.

HDFC Bank Ltd.

IndusInd Bank Ltd.

P T Bank Maybank Indonesia

Standard Chartered Bank

Yes Bank Ltd.

Registered office

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

Plants

1) Survey No. 59/1/4, AmliPiparia Industrial Estate, Silvassa – 396 230.
2) Survey No. 64/2/3/4, 61/2, 62/5, 63/5, 63/7, AmliPiparia Industrial Estate, Silvassa – 396 230, U.T. of Dadra &Nagra Haveli.
3) Plot No. 11 &12, Survey No 213P, Near Dadra Check Post, Dadra, U.T. of Dadra & Nagar Haveli, 396195.
4) Shed No. A1/48, 100 Sheds Area, GIDC, Vapi – 396 195.

Corporate office

304, Arcadia, 195 Nariman Point, Mumbai – 400 021.

Website

www.sarlafibers.com
Investors services e-mail id
investors@sarlafibers.com

Registrars & Transfer agents

M/s. Link Intime India Pvt. Ltd.,
C 101, 247 Park, L.B.S.Marg, Vikhroli (West),
Mumbai - 400083.
Tel: 2270 24 85 / 2264 1376 FAX: 2851 2885
E-mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

SARLA PERFORMANCE FIBERS LIMITED

[CIN: L31909DN1993PLC000056]

Registered Office: Survey No. 59/1/4, Amli 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 TWENTY EIGHTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twenty Eighth Annual General Meeting** of the members of Sarla Performance Fibers Limited will be held on Wednesday, 29th September, 2021, at 10:30 AM at the Registered Office of the Company at Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa – 396230, Union Territory of Dadra & Nagar Haveli to transact the following business:

Ordinary Business:

1. **To adopt Financial Statements**

   To receive, consider and adopt a) the audited financial statements of the Company for the financial year ended 31st March, 2021 and the Reports of the Board of Directors and Auditors thereon; and b) the audited consolidated financial statements of the Company for the financial year ended 31st March, 2021 and the Reports of the Auditors thereon and in this regard, pass the following resolutions as Ordinary Resolutions:

   a) **"RESOLVED THAT** the audited financial statements of the Company for the financial year ended 31st March, 2021 and the Reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."

   b) **"RESOLVED THAT** the audited consolidated financial statements of the Company for the financial year ended 31st March, 2021 and the Report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."

2. **To appoint Director retire by rotation**

   To appoint Ms. Neha Jhunjhunwala [DIN: 07144529], who retires by rotation as a Director and in this regard, pass the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Ms. Neha Jhunjhunwala [DIN: 07144529], who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retires by rotation."

Special Business:

3. **To ratify the remuneration of Cost Auditors for the financial year ending 31st March, 2022:**

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

   "RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and as approved by the Board of Directors of the Company, remuneration of Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand Only) (plus applicable taxes and re-imbursement of out of pocket expenses incurred in connection with the audit) to be paid to M/s. V. B. Modi & Associates, Cost Accountants, Vapi (Membership Number: 49992) appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company's Textile units for the financial year ending 31st March, 2022, be and is hereby ratified; and

   RESOLVED FURTHER THAT the Board of Directors of the Company and / or Mr. Mahendra Sheth, Chief Financial Officer and Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By order of the Board of Directors

Madhusudan S. Jhunjhunwala
Chairman and Whole Time Director
(DIN: 00097254)

Place: Mumbai
Date: 25th June, 2021

Registered Office:
SARLA PERFORMANCE FIBERS LIMITED
[CIN: L31909DN1993PLC000056]
Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa, U.T. of Dadra & Nagar Haveli – 396230
Tel: 0260–3290467, Fax: 0260 – 2631356
Email: investors@sarlafibers.com
Website: www.sarlafibers.com

Notes:

I. General Information:

1. The Explanatory Statement setting out material facts, pursuant to Section 102 of the Companies Act, 2013 ('the Act') Secretarial Standard – 2 on General Meetings and Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') in respect of the Special Business under Item No. 3 of the accompanying Notice is annexed hereto.

2. The Register of Members and Share Transfer Books of the Company will remain closed from 23rd September, 2021 to 29th September, 2021 (both days inclusive) for the purpose of AGM.

3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of Members not exceeding fifty (50) in number and holding in the aggregate not more than ten percent (10%) of the total share capital of the Company carrying voting rights. A Member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or Shareholder. Proxies in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than forty-eight hours before the commencement of the Meeting. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution / authority, as applicable. A Proxy Form is annexed to this Notice.

4. In compliance with the MCA Circulars and the Securities and Exchange Board of India ('SEBI') Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020 the validity of which has been extended till December 31, 2021 by SEBI, vide its Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 ("SEBI Circulars"), Notice of the 28th AGM along with the Annual Report for Financial Year 2020-21 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / National Securities Depository Limited and Central Depository Services (India) Limited ('the Depositories'). A copy of this Notice along with the Annual Report for Financial Year 2020-21 is uploaded on the Company's website www.sarlafibers.com, websites of the Stock Exchanges i.e. The BSE Limited and The National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of Link Intime Pvt. Ltd. i.e. https://instavote.linkintime.co.in.

5. In case the shareholder's e-mail ID is already registered with the Company/Link Intime India Private Limited, the Registrar and Transfer Agent ('LIIPL')/Depositories, log in details for e-voting shall be sent on the registered e-mail address.

6. In case the shareholder holding shares in physical mode has not registered his/her e-mail address with the Company/LIIPL/Depositories, he/she may do so by sending a duly signed request letter to LIIPL by providing Folio No. and Name of shareholder at (UNIT: Sarla Performance Fibers Limited), C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083. Tel: 022 - 4918 6270, Fax: 022 - 4918 6260. Email: rnt.helpdesk@linkintime.co.in.

7. In the case of shares held in demat mode, the shareholder may contact the Depository Participant ('DP') and register the e-mail address in the demat account as per the process followed and advised by the DP.

8. The Company's Statutory Auditors, M/s. CNK & Associates LLP, Chartered Accountants, Mumbai [ICAI Firm Registration Number: 101961W] were appointed as Statutory Auditors of the Company for a period of Five (5) consecutive years at the 24th Annual General Meeting (AGM) of the members of the Company held on 29th September, 2017 on a remuneration mutually agreed upon by the Board of Directors and the Statutory Auditors.

   Their appointment was subject to ratification by the Members at every subsequent AGM held after the AGM held on 29th September, 2017. Pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from 7th May, 2018, the requirement of seeking ratification of the Members for the appointment of the Statutory Auditors has been withdrawn from the Statute.

   In view of the above, ratification by the Members for continuance of their appointment at this AGM is not being sought. The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors. The remuneration payable to the Statutory Auditors shall be determined by the Board of Directors based on the recommendation of the Audit Committee.

9. In terms No. 2, of the provisions of Section 152 of the Act, Ms. Neha Jhunjhunwala, Director will retire by rotation at the Meeting. Nomination and Remuneration Committee and the Board of Directors of the Company re-commend her re-appointment. Ms. Neha Jhunjhunwala is interested in the Ordinary

Resolutions set out at Item No. 2, of the Notice with regard to her re-appointment.

10. A brief profile of the Director retiring by rotation and proposed to be re-appointed at this AGM, nature of her expertise in specific functional areas, names of companies in which he holds directorship and membership / chairmanship of Board Committee(s), shareholding and relationship between directors interse as stipulated under Regulation 36 of SEBI Listing Regulations and other requisite information as per Clause 1.2.5 of Secretarial Standards – 2 on General Meetings are provided in Annexure - 1 to this Notice.

11. Relevant documents as required by law and referred to in the accompanying Notice and in the Explanatory Statement shall be available for inspection through electronic mode. Members may write to the Company on investors@sarlafibers.com for inspection of said documents and the same will also be available for inspection by the members during the AGM.

12. SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated 30th November, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from 1st April, 2019 unless the securities are held in the dematerialized form with the depositories. Accordingly, the Company / Link Intime India Private Limited has stopped accepting any fresh lodgment of transfer of shares in physical form. Members holding shares in physical form are advised to avail of the facility of dematerialisation, promptly.

13. The Securities and Exchange Board of India (“SEBI”) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants (DP) with whom they maintain their Demat accounts. Members holding shares in physical form should submit their PAN to the RTA i.e. Link Intime India Private Limited of the Company/Company.

14. Members are advised to avail the nomination facility in respect of shares held by them pursuant to the provisions of Section 72 of the Act. Members holding shares in physical form desiring to avail this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to Link Intime India Private Limited. Members holding shares in dematerialized form may contact their respective DP for availing this facility.

II. Instructions for attending the AGM and Electronic Voting:

A. General Instructions:

1. The cut-off date for the purpose of determining the Members eligible for participation in remote e-voting (e-voting from a place other than venue of the AGM) and voting at the AGM is 22nd September, 2021 (‘Cut-off Date’). Please note that Members can opt for only one mode of voting i.e., either by voting at the meeting or remote e-voting. If Members opt for remote e-voting, then they should not vote at the Meeting and vice versa. However, once an e-vote on a resolution is cast by a Member, such Member is not permitted to change it subsequently or cast the vote again. Members who have cast their vote by remote e-voting prior to the date of the Meeting can attend the Meeting and participate in the Meeting, but shall not be entitled to cast their vote again.

2. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice, holds shares as on Cut-off Date, may obtain the login ID and password by sending a request at rnt.helpdesk@linkintime.co.in. Only a Member who is entitled to vote shall exercise his/her/its vote through e-voting and any recipient of this Notice who has no voting rights as on Cut-off Date should treat the same as intimation only.

3. The Board of Directors has appointed CS Ajit Sathe - Proprietor of M/s A. Y. Sathe & co., Company Secretaries in Practice (Registration No.: FCS: 2899 / COP: 738) as the Scrutinizer (hereinafter referred to as (‘the Scrutinizer’) to scrutinize the remote e-voting and the voting process at the AGM in a fair and transparent manner.

4. The Scrutinizer, after scrutinizing the votes casted through remote e-voting and at the Meeting through ballot or poll paper, will prepare a consolidated report and submit the same to the Chairman or Managing Director of the Company within forty-eight hours of the conclusion of the Meeting.

5. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company (www.Sarlafibers.com) and on the website of Link Intime India Pvt. Ltd. i.e. https://instavote.linkintime.co.in. immediately after the declaration of result by the Chairman or Managing Director of the Company. The results shall also be immediately forwarded to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

6. Corporate Members are required to scan and 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 mail@csajitsathe.com with a copy marked to the Company on secretarial@sarlafibers.com.

7. Members, Proxies and Authorized Representatives are requested to bring to the Meeting, the attendance slip enclosed herewith, duly completed and signed mentioning therein details of their DP ID and Client ID/ Folio No. Duplicate Attendance Slip or copies of the Report and Accounts will not be made available at the AGM venue.

8. The results once declared along with the Scrutinizer's Report shall be placed on the Company's website www.sarlafibers.com and on website of NSDL www.evoting.nsdl.com within forty eight hours of conclusion of the AGM and will also be communicated to The BSE Limited and The National Stock Exchange of India Limited, where the shares of the Company are listed.

B. **Remote e-voting Instructions for shareholders post change in the login machanism for individual shareholders holding securities in demat mode, pursuant to SEBI circular dated December 9, 2020:**

Pursuant to SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode can vote through their demat account maintained with Depositories and Depository Participants only post 9th June, 2021.

Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-Voting facility.

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

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	• If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. • After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. • If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp • 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. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. • 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. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

<table>
<tr><th>Type of shareholders</th><th>Login Method</th></tr>
<tr><td>Individual Shareholders holding securities in demat mode with CDSL</td><td>Existing user of who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi.
After successful login of Easi / Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL, KARVY, LINK NTIME, CDSL. Click on e-Voting service provider name to cast your vote.
If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi./Registration/EasiRegistration
Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress</td></tr>
<tr><td>Individual Shareholders (holding securities in demat mode) & login through their depository participants</td><td>• You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility.
• Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</td></tr>
<tr><td>Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME.</td><td>1. Open the internet browser and launch the URL: https://instavote.linkintime.co.in
➢ Click on “Sign Up” under ‘SHARE HOLDER’ tab and register with your following details: -
A. User ID: Shareholders/ members holding shares in physical form shall provide Event No + Folio Number registered with the Company.
B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.
C. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)
D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company.
• Shareholders/ members holding shares in physical form but have not recorded ‘C’ and ‘D’, shall provide their Folio number in ‘D’ above
➢ Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter).
➢ Click “confirm” (Your password is now generated).
2. Click on ‘Login’ under ‘SHARE HOLDER’ tab.
3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on ‘Submit’.
4. After successful login, you will be able to see the notification for e-voting. Select ‘View’ icon.
5. E-voting page will appear.
6. Refer the Resolution description and cast your vote by selecting your desired option ‘Favour / Against’ (If you wish to view the entire Resolution details, click on the ‘View Resolution’ file link).
7. After selecting the desired option i.e. Favour / Against, click on ‘Submit’. A confirmation box will be displayed. If you wish to confirm your vote, click on ‘Yes’, else to change your vote, click on ‘No’ and accordingly modify your vote.</td></tr>
</table>

Institutional shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIIPL at https://instavote.linkintime.co.in and register themselves as **'Custodian / Mutual Fund / Corporate Body'**. They are also required to upload a scanned certified true copy of the board resolution / authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME, have forgotten the password:

- o Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?'
- o Enter User ID, select Mode and Enter Image Verification (CAPTCHA) Code and Click on 'Submit'.
  - In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.
  - Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
  - The password should contain minimum 8 characters, at least one special character (@!#$&*), at least one numeral, at least one alphabet and at least one capital letter.

Individual Shareholders holding securities in demat mode with NSDL/ CDSL have forgotten the password:

- Shareholders/ members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.
  - ➢ It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - ➢ For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
  - ➢ During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

Helpdesk for Individual Shareholders holding securities in demat mode:

In case shareholders/ members holding securities in demat mode have any technical issues related to login through Depository i.e. NSDL/ CDSL, they may contact the respective helpdesk given below:

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 22-23058542-43

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders & evoting service Provider is LINKINTIME.

In case shareholders/ members holding securities in physical mode/ Institutional shareholders have any queries regarding e-voting, they may refer the Frequently Asked Questions ('FAQs') and InstaVote e-Voting manual available at https://instavote.linkintime.co.in, under Help section or send an email to enotices@linkintime.co.in or contact on: - Tel: 022 –4918 6000.

xxv. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

xxvi. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

III. Investor Education and Protection Fund ('IEPF') related:

1. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, the Company has transferred on due dates, all unclaimed dividends up to the Financial Year 2012-13 to Investor Education and Protection Fund ('said Fund') established by Central Government. Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, the Company has uploaded the details of the unpaid and unclaimed amounts lying with the Company on the website of the Company (www.sarlafibers.com), and also on the website of the Ministry of Corporate Affairs (www.mca.gov.in). Unclaimed dividend for the Financial Year 2013-14 will fall due for transfer to the said Fund on 11th October, 2021. Those Members, who have not encashed their dividends for the Financial Year 2013-14, are requested to claim it from the Link Intime India Private Limited of the Company immediately. Those Members who have not so far claimed their dividend for the subsequent financial years are also advised to claim it from the Company or the Link Intime India Private Limited.

2. Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, all equity shares of the Company on which dividend has not been paid or claimed for seven consecutive years or more on 10th October, 2021 shall be transferred by the Company to the said Fund. These details are also available on the Company's website www.sarlafibers.com. No claim shall lie against the Company in respect of these equity shares post their transfer to said Fund. Upon transfer, the Shareholders will be able to claim these equity shares only from the said Fund by making an online application to the IEPF Authority, the details of which are available at www.iepf.gov.in. All correspondence should be addressed to the Link Intime India Private Limited (UNIT: Sarla Performance Fibers Limited), C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083 , Tel: 022 – 4918 6270

   e-mail: rnt.helpdesk@linkintime.co.in .

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSANT TO SECTION 102 OF THE ACT AND REGULATION 36 OF THE SEBI LISTING REGULATION

Item No. 3: Ratification of remuneration to Cost Auditor for financial year ending 31st March, 2022

The Board of Directors at its Meeting held on 25th June, 2021, upon the recommendation of the Audit Committee, approved the appointment of M/s. V. B. Modi & Associates, Cost Accountants, Vapi, (having Membership No. 49992), to conduct the audit of the cost records of the Company's Textile units on a remuneration of INR. 1,50,000 (Rupees One Lakh Only) (excluding all applicable taxes and reimbursement of out of pocket expenses incurred in connection with the audit) for the Financial Year ending 31st March, 2022.

In terms of the provisions of Section 148 of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (as amended from time to time) the remuneration as mentioned above, payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors for the Financial Year ending 31st March, 2022 as set out in the Ordinary Resolution for the aforesaid services to be rendered by them.

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

The Board of Directors recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the Members.

By order of the Board of Directors

Madhusudan S. Jhunjhunwala
Chairman and Whole Time Director
(DIN: 00097254)

Date: 25th June, 2021
Place: Mumbai

Registered Office:
SARLA PERFORMANCE FIBERS LIMITED
[CIN: L31909DN1993PLC000056]
Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa, U.T. of Dadra & Nagar Haveli – 396230
Tel: 0260–3290467, **Fax:** 0260 – 2631356
Email: investors@sarlafibers.com
Website: www.sarlafibers.com

ANNEXURE 1

Details of Directors Seeking Re-Appointment at the Forthcoming Annual General Meeting

[Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standard-2 on General Meetings]

Name of Director	Ms. Neha Jhunjhunwala
DIN	07144529
Date of Birth	22/02/1989
Age	32 years
Date of First appointed on the Board	31/03/2015
Qualifications	Bachelor's degree in Management Studies
Experience and Expertise	Experience in Management
No. of Meeting of the Board Attending during the year	3
List of Directorship of other Board	NA
List of Membership / Chairmanship of Committees of other Boards	NA
Shareholding in Sarla Performance Fibers Limited	4000 Equity Shares
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Daughter of Krishnakumar Jhunjhunwala
Terms and Conditions of re-appointment	As mentioned in Explanatory Statement to Notice
Details of remuneration last drawn (FY 2020-21)	Not Applicable
Details of remuneration sought to be paid	Not Applicable
Justification for choosing the appointees for appointment as Independent Director	Not Applicable

By order of the Board of Directors

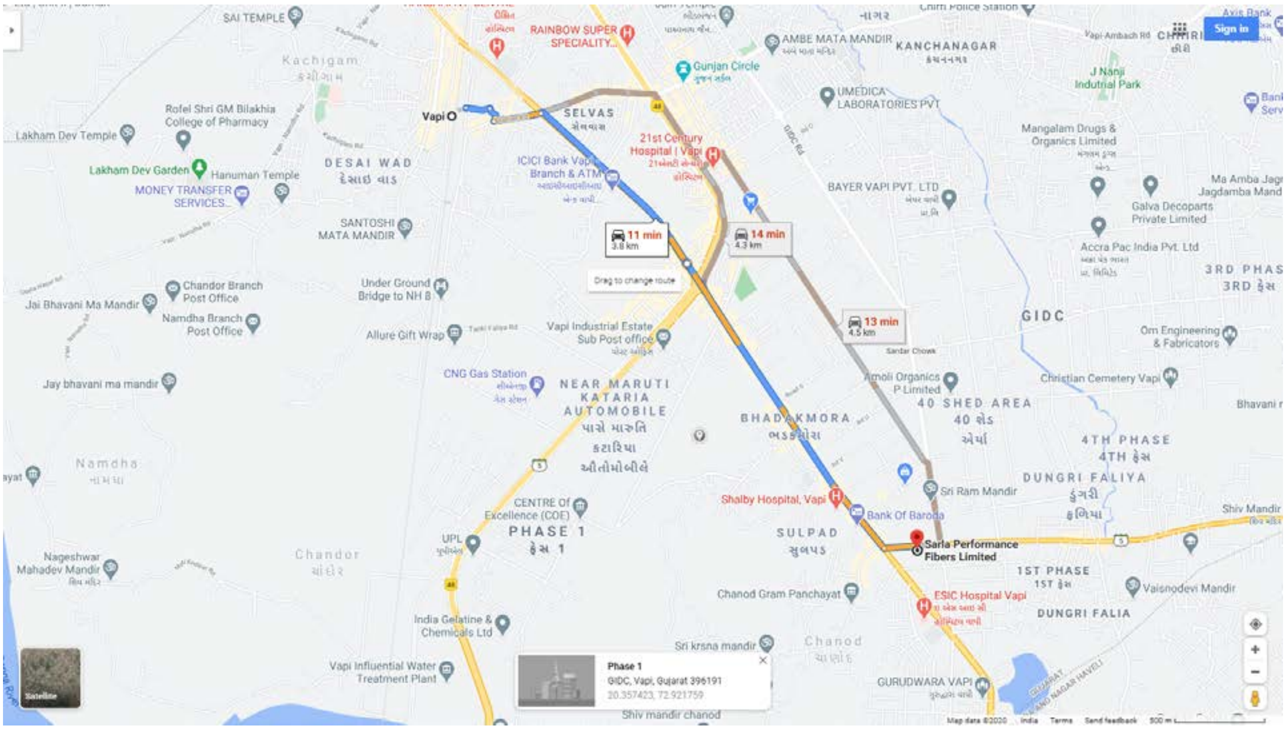
Madhusudan S. Jhunjhunwala
Chairman and Whole Time Director
(DIN: 00097254)

Date: 25th June, 2021
Place: Mumbai

Registered Office:
SARLA PERFORMANCE FIBERS LIMITED
[CIN: L31909DN1993PLC000056]
Survey No. 59/1/4, Amli Piparia Industrial Estate,
Silvassa, U.T. of Dadra & Nagar Haveli – 396230
Tel: 0260 3290467, **Fax:** 0260 – 2631356
Email: investors@sarlafibers.com
Website: www.sarlafibers.com

ROUTE MAP to the venue of Annual General Meeting

(From Vapi Railway Station to Sarla Performance Fibers Limited)



By order of the Board of Directors

Madhusudan S. Jhunjhunwala
Chairman and Whole Time Director
(DIN: 00097254)

Date: 25th June, 2021
Place: Mumbai

Registered Office:
SARLA PERFORMANCE FIBERS LIMITED
[CIN: L31909DN1993PLC000056]
Survey No. 59/1/4, Amli Piparia Industrial Estate,
Silvassa, U.T. of Dadra & Nagar Haveli – 396230
Tel: 0260 3290467, **Fax:** 0260 – 2631356
Email: investors@sarlafibers.com
Website: www.sarlafibers.com

SARLA PERFORMANCE FIBERS LIMITED

[CIN: L31909DN1993PLC000056]

Registered Office: Survey No. 59/1/4, Amli 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

ATTENDANCE SLIP
28TH ANNUAL GENERAL MEETING

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE AUDITORIUM

Folio No./DP ID No./ Client ID No.:

Name and address of the registered member:

Name of Joint Holder(s), If any (in Block Letters):

Number of Shares:

I/ We hereby record my/our presence at the 28th Annual General Meeting of the Company to be held at registered office on Wednesday, 29th September, 2021 at 10:30 A.M.

Signature of the Member/
Joint Member/Proxy attending the Meeting

Electronic Voting Event Number (EVEN)	User ID	Password

Note:

1. Person attending the Meeting is requested to bring this Attendance Slip and Annual Report with him/her. Duplicate Attendance Slip and Annual Report will not be issued at the Annual General Meeting.
2. Please read the complete instructions given under the note no. 20 to the Notice of Annual General Meeting. The voting time starts from Sunday, 26th September, 2021 (9:00 am IST) and ends on Tuesday, 28th September, 2021 (5:00 pm IST). The voting module shall be disabled by Link IntimeIndia Pvt. Ltd. for voting thereafter.

SARLA PERFORMANCE FIBERS LIMITED

[CIN: L31909DN1993PLC000056]
Registered Office: Survey No. 59/1/4, Amli 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

Form No. MGT-11
PROXY FORM

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

CIN	:	L31909DN1993PLC000056
Name of the Company	:	SARLA PERFORMANCE FIBERS LIMITED
Registered Office	:	Survey No 59/1/4, Amli Piparia Industrial Estate Silvassa DN 396230 India

Name of Member: ____________________

Registered Address: ____________________

E-mail Id: ____________________

Folio No. / Client Id: ____________________

DP Id: ____________________

I/We, being the member(s) of shares of the above-named company, hereby appoint:

Name ____________________

Address ____________________

Email Id ____________________

1) ____________________ or failing him;

2) ____________________ or failing him;

3) ____________________

Signature of First Proxy Holder	Signature of Second Proxy Holder	Signature of Third Proxy Holder

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the Company, to be held on Wednesday, 29th September, 2021 at 10:30 AM, at the Registered Office of the Company at Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa, U.T. of Dadra & Nagar Haveli - 396230, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolution	For	Against
1.	Adoption of Financial Statements: a) the audited financial statements of the Company for the financial year ended 31st March, 2021 and the Reports of the Board of Directors and Auditors thereon; and b) the audited consolidated financial statements of the Company for the financial year ended 31st March, 2021 and the Reports of the Auditors thereon.		
2.	Appointment Ms. Neha Jhunjhunwala as a Director to retire by rotation.		
3.	Ratification of remuneration to Cost Auditor for financial year ending 31st March, 2022.		

Signed ________________________ day of __________________ 2021.

Signature of Shareholder:

Signature of Proxy holder(s):

Affix Re. 1
Revenue
Stamp

Note: This form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Board's Report

Dear Members,

The Board of Directors takes immense pleasure in presenting the 28th (Twenty Eighth) Annual Report on the Audited Financial Statements of Sarla Performance Fibers Limited for the financial year ended 31st March, 2021.

1. Corporate Overview:

Sarla Performance Fibers Limited ("Your Company/ the Company") is engaged in the business of Specialty Yarn for the past 27 years and has 2 (two) Manufacturing Plants at Silvassa, UT of Dadra & Nagar Haveli and a Dyeing Plant at Vapi, Gujarat. It also has Wholly Owned Subsidiaries (WOS) at British Virgin Islands (BVI) and United States of America (USA) and the Group's Corporate Office is situated at Mumbai.

2. Financial Summary Highlights

The Company's financial performance for the year ended 31st March, 2021 is summarized below:

(Rs in Lakhs)

Particulars	STANDALONE		CONSOLIDATED	
	2020-21	2019-20	2020-21	2019-20
Sales & Operations	25,136	29,832	25,781	31,094
Add: Other Income	1,284	1,804	1,633	1,754
Total Income	**26,420**	**31,636**	**27,414**	**32,848**
Total Expenses	(19,738)	(25,220)	(20,155)	(26,113)
Profit Before Interest, Depreciation & Tax	**6,682**	**6,415**	**7,259**	**6,735**
Less: Finance Cost	(636)	(963)	(1,143)	(1,058)
Less: Depreciation &amortization	(1,786)	(1,766)	(2,572)	(2,520)
Less: Exceptional Items	(2,437)	-	-	-
Profit Before Tax	**4,260**	**3,686**	**3,544**	**3,157**
Less: Provision for Taxation				
- Current	(1,146)	(1,031)	(1,156)	(1,046)
- Deferred	619	799	267	800
Net Profit After Tax	**1,296**	**3,454**	**2,655**	**2,911**
Net Comprehensive Income for the Year	**1,339**	**3,469**	**2,609**	**3,038**
Balance bought forward	21,425	18,372	18,099	15,544
Profit for the Year	1,296	3,454	2,624	2,936
Re measurement of Net defined benefit plans (net of tax)	43	15	43	15
Dividend Paid during the year	-	417	-	413

3. Business Performance:

Operations:

During the financial year under review, the sales of the Company on standalone basis were INR. 25,136 Lakhs as against INR. 29,832 Lakhs in the financial year 2019-20 witnessing a decreasing of 15.74%. The FOB value of exports stood at INR. 15,055 Lakhs compared to INR. 18,068 Lakhs in 2019-20.

The Consolidated Sales and Operation of the Company for the financial year 2020-21 were INR. 25,781 Lakhs as against INR. 31,094 Lakhs in the previous year i.e. 2019-20. Registering a negative growth of 17.09%.

Profitability:

The profit before Depreciation, Interest & Tax was INR. 6,683 Lakhs as compared to INR. 6,415 Lakhs in the previous year, after providing for depreciation of INR. 1,786 Lakhs (Previous Year INR. 1,766 Lakhs) & provision for taxation of INR. 1,146 Lakhs (Previous Year INR. 1,031 Lakhs), there was a net profit of INR. 1,296 Lakhs as compared to INR. 3,454 Lakhs in the Previous Year.

There are no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this Report other than the impact of COVID-19 on the domestic and international business operations of the Company detailed in this Report as well as Notes to the Financial Statements of the Company.

A. Business & Economic Overview:

Global Economy:

The COVID-19 pandemic has impacted each and every business in some way or the other, the global textile industry has been drastically impacted. Asia, being one of the largest markets for textile industry in the world has suffered due to sudden drop in international demand for their products coupled with prolonged lockdowns and restrictions in majority of Asian countries. Shortage of raw materials and several supply chain disruptions have worsened the situation globally. It is estimated that exports to major buying regions in the European Union, United States, and Japan might decline by approx. 70%. The key markets in the textile industry are China, European Union, the United States and India, all of which were affected due to the COVID-19 pandemic

India Economy:

With an overall slowdown in the global economy which is estimated to have contracted by around 3.3% in 2020 on account of COVID-19 pandemic, the prospects in 2021 have shown sizeable improvement and the negative growth is expected to be reversed with positive growth of 6% expected to moderate to 4.4% in 2022. These are unprecedented and uncertain times. Globally, the COVID-19 pandemic has caused massive disruptions across every sphere of human and business activity. There has been an adverse economic impact on people, communities and countries. The vaccination drive has picked up momentum pan-India and the outlook remains positive with the advent of new vaccines reaching the market. Emerging Markets like India have witnessed a slowdown and there is economic fallout registered on account of sustained lockdowns in various parts of the Country. Growth in India is estimated to have contracted to -7.3% in FY 2021 with the country witnessing a second wave of the pandemic in March, 2021. The localised lockdowns have resumed which are likely to impair economic activity. However, the COVID-19 pandemic has severely impacted economies worldwide. Basis the fallout, the International Monetary Fund has projected a sharp contraction of the global economy to a status much worse than what resulted from the 2008-09 financial crisis. The measures taken by the government to contain spread of the COVID-19 pandemic have had an impact on the economic activities as well as on the data collection mechanisms. Estimates are, therefore, likely to undergo sharp revisions for the aforesaid causes in due course. V-shaped economic recovery is expected due to mega vaccination drive, recovery in the services sector and strong growth in consumption and investment coupled with resurgence in high frequency indicators such as power demand, rail freight, e-way bills, GST collection, steel consumption, etc.

India's Textile Industry:

The textiles and apparels sector is a major contributor to the Indian economy in terms of foreign exchange earnings and employment. Textile & garments industry in India is expected to reach US$223 Billion by 2021 from US$140.4 Billion in 2018. India is the third-largest textile manufacturing industry and contributes approximately 6% to the total textile production, globally. India ranks 2nd as the largest producer of textiles and garments and is the 5th largest exporter of textiles spanning apparel, home and technical products. The Indian textile industry is set for growth, buoyed by both strong domestic consumption as well as export demand. Favourable demographic, rising per capital income and a shift in customer preference to branded products is expected to revive the textile industry which has been severely impacted by the COVID-19 pandemic. The Government of India is working on major initiatives and reforms in the Textile sector, including launch of a 'Mega Integrated Textile Region and Apparel (MITRA) Park' scheme to establish seven textile parks with state-of-the-art infrastructure, common utilities and R&D lab over a three-year period; starting a focused product scheme; positioning the country as a global hub in the man-made fibre (MMF) and technical textiles segments. Competitive advantage, robust demand, favourable government policies, increasing investments and urbanisation are expected to be the key drivers for revival of the industry.

Business Overview:

Indian Operations:

The Company exports to 60 countries and is a leading exporter of Regular as well as High Tenacity Polyester and Nylon Yarns. It started operations 28 years ago as a commodity manufacturer of Man-Made Fiber but has transformed itself into a high value-added yarn maker in the past decade. It has an installed capacity of 11,900 tons per annum for manufacturing yarns & 20 Tons per day Nylon POY in Silvassa, 3000 tons per annum high tenacity twisting at Dadra and 3200 tons per annum for a Dyeing unit at Vapi.

The Company's emphasis this year will be to focus on niche end user applications in India, higher value-added yarns to leading global apparel brands and companies.

SPFL also owns Wind Power Capacity of 14.75 MW in totality, located in different states i.e. 6 MW is in the state of Maharashtra, 5.75 MW in the state of Gujarat and 3 MW in the state of Madhya Pradesh. Our plant load factor for the fiscal year 2021 was about 20-21%.

Overseas Operations

Company's Wholly Owned Subsidiary, Sarlaflex, Inc. has suspended its manufacturing operations since

December 2017. Thus, management of the Subsidiary is presently monitoring the situation on a continuous basis and exploring all options including sale of the undertaking. Based on the impairment indicator, Company has tested its investments in Sarlaflex, Inc. for whether any impairment is required to be recognised in accordance with the requirements of Ind AS 36 –Impairment of Assets.

As at 31st March, 2021, Company has investments amounting to Rs. 15,312 lakhs by way of investments in equity, preference shares and unsecured loans to Sarlaflex, Inc. Impairment assessment of these investments have been performed by comparing carrying value of investments to their recoverable amount. For the purpose of impairment testing, recoverable amount has been determined considering valuation report obtained from an external expert. Consequently, impairment provision amounting to Rs. 9,192 lakhs has been recognised in the Statement of Profit and Loss as an exceptional item.

Details of Assets impaired

(Rs in Lakhs)

Particulars	Nature	Amount
Sarla Overseas Holding Limited	Non-current financial assets - Loans	6,756
Sarla Performance Fibers Limited	Investments in shares	2,437

Customer Segments and Growth:

The Company's customer segments can be divided into four parts:

1) Innerwear, Narrow Fabrics, Hosiery and Sportswear.
2) Threads.
3) Industrial Yarns.
4) Regular Yarns.

Turnover Break Up (Customer Segment-wise)

Segment	FY 2020-21 (% of Total Sales)	FY 2019-20 (% of Total Sales)
Innerwear, Narrow Fabrics, Hosiery and Sportswear	42.27	41.67
Threads	30.46	30.21
Industrial Yarns	17.73	17.65
Regular Yarns	9.54	10.47
	100.00	100.00

Turnover Break Up (Geographical)

Regions	FY 2020-21 (% of Total Sales)	FY 2019-20 (% of Total Sales)
South, North & Central America	20.36	23.82
Middle East & Europe	27.76	40.30
Africa	02.61	02.68
Asia Pacific	49.27	33.20
	100.00	100.00

In all, we export to over 60 countries and to 235 customers. Our customer concentration is well distributed and no single customer exceeds more than 10% of our revenue.

B. Opportunities and Threats:

In India, the textiles and apparel industry are broadly divided into two segments - yarn and fibre and processed fabrics and apparel. The domestic textiles and apparel export is expected to increase to US$ 82billion by 2021 from US$ 22.95 billion in FY2020.

India's textile industry is one of the largest and the most important sectors for the Indian economy in terms of output, foreign exchange earnings and employment. The sector provides direct employment toaround 4.5 crore workers including 35.22 lakh handloom workers all over the country. India's e-commerce sale of goods and apparel saw a steep rise in 2020, due to an increased market demand. Work-From-Home drove the demand for casual wear apparel over formals. The market is expected to grow further at 10% CAGR from 2019-20 to reach US$ 190 billion by 2025-26.

One of the positive factors in recent time is the increasing gap between cotton and polyester prices. Though, there was a glut in cotton and prices had fallen due to oversupply and less offtake from China, the synthetic fiber prices also fell following the slump in crude oil and its derivatives. We believe, the demand for synthetic fiber will continue to outpace that of cotton due to the inherent price advantage and quality improvements.

One of our big market is the NAFTA and CAFTA market comprising of North American customers. Due to the growing preference for locally sourced products, the demand for synthetic yarn in this geography is increasing by 5-6% p.a. Upon restarting our operations in US, we will be the direct beneficiaries of this due to our presence in South Carolina, US. Moreover, there are substantial cost advantage of manufacturing in the US making us reasonably cost competitive vis a vis suppliers from China, ASEAN and India.

C. Outlook:

The prospects of polyester/nylon yarns remain healthy due to increase in demand

D. Financial Performance: (INR. in Lakhs)

Item	2020-21	2019-20	% increase/ decrease
Raw Material Cost & Purchase of Stock in trade	10324	13864	-25.53%
Employee Benefit and Other Expenditure	9413	11358	-17.12%
EBIDTA	6683	6416	0.12%
Finance Cost	636	963	-33.96%
Fixed Assets (Gross Block)	28941	27543	05.08%
Net Current Assets	10,563	8707	21.32%
Working Capital Finance	9697	6869	41.17%
Cash & Bank Balances	9488	6825	39.02%

(Note: standalone performance comparison, Rupees in Lakhs)

Raw Material Cost:

The Raw Material prices increased in the year 2020-21 due to increase in the price of Partially Oriented Yarn (POY) and Chips. The Major reason for increase in prices of Raw Material is increase in price of Crude oil.

Interest Cost:

The interest cost increased mainly due to increase in USD/EURO viz. an INR exchange rate.

Fixed Assets:

The increase in fixed assets of INR. 1,515 Lakhs is due to Expansion and upgradation of existing Plant & Machinery.

Net Current Assets and Cash & Cash Equivalents:

The Increase in Net Current assets is due to Increase in Debtors, Inventories and increase in Fixed Deposits with banks.

E. Risk and Concerns:

Raw material sourcing:

We source 46% of our RM requirements (mainly Polyester) from India and 54 % from imports (Nylon chips/fiber). For our RM sources we have multiple suppliers. In 2020-21, the price of our major RM POY ranged between INR. 46 to 182 per kg and that of Nylon yarn ranged between INR. 90 to 328 per kg.

Interest Rates:

The Company's average gross interest cost in the 2020-21 increased by 1.34% The Company's present Debt Equity Ratio is 0.43. The long-term Debt equity Ratio is 0.20 Interest costs are 4.43% of total revenue.

Exchange Rate:

59% per cent of Company's revenue is in foreign currency (Dollar, Euro & GBP) and balance is in INR. Also, we import 25% per cent of turnover (92% of which consists of raw material purchases) creating a natural hedge to that extent. Apart from this, from time to time forward cover is taken to hedge exposure in foreign currency. For Financial year 2021, our average forward cover was for 3 months of our revenue.

Inflation:

As we cater to Major Manufacturers of Sewing Threads, Hosiery, Knitwear's etc. the inflationary pressures is passed over a period of time.

F. Internal Control System and Their Adequacy:

The Company has in place reasonable internal control system both from the business process and regulatory compliance point of view. The system is reviewed and updated on regular basis. The company is continuously upgrading its internal control systems by measures such as strengthening of Information Technology infrastructure and use of external management consultant services.

G. Human Resources / Industrial Relations:

The human resources have always been of supreme importance at SPFL as they are the growth-drivers and the mainstay of the organization. The prominence on the people of the organisation stems from the belief that they are the authors of the Company's success story. Integral to the Company's approach, human resource development is its distinctive strategy. The strategy ensures developing and nurturing a team of competent, passionate and inspiring leaders who would turn to be the scribes of a promising future's slate. Thus, building a future-ready organisation through the true to type learning, innovation and world-class execution.

The Company believes that the alignment of all employees to a shared vision and purpose is crucial for succeeding in the marketplace. Further, it recognises the mutuality of interests with key stakeholders and is committed to building harmonious employee relations.

SPFL is confident that its employees will relentlessly strive to meet the growth agenda, deliver world-class performance and innovate newer things. They will thus uphold human dignity, foster team spirit and discharge their role as 'trustees' of all stakeholders with true faith and allegiance.

H. Capital Expansion and Investment:

In 2020-21, we incurred a CAPEX of INR. 1,515.00 Lakhs towards Expansion and upgradation of Plant & Machinery. For Financial Year 2021-22 we envisage amount of CAPEX to the tune of about 1,500 Lakhs.

I. Value Added Statement:

(Rs in Lakhs)

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
Income from Production / Operations	25136	29832	31632	27647	25954.04
Add: Other Income	1284	1804	1809	2585	2026.98
Corporate Output	26420	31636	33441	30232	27981.02
Less: Cost of Raw Materials Consumed	10324	13864	17346	13751	10852.68
Less: Cost of Traded Goods	-	-	-	-	57.07
Less: Other Manufacturing Expenses	6135	6889	6119	5435	5964.82
Less: Administrative & Other Expenses	2185	3120	2395	2171	2022.55
Equals To Gross Value Added	7776	7763	7557	8875	9083.90
Less: Depreciation &Amortization	1786	1767	1448	1317	1243.55
Less: Extra Ordinary / Prior Period Items	2437	-	-	-	-
Equals Net Value Added	3553	5996	6109	7558	7840.35
Allocation of Net Value Added					
To Personnel	1094	1346	1150	1008	921.73
To Taxes (including tax on proposed div.)	527	232	1281	1905	1666.99
To Creditors (via interest)	636	963	727	618	579.11
To Investors (via dividend)	0	417	420	919	918.53
To the Company (via retained earnings)	1296	3038	2531	3108	3753.99
	3553	5996	6109	7558	7840.35

4. Impact of Global Crisis : COVID -19:

In March 2020, the World Health Organisation declared COVID-19 a global pandemic. Consequent to this, Government of India declared a nation-wide lockdown from March 24, 2020. Subsequently, the nation-wide lockdown was lifted by the Government of India, but regional lockdowns continue to be implemented in areas with significant number of COVID-19 cases. The 'second wave' in March and April, 2021 further exacerbated the situation with Maharashtra suffering a high number of infections. Accordingly, the Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of financial results, to determine the impact on the Company's revenue from operations and estimation of sales related expenses over the foreseeable future and the recoverability and carrying value of certain assets such as property, plant and equipment, investments, inventories, trade receivables, deferred tax assets and input tax credit receivables. The impact of COVID-19 pandemic on the overall economic environment being uncertain may affect the underlying assumptions and estimates used to prepare Company's financial results, which may differ from impact considered as at the date of approval of these financial results. The Company continues its business activities, in line with the guidelines issued by the Government authorities, takes steps to strengthen its liquidity position and further explore cost restructuring exercise. Your Company is conscious of the significant disruption and impact COVID-19 can have on its employees, clients, partners, investors and the communities in which it operates. We are working hard to contain and mitigate its impact. The Company does not anticipate any challenges in its ability to continue as going concern or meeting its financial obligations. As the situation is unprecedented, the Company is closely monitoring the situation as it evolves in the future. The primary objectives of your Company's response to the pandemic are to ensure the safety and wellbeing of its employees and partners, to deliver on its commitments to clients in the true spirit of partnership and to secure the financial and operational resilience of the Company.

5. **Dividend:**

In order to conserve the resources of the Company by taking into account the prevailing economic situation and the need of resources for growth, the Board of Directors of the Company have decided not to recommend any dividend on the Equity Shares of the Company for the Financial Year ended March 31, 2021.

Your Company continues with its task to build businesses with long-term goals based on its intrinsic strengths in terms of its quality manufacturing prowess, distribution strengths and customer relationships. To accelerate further value creation, your Company continues to evaluate new areas of growth. The initiatives aimed at rationalising and streamlining operations, to bring about efficiencies and reducing costs remain top priority.

6. **Amount, if any, proposed to transfer to reserves**

The Company has made no transfer to reserves during Financial Year 2020-21.

7. **Share Capital:**

The paid-up Equity Share Capital as on 31st March, 2021 is INR. 8,35,03,000. During the year under review, the Company has not issued shares on rights basis, Equity Shares with differential voting rights nor granted any stock options or sweat equity or warrants or bonus shares. As on 31st March, 2021 none of the Directors of the Company held instruments convertible into equity shares of the Company.

8. **Deposits:**

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

9. **Credit Rating:**

Acuite Ratings and Research Ltd (Formerly Known as SMERA Ratings Limited) have reaffirmed the Company's long-term borrowings rating to 'ACUITE A' and reaffirmed the short-term borrowing rating as 'ACUITE A1' for the financial year 2020-21.

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

10. **Management Discussion & Analysis:**

Management's Discussion and Analysis Report for the year under review, as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), is presented in a separate section, forming part of the Annual Report.

11. **Consolidated Financial Statement:**

In accordance with the provisions of the Companies Act, 2013 ("the Act") and Ind AS 110 – Consolidated Financial Statement read with Ind AS - 28 Investments in Associates and Ind AS 31 – Interests in Joint Ventures, the audited consolidated financial statement is provided in the Annual Report.

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

The Company does not have any Indian Company as Subsidiary. There are two wholly owned overseas subsidiaries viz. Sarla Overseas Holdings Ltd (BVI) and Sarlaflex Inc. (USA) and one Step down subsidiary viz. Sarla Europe (LDA) as on 31st March, 2021 which is a subsidiary of Sarla Overseas Holdings Ltd (BVI). There has been no material change in the nature of the business of the subsidiaries. The Policy for determining material subsidiaries as approved may be accessed on the Company's website at www.sarlafibers.com.

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

The Company will make available, the Financial Statements of the Subsidiary Companies to any Member of the Company who may be interested in obtaining the same.

No Company has become or ceased to be a Subsidiary during the year under consideration

The Company is not having any Holding Company or Joint Venture or any Associates Company.

A statement containing the salient features of the financial statement of subsidiary / associate / joint venture companies, as per Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, is provided herein below in prescribed Form AOC-1:

(Rs in Lakhs)

Name of the Subsidiary	Sarla Overseas Holdings Ltd (SOHL)	Sarlaflex Inc.	Sarla Europe LDA (Subsidiary of SOHL)
Reporting period for the subsidiary	April to March	April to March	April to March
Reporting Currency	USD	USD	EURO
Conversion Rate	73.50	73.50	86.10
Number of Shares	435000	989000	3000
Share Capital	196.99	596.50	3.17
Reserve and Surplus	-545.94	-2870.46	38.55
Total Assets	792.11	4838.40	275.29
Total Liabilities (including reserves)	1141.07	7112.36	221.97
Investments	0	0	0
Turnover	1408.22	0	176.77
Profit before Taxation	-6390.21	-1131.77	86.65
Provision for Taxation	0	351.71	9.44
Profit after Taxation	-6390.21	-1483.48	77.22
Proposed Dividend	0	0	0
% of shareholding	100%	100%	60%
Country	British Virgin Island	United States of America	Portugal

13. Secretarial Standards:

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

14. Directors' Responsibility Statement:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013:

1) that in the preparation of annual accounts for the year ended 31st March, 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures for the same;

2) that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2021 and of the profit and loss of the Company for that year;

3) that the Directors had taken proper and sufficient care 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;

4) that the Directors had prepared the annual accounts on a 'going concern' basis

5) that the Directors had laid down internal financial controls and such internal financial controls are adequate and operating effectively, and

6) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

15. Corporate Governance:

As per the regulation 34(3) read with the Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Report on the Corporate Governance is annexed and forms an integral part of this Report. The requisite certificate from the Practising Company Secretary confirming compliance with the conditions of Corporate Governance is attached to the report of Corporate Governance.

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

In order to comply with provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has formulated and implemented a policy on prevention, prohibition and redressal of complaints related to sexual harassment of women at the workplace. All women employees whether permanent, temporary or contractual are covered under the above policy. The said policy has been uploaded on the internal portal of the Company for information of all employees. An Internal Complaint Committee (ICC) has been set up in compliance with the said Act. During the year under review, no complaints were reported to the Board.

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

The Company has an Internal Control System, commensurate with the size of its operations. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report, significant audit observations and corrective actions thereon are regularly presented to the Audit Committee of the Board.

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

18. Risk Management:

The Risk Management Policy of the Company is available on the Company Website at: www.sarlafibers.com.

19. Directors:

In terms of provisions of the Section 152(6) of the Companies Act, 2013, Ms. Neha Jhunjhunwala, Director retire by rotation at the ensuing Annual General Meeting, and being eligible offers herself for re-appointment. The profile of Director seeking reappointment pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is included in the Annual Report.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

20. Board Meetings:

During the financial year 2020-21, 04 (Four) Board Meetings were held, as per relaxation Notification issued by Ministry of Corporate Affairs the gap between last board meeting held in Financial year 2019-20 dated 04th February, 2020 and first board meeting held in Financial year 2020-21 i.e. on 24th July, 2020 was 172 days, as per relaxation provided by the Ministry of Corporate Affairs notification date 03rd May, 2020, according to this notification gap between two consecutive meeting of the Board may extended 180 days during the quarter April to June 2021. The details of the attendance of Directors at the Board Meetings are mentioned in the report on Corporate Governance annexed hereto.

21. Annual evaluation of Board, its Committees and individual Directors:

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 and 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 Audit Committee, CSR Committee, Nomination & Remuneration Committee, Risk Management Committee and Stakeholder Relationship Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

22. Particulars of contracts or arrangements with Related Party Transactions:

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. 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.

All Related Party Transactions are placed at the meetings of Audit Committee and also at the Board meeting for approval. 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 A' to this report.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: www.sarlafibers.com

Members may refer to Note No. 43 to the Standalone Financial Statement which sets out related party dislosures pursuant to Ind AS.

23. Significant and Material Orders passed by the Regulators or Courts

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

24. 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:

No material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

25. Corporate Social Responsibility:

In accordance with the provisions of Section 135 of the Act and Rules framed there under, the Company has a Corporate Social Responsibility ("CSR") Committee of Directors comprising of Mr. Madhusudan Jhunjhunwala, Chairman; Mr. Parantap Dave, Member and Mrs. Shreya Desai, Member.

The CSR Committee had met on 14th November, 2020. As required under Section 135 of the Companies Act, 2013, during the year, the Company undertook CSR initiatives which is mainly focused on promoting education, health and public hygiene. In this connection, the Company during the year under consideration spent an amount of INR. 74 Lakhs as against an amount of INR. 74 Lakhs required to be spent. A detailed list of the CSR expenditure made is annexed herewith as 'Annexure B'.

The CSR Policy is available on the Company Website at www.sarlafibers.com.

26. Auditors and Auditors' Report

Statutory Auditors:

CNK & Associates LLP, Chartered Accountants, Mumbai (ICAI Firm Registration No. 101961W) were appointed as the Statutory Auditors of the Company for a term of five consecutive years, at the Twenty Fourth AGM of the Company held on 29th September, 2017. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

In terms of the Companies (Amendment) Act, 2017 and vide notification no S.O.1833(E) dated 07th May, 2018, the Ministry of Corporate affairs have done away with the requirement of ratification of the appointment of auditors, at each subsequent annual general meeting, by deleting the 1st Proviso to the sub-section (1) of Section 139 of the Companies act, 2013. Accordingly, the same is now not required to be put up to the members for ratification.

CNK & Associates LLP, Chartered Accountants, have confirmed that they continue to be eligible under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for continuing as Auditors of the Company.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report contain Unmodified opinion for the Financial year 2020-21.

Details in respect of frauds reported by auditors pursuant to section 143(12) of the Companies Act, 2013:

There have been no instances of fraud reported by abovementioned Auditors under Section 143(12) of the Act and Rules framed thereunder either to the Company or to the Central Government during Financial Year 2020-21.

Cost Auditor:

Pursuant to the provisions of Section 148 of the Companies Act, 2013, read with Rule 4 of the Companies (Cost Records and Audit) Rules, 2014 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendations by the Audit Committee in that behalf, M/s. B. F. Modi & Associates, Cost Accountants, (Membership Number: 6955), Vapi, was appointed as Cost Auditors of the Company for carrying out the Audit of Cost Records of Company maintained for the financial year from 1st April, 2020 to 31st March, 2021. They would be required to submit the reports by 27th September, 2021.

As required under the Companies Act, 2013, the Company place the consent letter of M/s. V. B. Modi & Associate, Cost Auditors for appointment for Financial year 2021-22, the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their approval. Accordingly, a Resolution seeking Member's approval for the remuneration payable to M/s. V. B. Modi & Associates, Cost Auditors for Financial Year 2021-2022 is included at Item No. 3 of the Notice convening the Annual General Meeting.

As per requirements of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain cost records and accordingly, such accounts are made and records has been maintained in respect of the applicable products for the year ended 31.03.2021.

Secretarial Auditor:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed CS Aditya Agrawal- Partner of M/s. Agrawal Mundra & Associates. Company Secretaries in Practice (Registration No.: FCS57913/ COP 22030) to undertake the Secretarial Audit of the Company for the financial year ended 31st March, 2021. The Secretarial Audit Report is annexed herewith as "Annexure C".

The Secretarial Auditor has made following qualifications / adverse remarks:

Under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

1) Delay in submission of Statement of Investor Compliant for the quarter ended March 2020 with the National Stock Exchange pursuant to Reg. 13(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Fine of Rs. 4720/- was levied by National Stock Exchange for the said delay. However, the listed entity in its letter dated June 18, 2020 in response to the NSE letter stated that the delay has been

happened due to lockdown under Covid-19 pandemic. Accordingly, listed entity's request for waiver of fines is pending before the appropriate forum for consideration;

2) Delay in submission of Shareholding Pattern for the quarter ended March, 2020 with National Stock Exchange and Bombay Stock Exchange pursuant to Reg. 31 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Fine of Rs. 2360/- each was levied by both the stock exchanges for the said delay. However, the listed entity in its reply letter dated June 18, 2020 to the National Stock Exchange and dated Sep 11, 2020 to the Bombay Stock Exchange stated that the delay has been happened due to lockdown under Covid-19 pandemic. Accordingly, listed entity's request for waiver of fines is pending before the appropriate forum for consideration;

3) Delay in submission of Compliance certificate w.r.t. transmission or transposition of securities for the half year ended September 30, 2020 pursuant to Reg. 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No fine was imposed by the stock exchanges for the said delay;

*The fine amount mentioned are inclusive of Goods and Service Tax@18%.

Board's Reply to Secretarial Auditors' qualifications/adverse remarks:

Under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

1) The listed entity in its letter dated June 18, 2020 in response to the NSE letter stated that the delay has been happened due to lockdown under Covid-19 pandemic. Accordingly, listed entity's request for waiver of fines is pending before the appropriate forum for consideration.

2) The listed entity in its letter dated September 11, 2020 in response to the BSE letter stated that the delay has been happened due to lockdown under Covid-19 pandemic. Accordingly, listed entity's request for waiver of fines is pending before the appropriate forum for consideration.

In terms of Section 204 of the Companies Act, 2013, on the recommendation of the Audit Committee, the Board of Directors has appointed CS Aditya Agrawal-Partner of M/s. Agrawal Mundra & Associates. Company Secretaries in Practice (Registration No.: FCS57913/ COP 22030) to undertake the Secretarial Audit of the Company for the financial year 2020-21.

27. Audit Committee:

The Audit Committee comprises two Independent Directors namely Mr. Parantap Dave (Chairman), Ms. Shreya Desai and Mr. Madhusudan Jhunjhunwala, Whole-time Director. During the year all the recommendations made by the Audit Committee were accepted by the Board.

28. Corporate Social Responsibility (CSR) Committee:

The CSR Committee comprises Mr. Madhusudan Jhunjhunwala (Chairman), Mr. Parantap Dave and Ms. Shreya Desai.

29. Vigil Mechanism:

The Company has established Vigil Mechanism and a Whistle-blower policy in accordance with provisions of the Act and Listing Regulations. The Vigil Mechanism and whistle-blower policy is out on the Company's website and can be accessed at: www.sarlafibers.com

30. Particulars of Loans given, Investments made, Guarantees given and securities provided:

Particulars of Loans given, Investments made, Guarantees given and securities provided along with purpose for which the loan or guarantee or security is proposed to be utilised by the recipient are provided in Note No.43 of the Standalone financial statements.

31. 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 D' to this Report.

32. Extract of the Annual Return:

Pursuant to Section 134(3)(a) and Section 92(3) of the Act read with Companies (Management and Administration) Rules, 2014, the Annual Return of the Company in Form MGT-7 has been placed on the Company's website www.sarlafibers.com.

33. Particulars of Employees and related Disclosures:

The disclosures required pursuant to Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, is provided in "Annexure-F" to this report. During the year under review, the Company does not have any employee who is drawing a remuneration of Rs. 10,200,000 per annum or Rs. 8,50,000 per month' as stipulated in the Act and the rules made thereunder. Hence, disclosures required under Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have not been provided. The Managing Director of the Company did not receive any remuneration or commission from any of the Company's subsidiaries. Hence, disclosure pursuant to Section 197(14) of the Act is not applicable to the Company.:

1. The Ratio of the remuneration paid to each director to the median remuneration of the employees of the Company for the financial year 2020-21:

Name of Director	Remuneration paid	Median remuneration	Ratio
Mr. Madhusudan Jhunjhunwala (Chairman, Whole-time Director)	69,00,000	2,01,390	34.26x
Mr. Krishnakumar Jhunjhunwala (Managing Director)	69,00,000	2,01,390	34.26x

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

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year 2020-21:

Name of Director/ Key Managerial Personnel	Remuneration paid	Percentage Increase/ Decrease in current financial year
Mr. Madhusudan Jhunjhunwala (Chairman, Whole-time Director)	69,00,000	-50%
Mr. Krishnakumar Jhunjhunwala (Managing Director)	69,00,000	-50%
Mr. MahendraSheth (Chief Financial Officer& Company Secretary)	33,63,560	-31.65%

3. The percentage increase in the median remuneration of employees in the financial year: Nil

4. The number of permanent employees on the rolls of company: 289

5. Average percentage increase in salaries of non-managerial employees was NIL as compared to average percentage increase in managerial remuneration which was 05-10%

6. The Board affirms that the remuneration paid is as per the Remuneration Policy of the Company.

   Neither Managing Director nor Whole-time Director of the Company receives any remuneration or commission from any Subsidiary of the Company.

34. Acknowledgement:

Your Directors wish to place on record their appreciation of the dedicated efforts by employees at all levels. The Directors also wish to place on record their word of sincere appreciation to the bankers, the investors, the vendors, the customers, and all other business associates for their continued support.

35. Cautionary Statement:

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances.

For and on behalf of the Board of Directors

Krishnakumar M. Jhunjhunwala
Managing Director
(DIN: 00097175)

Place: Mumbai
Date: 25th June, 2021

ANNEXURE A

Form No. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis – **No Such transactions**

Details of material contracts or arrangement or transactions at arm's length basis:Name of Related Party	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Duration of contracts / arrangements / transactions	Salient terms of contracts / arrangements / transactions	Date of approval by the Board, if any:	Amount paid as advances, if any	Amount (INR. In Lakhs)
Sarla Overseas Holdings Ltd, BVI	Wholly Owned Subsidiary	Sale of Goods	Ongoing	Arm's Length basis	24th July, 2020	NIL	758
Sarlaflex Inc, USA	Wholly Owned Subsidiary	Sale of Goods	Ongoing	Arm's Length basis	24th July, 2020	NIL	NIL
Sarla Europe LDA, Portugal	Step Down Subsidiary	Payment of commission	Ongoing	Arm's Length basis	24th July, 2020	NIL	182

For and on behalf of the Board of Directors

Madhusudan S. Jhunjhunwala
Chairman and Whole Time Director
(DIN: 00097254)

Place: Mumbai
Date: 25th June, 2021

ANNEXURE B

Annual Report on Corporate Social Responsibility (CSR) Activities

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

CSR Policy is stated herein below:

The detailed policy is available on the Company Website at: www.sarlafibers.com

Composition of the CSR Committee:

- Mr. Madhusudan Jhunjhunwala (Chairman),
- Mr. Parantap Dave, &
- Ms. Shreya Desai

Average net profit of the Company for last three financial years:

INR. 3,678 Lakhs

Prescribed CSR Expenditure (two percent of the Average Net Profit as detailed above):

INR. 74 Lakhs

Details of CSR spend for the financial year:

Total amount spent for the financial year: INR. 74 Lakhs

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

(Rs in Lakhs)

Sr. No.	CSR Project or Activity identified	Sector in which the project is covered (Clause No. of Schedule VII of the Act as amended)	Project or Programme 1. Local Area or other 2. Specify the state and district where project or programme was undertaken	Amount Spent on Projects or programmes Subheads: 1. Direct Expenditure on Projects or Programme 2. Overheads	Cumulative Expenditure upto the reporting period	Amount Spent (Direct or through implementing Agency)
2	Healthcare to the Local community including preventive Healthcare/ nutrition/ sanitation and improving the infrastructure	Health	Maharashtra	INR. 74.00	INR. 74.00	Directly
Total				INR. 74.00	INR. 74.00	

The Company was required to contribute an amount of INR. 74 Lakhs and Company spend the same amount towards CSR during the financial year. The CSR Committee have identified the areas for CSR Contribution, as the Project is under process the amounts are disbursed as and when required.

Responsibility Statement:

A responsibility statement of CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR Objectives and Policy of the Company

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

For and on behalf of the Board of Directors

Madhusudan S. Jhunjhunwala
Chairman and Whole Time Director
(DIN: 00097254)

Place: Mumbai
Date: 25th June, 2021

ANNEXURE C

FORM MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021 (hereinafter called "period under review") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (during the period under review not applicable to the company);

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (during the period under review not applicable to the company);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (during the period under review not applicable to the Company);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (during the period under review not applicable to the Company);

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (during the period under review not applicable to the Company); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (during the period under review not applicable to the company);

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

a) Secretarial Standards issued by the Institute of Company Secretaries of India;

b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

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

1. Delay in submission of Statement of Investor Compliant for the quarter ended March 2020 with

the National Stock Exchange pursuant to Reg. 13(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Fine of Rs. 4720/- was levied by National Stock Exchange for the said delay. However, the listed entity in its letter dated June 18, 2020 in response to the NSE letter stated that the delay has been happened due to lockdown under Covid-19 pandemic. Accordingly, listed entity's request for waiver of fines is pending before the appropriate forum for consideration;

2. Delay in submission of Shareholding Pattern for the quarter ended March, 2020 with National Stock Exchange and Bombay Stock Exchange pursuant to Reg. 31 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Fine of Rs. 2360/- each was levied by both the stock exchanges for the said delay. However, the listed entity in its reply letter dated June 18, 2020 to the National Stock Exchange and dated Sep 11, 2020 to the Bombay Stock Exchange stated that the delay has been happened due to lockdown under Covid-19 pandemic. Accordingly, listed entity's request for waiver of fines is pending before the appropriate forum for consideration;

3. Delay in submission of Compliance certificate w.r.t. transmission or transposition of securities for the half year ended September 30, 2020 pursuant to Reg. 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No fine was imposed by the stock exchanges for the said delay;

*The fine amount mentioned are inclusive of Goods and Service Tax@18%.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors, if any 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.

Note: Due to lockdown under COVID-19, Certification on this Form MR-3 is done on the basis of the documents made available to us in electronic form (i.e. through email) by the Secretarial Team of the Company and such documents will be verified physically after the lockdown is lifted.

For Agrawal Mundra & Associates,
Company Secretaries
(ICSI Unique Code P2019MP077600)

Aditya Agrawal
Partner
M. No: 57913
CP No: 22030

Place: Mumbai
Date: 19th June 2021

11Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE I' and forms an integral part of this report.

ANNEXURE I

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

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

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

For Agrawal Mundra & Associates,
Company Secretaries
(ICSI Unique Code P2019MP077600)

Aditya Agrawal
Partner
M. No: 57913
CP No: 22030

Place: Mumbai
Date: 19th June 2021

ANNEXURE D

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

Particulars required under Section 134(3)(m) of the Companies Act, 2013 read with the Rules 8(3) of the Companies (Account) Rules, 2014.

(a) Steps taken or impact of conservation of energy during 2020-21: In line with Companies Commitment towards conservation of energy, all units have made continuous efforts aimed at improving energy efficiency through improved operational and maintenance practices. The Company have taken following steps during the year under review:

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

(b) 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 150 KW at Vapi and 720 KW at Silvassa energy generated from the said turbine and Solar Plant is captively used by the company.

(c) The Capital investment on energy conservation equipment's during the year is about INR. 255 Lakhs.

FORM B: Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R&D)

1.	Specific areas in which R & D is Carried out by the company	New Product Development, process Development and optimising process parameters.
2.	Benefits derived as a result of the above	Introduction of several new types of Polyester and Nylon Yarns.
3.	Future Plan of Action	To meet the increasing requirement of customers around the world and development of new products.
	Expenditure on R & D. a) Capital b) Recurring c) Total	All machineries are dedicated for operational as well as R & D activities hence no separate accounts are maintained and as such expenditure on R & D is not separately ascertainable.
	d) Total R & D expenditure as percentage of total Turnover.	N. A.
4	**Technology absorption, adoption and Innovation.** 1. Efforts in brief, made towards Technology absorption, adoption and innovation products	Continuous efforts towards improvement of process equipment and are made out to suit market requirements and to achieve optimum operational efficiency.
	2. Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, development, import substitution etc.	Introduction of several new products
	3. In case of Imported Technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.	Not applicable
	a) Technology Imported b) Year of Import c) Has Technology been fully absorbed? d) If not fully absorbed areas where this has not taken place, reasons therefore and future plans of action.	Not applicable

FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) **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

(b) **Total foreign exchange expended and earned**

Sr. No.	Particular	Current Year (INR. Lakhs)	Previous Year (INR. Lakhs)
1.	Total foreign exchange earned (FOB)	15055	18068
2	Total foreign exchange used	6602	5872

For and on Behalf of Board of Directors

Madhusudan S. Jhunjhunwala Partner
Chairman and Whole Time Director
(DIN: 00097254)

Place: Mumbai
Date: 25th June, 2021

Corporate Governance Report

The Directors present the Company's Report on Corporate Governance for the year ended 31st March, 2021, in terms of Regulation 34(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("Listing Regulations").

INTRODUCTION

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

SPFL has been discharging its statutory obligations and duties and has always complied with the statutory and regulatory requirements. Given below are the Company's Corporate Governance policies and practices in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015(hereinafter referred to as "Listing Regulations").

The Director's present the Company's Report on Corporate Governance for the year ended 31st March, 2021.

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 organisation. Good Corporate Governance leads to long term shareholder value and enhances interest of other stakeholders. It brings into focus the fiduciary and the trusteeship role of the Board to align and direct the actions of the organisation towards creating wealth and shareholder's value.

Given the Company's size and complexity in operations, SPFL's corporate governance framework is based on the following main principles:

- Appropriate composition and size of the Board, with each Director bringing in key expertise in different areas.
- Proactive flow of accurate information to the members of the Board and Board Committees to enable effective discharge of fiduciary duties.
- Ethical business conduct by the Board, management and employees.
- Well-developed systems and processes for internal controls across all operations, risk management and financial reporting.
- Protect and facilitate the exercise of shareholders' rights.
- Adequate, timely and accurate disclosure of all material operational and financial information to the stakeholders.

2. BOARD OF DIRECTORS

Composition of the Board

As on 31st March, 2021, the Company's Board consists of Six (6) Directors. The Board of Directors of your Company has an optimum combination of Executive and Non-Executive Directors with Two Woman Directors and not less than fifty per cent of the Board comprises Non – Executive Directors. Pursuant to Regulation 17(1) (b) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") where the Company is having an executive chairperson, at least half of the Board of Directors shall comprise of Independent Directors.

As on 31st March, 2021, the structure of the Board of Directors of the Company is as follows:

Name and Designation of Directors	Category
Mr. Madhusudan Jhunjhunwala, Chairman &Whole-time Director	Promoter Executive Directors
Mr. Krishnakumar Jhunjhunwala, Managing Director	
Ms. Neha Jhunjhunwala, Director	Promoter Non-Executive Director
Mr. Parantap Dave	Independent Directors
Ms. Shreya Desai	
Mr. Paulo Castro	

The Board is chaired by Executive Chairperson. The Board periodically reviews its composition and size and evaluates the need for change, if required. Mr. Madhusudan Jhunjhunwala, Mr. Krishnakumar Jhunjhunwala and Ms. Neha Jhunjhunwala, Directors are directly related to each other. Other Directors are not related to them or among each other.

Number of Shares held by Non- Executive Directors

Name of Non-Executive Director	No. of Shares held
Ms. Neha Jhunjhunwala	4000

None of Non-Executive Directors, of the Company, except above, are holding any shares and convertible instruments of the Company during the financial year ended 31st March, 2021.

Directors' Directorships/ Committee Memberships:

In accordance with Regulation 26 of Listing Regulations, none of the Directors are member in more than Ten (10) committees excluding Private Companies, foreign Companies and Companies under Section 8 of the Companies Act, 2013 or act as a chairperson of more than Five (5) committees across all listed entities in which he / she is a Director. The Audit Committee and Stakeholders' Relationship Committee are only considered in computation of limits. Further, no Independent Director serves as Independent Director in more than Seven (7) Listed Companies. Disclosures to this effect have been received by the Company from all its Directors.

Relevant details of the Board of Directors as on 31st March, 2021 are given below:

Name of Director	Date of Appointment	Category of Director	Directorships in other Indian Public Listed Companies (excluding Sarla Performance Fibers Ltd.)	Number of Board Committees in which Chairman / Member (excluding Sarla Performance Fibers Ltd.)		List of Directorship held in other Listed Companies and Category of Directorship
				Chairman	Member	
Madhusudan Jhunjhunwala (DIN:00097254)	15/07/1994	Promoter / Chairman & Whole-time Director	NIL	NIL	NIL	NIL
Krishnakumar Jhunjhunwala (DIN: 00097175)	14/06/1994	Promoter / Managing Director	NIL	NIL	NIL	NIL
Parantap Dave (DIN: 00019472)	27/09/2014	Non - Executive, Independent Director	NIL	3	3	NIL
Neha Jhunjhunwala (DIN: 07144529)	31/03/2015	Non - Executive, Non-Independent Director	NIL	NIL	NIL	NIL
Shreya Desai (DIN: 08041995)	12/12/2017	Non - Executive, Independent Director	NIL	NIL	NIL	NIL
Paulo Castro (DIN: 08459844)	27/09/2019	Non - Executive, Independent Director	NIL	NIL	NIL	NIL

Based on the disclosures received from all Independent Directors and also in the opinion of the Board, the independent directors fulfill the conditions specified in the Companies Act, 2013, Listing Regulations and are independent of the Management.

None of the Directors holds directorship in any other listed company.

Independent Directors confirmation by the Board:

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of Listing Regulations. In the opinion of the Board, the Independent Directors fulfill the conditions of independence specified in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of Listing Regulations. A Formal letter of appointment to Independent Directors as provided in the Companies Act, 2013 has been issued and disclosed on the website of the Company viz. www.sarlfibers.com.

Independent Directors, have an independent standing in their respective field/profession, and who effectively contribute to the Company's business and policy decisions of the Company. Independent Directors meet at least once in every financial year without the presence of Executive Directors or Management Personnel. Such meetings are conducted informally to enable Independent Directors to discuss, review and assess performance of executive directors, chairman and that of the Board as a whole. It also enables to ascertain communication and coordination processes being followed at Board and management levels so that any lapses can be rectified.

During the year under review, the Independent Directors met on one time inter alia, to:

a) Evaluate performance of Non-Independent Directors and the Board of Directors as a whole;

b) Evaluate performance of the Chairman of the Company, considering the views of the Executive and Non-Executive Directors;

c) Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at this Meeting.

Number of Independent Directors:

As per Regulation 17A of Listing Regulations, Independent Directors of the Company do not serve as Independent Director in more than Seven (7) Listed Companies. Further, the Managing Director of the Company does not serve as an Independent Director in any listed entity.

Familiarization Programmes for Board Members:

The Board members are provided with necessary documents/brochures, reports to enable them to familiarise with the Company's procedures and practices. Quarterly updates on the relevant statutory changes are regularly circulated to the Directors. At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, functions, duties and responsibilities expected from him/her as a Director of the Company. The Director is explained in detail the Compliance required from him under the Companies Act, 2013, Listing Regulations and other relevant regulations. The Managing Director personally interacts with the newly appointed Director to familiarise him with the Company's operations. Further Company has put in place a system to familiarise the Independent Directors about the Company, its business and the on-going events relating to the Company. The familiarization programme formulated for Board is put up on the website of the Company www.sarlafibers.com.

A Chart or Matrix setting out the skills/expertise/competence of The Board of Directors specifying the following;

i) 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:

Code of Conduct:

The Company has laid down a Code of Conduct for all the Board Members and Senior Management of the Company. All the Directors and senior management personnel have affirmed Compliance of the same during the year. A declaration to the effect signed by the CEO cum Managing Director forms part of the Annual Report 2020-21 of the Company. The code has been posted on the website of the Company at www.sarlafibers.com.

Performance Evaluation Criterion:

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. Structures, questionnaires were prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board's culture, level of contribution in board processes, safeguarding and promoting interests of company and shareholders, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Chairman and Managing Director and the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

Board Meetings, Committee Meetings and Procedures

Board Meetings:

The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness, and ensures that shareholders' long-term interests are being served.

The Board meets at regular intervals to discuss and decide on business strategies / policies and review the financial positions of the Company and its subsidiaries.

Number of Board Meetings

During financial year 2020-21, the Board of Directors met Four (4) times. The maximum gap between two consecutive meetings was less than One Hundred and Twenty days, as stipulated under Section 173(1) of the Companies Act, 2013 and Regulation 17(2) of the Listing Regulations and the Secretarial Standard by the Institute of Company Secretaries of India except between the Board Meetings dated February 04, 2020 and July 27, 2020. However, SEBI vide Circular dated March 19, 2020 provided relaxation for holding Board Meeting without observing the maximum stipulated time gap between two meetings for the meetings held or proposed to be held between the period December 1, 2019 and June 30, 2020.

Attendance of Directors at the Board meetings and at the last Annual General Meeting (AGM)

S. No.	Name of Directors	24/07/2020	14/11/2020	29/12/2020	11/02/2021	Attendance at AGM held on 30th September, 2020
1	Madhusudan Jhunjhunwala	Present	Present	Absent	Present	Present
2	Krishnakumar Jhunjhunwala	Present	Present	Present	Present	Present
3	Parantap Dave	Present	Present	Present	Present	Present
4	Neha Jhunjhunwala	Present	Present	Absent	Present	Present
5	Shreya Desai	Present	Present	Present	Present	Absent
6	Paulo Castro	Present	Absent	Absent	Present	Absent

Date	Board Strength	No. of Directors present
24th July, 2020	6	6
14th November, 2020	6	5
29th December, 2020	6	3
11th February, 2021	6	6

Attendance of Directors at Board Meetings and last Annual General Meeting

Name of the Director	No. of Board Meetings held during the year	No. of Board Meetings attended	Attendance at the AGM held on 30th September, 2020
Madhusudan Jhunjhunwala	4	3	Present
Krishnakumar Jhunjhunwala	4	4	Present
Parantap Dave	4	4	Present
Neha Jhunjhunwala	4	3	Present
Shreya Desai	4	4	Absent
Paulo Castro	4	2	Absent

The Board meetings were held at the Company's Corporate Office at 304, Arcadia, Nariman Point, Mumbai – 400021

Scheduling and Selection of Agenda items for Board and Committee Meetings

The Company Secretary, in consultation with Chairman of the Board, finalise the agenda of Board / Committee Meetings. The agenda and notes to agenda are circulated to Directors in advance, and in defined agenda format. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting including minimum information required to be made available to the Board as prescribed under Part A of Schedule II of Sub-regulation 7 of Regulation 17 of the SEBI Listing Regulations. Where it is not practicable to attach any document to the agenda, it is tabled before the meeting with specific reference to this effect in Agenda.

All Board and Committee meetings' agenda papers are disseminated electronically on a real-time basis, thereby eliminating circulation of printed agenda papers.

Recording Minutes of Proceedings at Board and Committee Meetings

The Company Secretary records minutes of proceedings of each Board and Committee meeting. Draft minutes are circulated to Board / Committee members for their comments as prescribed under Secretarial Standard-1. The minutes are entered in the Minutes Book within 30 days from the conclusion of the meeting.

Compliance

The Company Secretary, while preparing the agenda, notes on agenda and minutes of the meeting(s), is responsible for and is required to ensure adherence to all applicable laws and regulations, including the Companies Act, 2013 read with rules issued thereunder, Listing Regulations and Secretarial Standards issued by the Institute of Company Secretaries of India.

Committees:

The Board has constituted Five Committees, viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility and Risk Management Committee. The Board is authorised to constitute additional functional Committees, from time to time, depending on business needs.

Composition of Committees of the Board

Audit Committee			
Sr. No.	Name of the Director	Category	Chairperson/Membership
1	Parantap Dave	Independent Director	Chairman
2	Shreya Desai	Independent Director	Member
3	Madhusudan Jhunjhunwala	Executive Director	Member

Nomination and Remuneration Committee			
Sr. No.	Name of the Director	Category	Chairperson/Membership
1	Parantap Dave	Independent Director	Chairman
2	Shreya Desai	Independent Director	Member
3	Neha Krishna Jhunjhunwala	Non- Executive Director	Member

Stakeholders' Relationship Committee			
Sr. No.	Name of the Director	Category	Chairperson/Membership
1	Parantap Dave	Independent Director	Chairman
2	Shreya Desai	Independent Director	Member
3	Madhusudan Jhunjhunwala	Executive Director	Member

Corporate Social Responsibility Committee			
Sr. No.	Name of the Director	Category	Chairperson/Membership
1	Madhusudan Jhunjhunwala	Executive Director	Chairman
2	Parantap Dave	Independent Director	Member
3	Shreya Desai	Independent Director	Member

Risk Management Committee			
Sr. No.	Name of the Director	Category	Chairperson/Membership
1	Krishnakumar Jhunjhunwala	Executive Director	Chairman
2	Shreya Desai	Independent Director	Member
3	Parantap Dave	Independent Director	Member

Mr. Mahendra Sheth, Company Secretary and Compliance Officer, is the Secretary of all Committees.

Meetings of Committees held during the year and Directors' Attendance

Committees of the Company	Audit Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	Risk Management Committee
Meetings held	4	1	1	1	Nil
		Members' Attendance			
Madhusudan Jhunjhunwala	3	NA	1	1	NA
Krishnakumar Jhunjhunwala	NA	NA	NA	NA	NA
Parantap Dave	4	1	1	1	NA
Shreya Desai	4	1	1	1	NA
Neha Jhunjhunwala	NA	1	NA	NA	NA
Paulo Castro	NA	NA	NA	NA	NA

NA – Not a member of the Committee

Terms of Reference and other Details of Committees

Audit Committee:

The Committee's composition and terms of reference are in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. The composition of Committee is given in this Report. The Committee consists of Two Independent Directors and One Executive Director of the Company viz. Mr. Parantap Dave, Ms. Shreya Desai and Mr. Madhusudan Jhunjhunwala.

The Chairman of the Audit Committee was present at the last Annual General Meeting.

Meeting Details:

Date	Committee Strength	No. of Members present
24rd July, 2020	3	3
14th November, 2020	3	3
29th December, 2020	3	2
11th February, 2021	3	3

The role and functions of the Committee, inter-alia, include:

- overseeing the Company's financial reporting process,
- reviewing with the management and external auditors key issues and significant processes, quarterly and yearly financial results before submission to the Board,
- recommending appointment/ re-appointment/ replacement/ removal of the statutory auditors and/ or their fees, reviewing the adequacy of the internal control systems and procedures, significant risk areas with the management,
- review of significant related party transactions and internal audit reports,
- reviewing progress made in implementation of recommendations made by the Internal Audit Department,
- making recommendations for improvement in internal control systems and reviewing issue related to risk management and compliances,
- Reviewing the findings of any internal investigations into any suspected fraud, irregularity or internal control and to determine the reasons for any substantial defaults in the payment of depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- Hold discussions with statutory auditors on the nature, scope and process of audits and any views that they have about the financial control and reporting processes.
- Recommend the appointment of cost auditors.
- Valuation of undertakings or assets of the Company, wherever it is necessary.

Nomination and Remuneration Committee:

The Committee's composition and terms of reference are in compliance with the provisions of the Companies Act, 2013, Regulation 19 of the Listing Regulations. The composition of Committee is given in this Report. The Committee consists of Two Independent Directors and One Non-Executive Director of the Company viz. Mr. Parantap Dave, Ms. Shreya Desai and Ms. Neha Jhunjhunwala.

Meeting Details:

Date	Committee Strength	No. of Members present
11th February, 2021	3	3

Terms of Reference of the Committee inter alia include the following:

- Reviewing the overall compensation policy, service agreements and other employment conditions of Managing/Whole-time Director(s) and Senior Management (one level below the Board);
- To help in determining the appropriate size, diversity and composition of the Board;
- To recommend to the Board appointment / re-appointment and independence of Directors;
- To recommend to the Board remuneration payable to the Directors;
- To create an evaluation framework for Independent Directors and the Board;
- To provide necessary reports to the Chairman of the Board after the evaluation process is completed by the Committee Members;
- To assist in developing a succession plan for the Board;
- To assist the Board in fulfilling responsibilities entrusted from time- to-time;
- Delegation of any of its powers to any Members of the Committee or the Compliance Officer.

The Policy on Board Diversity has been formulated and has been posted on the website of the Company www.sarlafibers.com.

Remuneration of Directors:

The Executive Directors were paid remuneration as approved by the Board and members in General Meeting. The Non-Executive Directors are paid remuneration by way of the sitting fees for attending the meetings of the Board or Committee thereof.

The details of sitting fees paid to the Directors during the year 2020-21 are given below:-

Name of Non-Executive Directors	Sitting Fees (Rs.)
Mr. Paulo Castro	-
Mr. Parantap Dave	80,000
Ms. Neha Jhunjhunwala	60,000
Ms. Shreya Desai	80,000

None of the Non-Executive Directors of the Company had any pecuniary relationship of transaction with the Company during the financial year 2020-21.

Company has paid a remuneration of Rs.69,00,000/-to Mr. Krishnakumar M. Jhunjhunwala, Managing Director and Rs. 69,00,000/- to Mr. Madhusudan S. Jhunjhunwala, Chairman & Whole Time Director of the Company during the financial year 2020-21, as given below : -

(Rs. in Lacs)

Break-up of remuneration	Madhusudan Jhunjhunwala, Chairman & Whole-time Director	Krishnakumar Jhunjhunwala, Managing Director
Salary	69.00	69.00
Benefits and Perquisites	Nil	Nil
Allowances	Nil	Nil
Performance linked incentives	Nil	Nil
Stock options	Nil	Nil

Service Contacts, severance fees and Notice period with Managing Director and Chairman &Whole Time Director are as per below details:

Chairman & Whole Time Director:

Period of Contract	:	5 Years from 01st August, 2019 to 31s July, 2024
Termination of Contract	:	By either party giving 3 Months' notice
Severance Fees	:	Nil

Managing Director:

Period of Contract	:	5 Years from 01st October 2019 to 30th September, 2024
Termination of Contract	:	By either party giving 3 Months' notice
Severance Fees	:	Nil

"Remuneration Policy" of the Company is posted on website of the Company viz.www.sarlafibers.com.

Stakeholders Relationship Committee:

Stakeholders Relationship Committee looks into the redressal of shareholder's/investor's complaints. The composition of Committee is given in this Report. The Committee consists of Two Independent Directors and One Executive Director of the Company viz. Mr. Parantap Dave, Ms. Shreya Desai and Mr. Madhusudan Jhunjhunwala.

Meeting Details:

Date	Committee Strength	No. of Members present
11th February, 2021	3	3

The Company has appointed M/s. Link Intime India Private Limited as its Registrar and Share Transfer Agent (RTA). Mr. Mahendra Vrajlal Sheth as CFO and Company Secretary of the company acts as a Compliance Officer of the Company and oversees the functioning of the RTA.

Terms of Reference of the Committee inter alia include the following:

- Oversee and review all matters connected with transfer of Company's securities;
- Approve issue of duplicate shares / debenture certificates;
- Consider, resolve and monitor redressal of investors' / shareholders' / security holders' grievances related to transfer of securities, non-receipt of annual reports, non-receipt of declared dividend, issue / new duplicate certificates, general meetings and so on.
- Oversee the performance of the Company's Registrars and Transfer Agents.
- Monitor implementation and compliance with the Company's code of conduct for prohibition of insider trading;
- Annual performance evaluation of the Committee;
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

Investor Grievance Redressal

The number of complaints received and resolved to the satisfaction of investors during the year under review and their break-up are as under:

Type of Complaints	Number of Complaints
Non-Receipt of Annual Reports	NIL
Non-Receipt of Dividend	
Non-Receipt of Interest/ Redemption Warrants	
Transfer of securities	
Total	

There were no pending requests for the financial year ended 31st March, 2021.

Corporate Social Responsibility Committee:

Pursuant to the provisions of Section 135 of the Companies Act, 2013, Corporate Social Responsibility committee consisting of Mr. Madhusudan Jhunjhunwala as Chairman, Mr. Parantap Dave and Mrs. Shreya Desai as members of the committee. The Role of the Committee is to look after company's CSR activities and shall monitor CSR Plan.

Meeting Details:

Date	Committee Strength	No. of Members present
14th November,	3	3

Terms of Reference of the Committee inter alia include the following:

- Formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- Recommend the amount of expenditure to be incurred on the CSR activities;
- Approve Corporate Sustainability Reports and oversee the implementation of sustainability activities;
- Monitor Company's compliance with the Corporate Governance Guidelines and applicable laws and regulations and make recommendations to the Board on all such matters and on any corrective action to be taken, as the Committee may deem appropriate.
- Monitor CSR policy of the Company from time to time.
- Monitor CSR activities undertaken by the Company.
- Ensure compliance with the corporate governance norms prescribed under the Listing Regulations, the Companies Act, 2013 and other statutes or any modification or re-enactment thereof;

Risk Management Committee:

The Risk Management Committee consists of Mr. Krishnakumar Jhunjhunwala as Chairman, Ms. Shreya Desai and Mr. Parantap Dave as members of the Committee.

No meeting of the Committee was held during the year. The Committee is entrusted with power, authority and function to formulate, monitor and review the risk management plan for the company. The Committee shall carry out such other functions as may be delegated to it by the Board of Directors.

Terms of Reference of the Committee inter alia include the following:

- Framing Risk Management Plan and Policy;
- Overseeing implementation / Monitoring of Risk Management Plan and Policy;
- Validating the process of Risk Management.
- Validating the procedure for Risk Minimisation.
- Review of development and implementation of a risk management policy including identification therein of element of risk.
- Annual performance evaluation of the Committee.

The Compliance Officer of the Company, Mr. Mahendra Sheth can be contacted on following address:

Sarla Performance Fibers Limited
304, Arcadia, 195 Nariman Point, Mumbai – 400021
Tel: 2283 4116/4420 – Fax: 2285 1728
E-mail: msheth@sarlafibers.com
Website: www.sarlafibers.com

General Body Meetings - Location and time of last 3 Annual General Meetings:

AGM for the Financial Year	Date	Time	Venue
2017-2018	28th September, 2018	09.30 a.m.	} Registered Office of the Company
2018-2019	27th September, 2019	10.00 a.m.	} Survey No. 59/1/4, Amli Piparia
2019-2020	30th September, 2020	10.00 a.m	} Industrial Estate, Silvassa – 396230
			} U.T. OF D. & N. HAVELI.

During last 3 AGMs following special resolutions were passed:

Date of AGM	Section	Resolution Matter
28th September, 2018	14 of the Companies Act, 2013	Alteration of Article of Association
	Section 180 (1)(c) of the Companies Act, 2013	Revision in overall borrowing powers of the Company
	Section 180 (1)(a) of the Companies Act, 2013	Creation of Mortgage/Charge on the assets of the Company
27th September, 2019	Section 196, 197, 198 and 203	Re-Appointment of Mr. Madhusudan Jhunjhunwala as a Chairman and Whole-Time Director of the Company for a period of five years
	Section 196, 197, 198 and 203	Re-Appointment of Mr. Krishnakumar Jhunjhunwala as Managing Director of the Company for a period of five years
	Section 149 and 152	Re-Appointment of Mr. Parantap Dave as an Independent Director of the Company for a second term of five consecutive years
	Section 161	Appointment of Mr. Paulo Castro as an Independent Director

No Special resolution was passed in the AGM held on 30th September, 2020.

No special resolution was passed through postal ballot during last year. No resolution was proposed to be passed through postal ballot.

Means of Communication

The Quarterly and Half Yearly results were published in widely circulating National and Local Daily's such as Financial Express / Business Line, in English (Mumbai & Ahmedabad), Gujarat Guardin, In Gujarati (Ahmedabad). The results were not sent individually to the shareholders. Results were also hosted on company's website www.sarlafibers.com.

The Management Discussion and Analysis Report forms part of the Annual Report and included in the Directors' Report.

Disclosures

Disclosure on materially significant related party transactions:

All related party transactions as defined under the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business except one transaction details of which is mentioned in Form AOC-2 attached as Annexure C of Directors' Report. 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.

Please refer note 42 of notes on financial statement. These transactions do not have any potential conflict with the interest of the Company at large. The Company has formulated a policy on dealing with Related Party Transactions. The Policy is available on the website of the Company www.sarlafibers.com.

The Company has complied with all requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, except as mentioned in the Annual Compliance report as per Regulation 24A

Consequently, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

Whistle Blower Policy:

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Listing Regulations, the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. The details policy of the company is posted on website of the company viz. www.sarlafibers.com and in the directors' report.

Insider Trading:

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended from time to time, the Company has formulated a code of fair disclosure and conduct for prevention of insider trading. Details of the shareholdings of the Non-Executive Directors as on 31st March, 2021 are as under –

Name	No. of Shares of Re. 1 each
Mr. Parantap Priyakant Dave	Nil
Ms. Shreya Desai	Nil
Ms. Neha Jhunjhunwala	4000

General Shareholder Information

Annual General Meeting	
Date and Time	Friday, 29th September, 2021, at 10.30 AM
Venue	Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa – 396230 U.T. Dadra & Nagar Haveli
Date of Book Closure	Thursday, 23rd September to Wednesday, 29th September 2021 (both days inclusive).
Financial Year	April 1, 2021 to March 31, 2022
Financial Calendar	The results will be published as under: (Tentative) First Quarter Before 14th August, 2021 Second Quarter Before 14th November, 2021 Third Quarter Before 14th February, 2022 Fourth Quarter(Annual) Before 30th May, 2022
Listing on Stock Exchanges and Stock-Code	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 - Stock Code No. 526885 and National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai – 400051 - Symbol SARLAPOLY

The Company's shares are listed on the BSE Limited and the National Stock Exchange of the India Limited. The annual listing fees have been paid upto F.Y.2020-21 and there is no outstanding payment towards the exchanges, as on date.

Market Price Data

Monthly high/low during the year 2020-21 on the BSE and National Stock Exchange:

Month	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
Apr-20	15.25	14.15	14.80	14.30
May-20	13.20	13.17	13.40	12.85
Jun-20	19.20	18.00	19.35	18.10
Jul-20	16.35	15.80	16.70	15.80
Aug-20	19.85	16.50	19.25	16.80
Sep-20	18.60	17.50	18.65	17.20
Oct-20	17.20	16.70	17.35	16.65
Nov-20	19.35	19.05	19.40	18.40
Dec-20	24.60	21.55	24.65	23.40
Jan-21	26.40	25.80	26.70	25.45
Feb-21	28.35	26.65	27.90	26.60
Mar-21	24.60	24.05	24.70	23.90

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

Chart of Company Share Prices compared to BSE Sensex

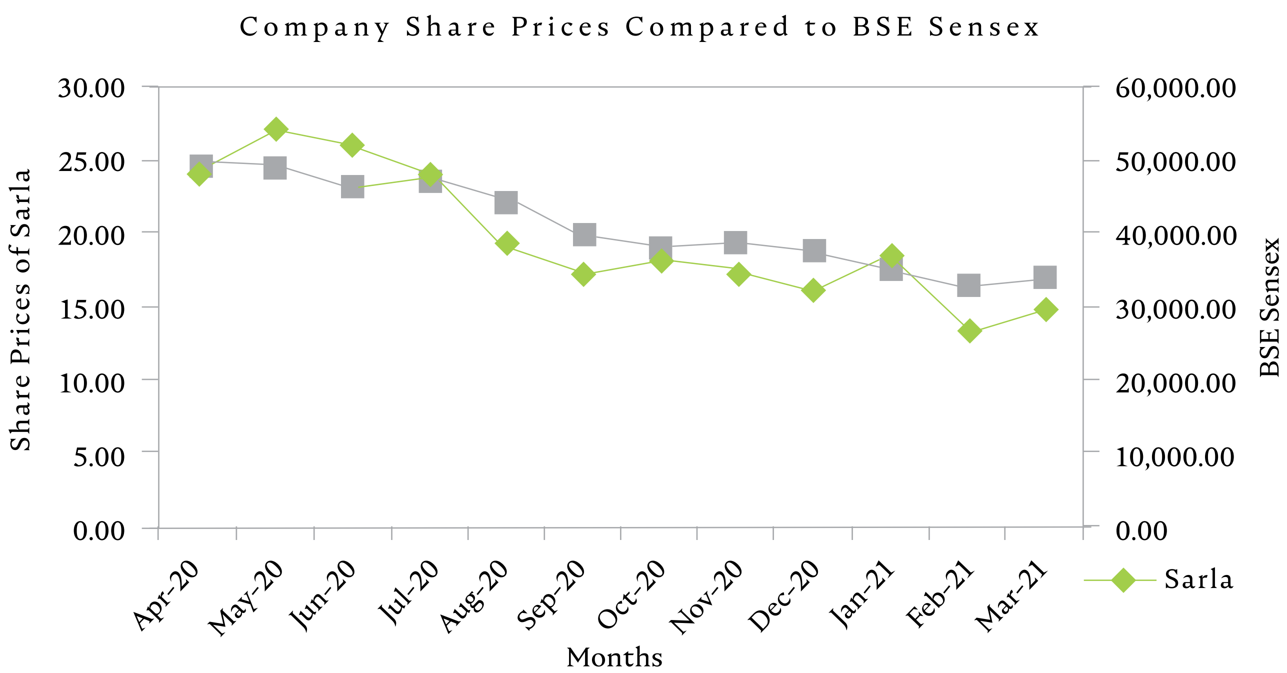
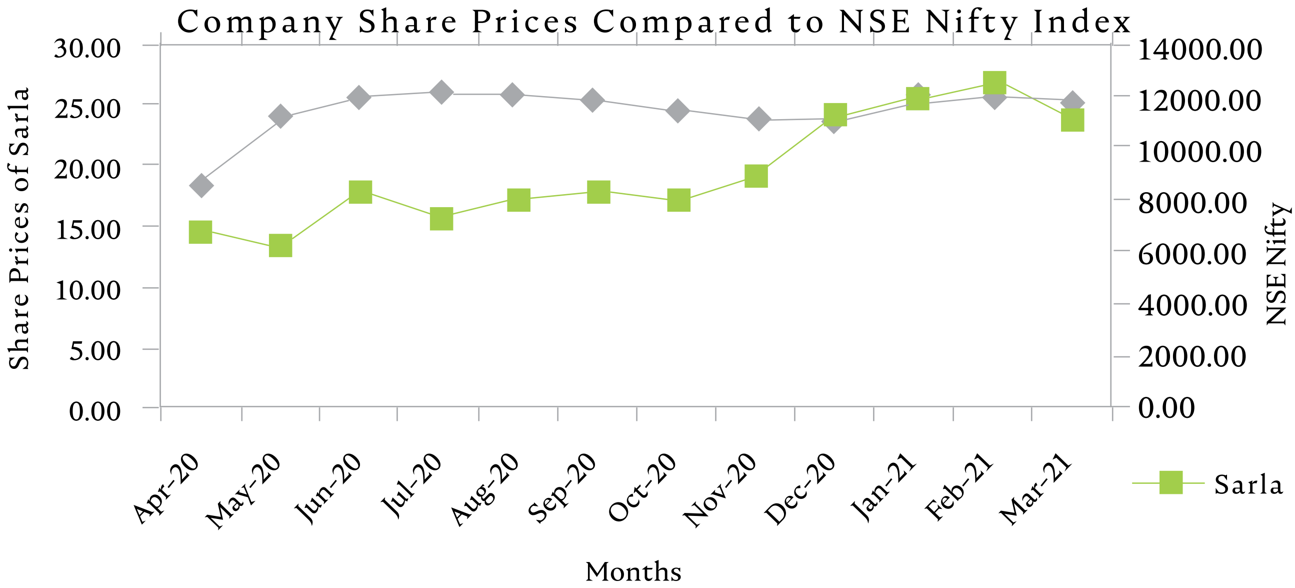


Chart of Company Share Prices compared to NSE Nifty Index



Distribution of Shareholding as on 31stMarch 2021

Shares of Nominal Value (Rs.)		Shareholders		Total Amount (Rs.)	
From	To	Number	% to Total	Amount	% to Total
1	5000	15003	95.1967	9898407	11.8540
5,001	10,000	399	2.5317	3090730	3.7013
10,001	20,000	166	1.0533	2460611	2.9467
20,001	30,000	57	0.3617	1460704	1.7493
30,001	40,000	33	0.2094	1208145	1.4468
40,001	50,000	19	0.1206	857943	1.0274
50,001	1,00,000	37	0.2348	2796658	3.3492
100001 and above		46	0.2919	61729802	73.9253
Total		15760	100.0000	83503000	100.0000

Shareholding Pattern as on 31st March 2021

Category	No. of shares	%
Promoters	46014400	55.11
Mutual Funds & UTI	0	0.00
Fins / Banks	0	0.00
Venture Capital Funds	0	0.00
FII(S)	0	0.00
Private Corporate Bodies	1017457	1.22
Indian Public	32224369	38.59
Non Resident Indians	2406801	2.88
Any other (Clearing Members)	1839973	2.20
Total	8,35,03,000	100.00

Dematerialization of shares and liquidity:

The shares of your company are available in Dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN Number of Sarla Performance Fibers Limited on both NSDL and CDSL is INE 453D01025, 98.59% of the total equity capital of the Company was held in dematerialised form as on 31st March, 2021.

Share Transfer System:

All Share Transfer and other Correspondence regarding share Certificates, Change of Address, Dividends etc. should be addressed to Registrar & Transfer Agent. Request for transfer in physical form should also be lodged with the Registrar & Transfer Agent.

Address for Investors/Analyst Correspondence:

1. With the Company :

   Sarla Performance Fibers Limited,

   304, Arcadia, 195 Nariman Point, Mumbai – 400021

   Tel: 2283 4116/2283 4420 Fax : 2285 1728

   E-mail: info@sarlafibers.comWebsite: www.sarlafibers.com

2. With the Registrar :

   M/s. Link Intime India Pvt. Ltd.,

   C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083.

   Tel: 2270 24 85 / 2264 1376 FAX: 2851 2885

   E-mail: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

Outstanding GDRs /ADRs: NIL

Plant locations:

Silvassa:

i) 59/1/4, Amli Piparia Industrial Estates, Silvassa, U T of Dadra & Nagar Haveli, 396 230

ii) 62/3/4/5 Amli Piparia Industrial Estates, Silvassa, U T of Dadra & Nagar Haveli, 396 230

Dadra:

Plot No 11 & 12, Survey No 213P, Near Dadra Check Post, Dadra, U T of Dadra & Nagar Haveli – 396 191

Vapi:

Dying Division

A1/48, 100 Shed Area, GIDC, Vapi, Gujarat, 396 195

LIST OF ALL CREDIT RATINGS OBTAINED BY THE COMPANY

SMERA Ratings Limited have reaffirmed the Credit Ratings of ACUITE A for Long Term and ACUITE A1 for Short Term Loans on 18nd September, 2020.

DISCLOSURE IN RELATION TO THE EXUAL HARASSMENT OF WOMEN AT WORLKPLACE (PREVENTION, PROHOBITION AND REDRESSAL) ACT, 2013;

a) Number of complaints filed during the financial year 2020-21 - Nil

b) Number of complaints disposed of during the financial year 2020-21 – Nil

c) Number of complaints pending as on end of the financial year 2020-21 - Nil

Non-Mandatory Requirements:-

The status of Compliance with non-mandatory requirements is as under:-

A. The Chairman of the Board of Directors of the Company is an Executive Director.

B. As the financial Results of the Company are published in the leading Newspapers, Company is not sending half-yearly financial results to each Shareholder of the Company.

Information Given to the Board

The Company provides the following information, inter alia, to the Board and Board-level Committees, which is given either as part of the meetings or by way of presentations and discussion material during the meetings.

- Annual operating plans and budgets, capital budgets and other updates.
- Quarterly, half-yearly and annual financial results of the Company and its operating divisions or business segments.
- Detailed presentations on the progress in Research and Development (R&D)
- Minutes of meetings of the Audit Committee and other Committees of the Board.
- Information on recruitment and remuneration of key executives below the Board level including appointment or removal of Chief Financial Officer and the Company Secretary.
- Contracts in which Director(s) are interested.

Certificate of the Auditors in Respect of Compliance of Corporate Governance

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)

To the Members of
Sarla Performance Fibers Limited

We have examined the compliance of conditions of corporate governance by Sarla Performance Fibers Limited, for the year ended 31st March, 2021 as stipulated SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Listing Agreement of the said Company with Stock Exchanges.

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

For Agrawal Mundra & Associates
Company Secretaries
(Firm Unique Number –P2019MP077600)

Aditya Agrawal
Partner
M. No.:57913
C.P. No.: 22030

Place: Mumbai
Date: 19th June 2021

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification Under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Board of Directors
Sarla Performance Fibers Limited

A. We hereby certify that on the basis of the review of the financial statements and the cash flow statement for the financial year ended 31st March, 2021 and to the best of our knowledge and belief:

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

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

B. We hereby certify that, to the best of our knowledge and belief, no transactions entered into during the year by the Company are fraudulent, illegal or violative of the Company's Code of Conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems pertaining to financial reporting and we have not come across any deficiency in the design or operation of such internal controls.

D. We have indicated to the Auditors and the Audit Committee:

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

   (ii) that there are no significant changes in the accounting policies during the year; and

   (iii) that there are no instances of significant fraud of which we are 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

Krishnakumar Jhunjhunwala
Managing Director

Mahendra Sheth
Chief Financial Officer

Place: Mumbai
Date: 25th June 2021

DECLARATION

I, Madhusudan Jhunjhunwala, Chairman & Whole-Time Director of the Company, hereby declare that all the Members of the Board of Directors and Senior Management personnel of the Company have affirmed Compliance with the Code of Conduct for the year ended 31stMarch, 2021.

For SARLA PERFORMANCE FIBERS LIMITED,

(Madhusudan Jhunjhunwala)
Chairman & Whole-time Director
(DIN: 00097254)

Place: Mumbai,
Dated: 25th June 2021

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Sarla Performance Fibers Limited

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sarla Performance Fibers Limited having CIN L31909DN1993PLC000056 and having registered office at Survey Mo 59/1/4, Amli Piparia, Industrial Estate, Silvassa - 396230 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in the Company
1.	Parantap P Dave	00019472	27/09/2014
2.	Krishnakumar Madhusudan Jhunjhunwala	00097175	14/06/1994
3.	Madhusudan Shivchandrai Jhunjhunwala	00097254	15/07/1994
4.	Neha Krishna Jhunjhunwala	07144529	31/03/2015
5.	Shreya Desai	08041995	12/12/2017
6.	Paulo Manuel Castro Ferreira Moura	08459844	23/05/2019

*The date of appointment is as per the MCA Portal.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. 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, Agrawal Mundra & Associates
Company Secretaries (ICSI Unique Code P2019MP077600)

CS Aditya Agrawal
Partner
M. No. 57913
CP No. 22030
UDIN: A057913C000707969

Place: Mumbai
Date: June 19, 2021

Standalone Financial Statements

INDEPENDENT AUDITOR'S REPORT

To the Members of
Sarla Performance Fibers Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Sarla Performance Fibers Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed 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 (financial position) of the Company as at 31st March, 2021, the profit and total comprehensive income (financial performance), 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 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 qualified opinion on standalone financial statements.

Emphasis of Matters

On account of our inability to conduct a physical verification of inventories as on 31st March, 2021 owing to the lockdown restrictions due to ongoing Covid 19 pandemic, we have relied on details as provided by the management and related adjustments, to confirm the existence and condition of inventory at the year end.

Our opinion is not modified in respect of this matter.

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 for the financial year ended 31st March, 2021. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's Responsibilities for the audit of the standalone financial statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our qualified audit opinion on the accompanying standalone financial statements.

Sr no	Key Audit Matter	Auditor's Response
1.	**Litigations, Provisions and contingent liabilities** 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.	**Principal Audit Procedures** As part of audit process, we obtained from the management details of matters under disputes including ongoing and completed tax assessments, demands and litigations. Our audit approach for the above consists of the following audit procedures:

Sr no	Key Audit Matter	Auditor's Response
	Refer Note 45.1 to the standalone financial statements.	• 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; • Discussed with Company's legal team and taxation team for sufficient understanding of on-going and potential legal matters impacting the Company. • We involved our internal expert to evaluate the management's underlying judgements in making their estimates with regard to such matters.

We have determined that there are no other key audit matters to communicate in our report.

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

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and in doing so, consider whether such other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total 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 Indian 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 financial statements, Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account;
   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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". Our report expresses modified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements;
   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
      1. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 45.1 to the standalone financial statements;

2. The Company has made provision, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;

3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

4. i. The management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), 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;

   ii. The management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), 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

   iii. 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) contain any material mis-statement.

5. There were no amounts which were declared or paid during the year as dividend by the company.

3. With respect to the matter to be included in the Auditors' 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

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

Himanshu Kishnadwala
Partner
Membership No.: 37391
UDIN: 21037391AAAADO6417

Place: Mumbai
Date: 25th June, 2021

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 31st March, 2021]

(i) (a) The Company implemented a new ERP system during the year. The company is in the process of updating its fixed assets register in the said systemto depict full particulars including quantitative details and situation of fixed assets;

(b) The Company has a regular program of physical verification of fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. During the year, Company has not carried out physical verification of fixed assets due to ongoing Covid 19 pandemic situation;;

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable property are held in the name of the Company except in the following case:

Particulars	Number of Cases	Gross Block (Rs. In Lakhs)	Net Block (Rs. in Lakhs)	Remarks
Freehold Land	1	3,029	3,029	Document of title in the name of two directors of the company. As informed to us, the Company is in the process of getting the title deeds registered in its name.

(ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification;

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable;

(iv) According to the information and explanations given to us, the Company has complied with the provisions of Section 185 of the Act. The Company has made equity and preference share investments, has given interest free unsecured loans to its wholly owned subsidiary. According to information and explanations given to us, said investments made and loans given, are for business purpose and are within the limit of Sec 186(2) of the Act;

(v) According to the information and explanations given to us, the Company has not accepted any deposits from public within the provisions of Sections 73 to 76 of the Act read with The Companies (Acceptance of Deposits) Rules, 2014 and other relevant provisions of the Act and therefore, provisions of paragraph 3(v) of the Order are not applicable to the Company;

(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) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales-tax, service tax, Goods and Service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it to the appropriate authorities;

(b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, Goods and Service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it, were outstanding, as on the last day of the financial year, for a period of more than six months from the date they became payable;

(c) **Details of income-tax, sales-tax, service tax, Goods and Service tax, duty of customs, duty of excise, value added tax have not been deposited as on 31st March, 2021 on account of any dispute, are as under:**

Name of the Statute	Forum where dispute is pending	Period to which the amount relates	Amount Involved (Rs. In lakhs)	Amount Unpaid (Rs. In lakhs)
Central Excise Act, 1944	Supreme Court of India	FY 1995-96, 1996-97	150	75
Custom Act, 1962	CESTAT	FY 2011-12, 2016-17	768	768
Central Excise Act, 1944	CESTAT	FY 1995-96	45	45

(viii) According to the information and explanations given to us, based on our examination of books and records, the Company has not defaulted in the repayment of loans or borrowing to banks. The Company does not have any loans and borrowings from financial institutions, government and has not issued any debentures;

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. According to the information and explanations given to us, money raised by way of term loans during the year have been applied for the purpose for which those were raised except for External Commercial Borrowings amounting to Rs. 950lakhs which are parked in Fixed Deposits pending utilisation thereof as per Reserve Bank of India (RBI) Circular no. 01 dated 07th April, 2021;

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no instances of fraud by the Company or on the Company by its officers or employees have been noticed or reported during the year;

(xi) According to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V to the Act;

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable;

(xiii) According to the information and explanations given to us, transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with related parties and the details of such transactions have been disclosed in the standalone financial statements etc. as required by the applicable Indian Accounting Standards;

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable;

(xv) According to the information and explanations given to us, during the year the Company has not entered into non-cash transactions with directors or persons connected with them;

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For C N K & Associates LLP
Chartered Accountants
Firm Registration Number: 101961W/W-100036

Himanshu Kishnadwala
Partner
Membership No.: 37391
UDIN: 21037391AAAADO6417

Place: Mumbai
Date: 25th June, 2021

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 31st March, 2021]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls with reference to financial statements of Sarla Performance Fibers Limited ("the Company") as of 31st March, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Modified Opinion

During the year, Company has implemented new ERP system, which is still in the process of stabilization. Due to the same, the Company is in the process of implementation and testing of controls with respect to certain areas such as valuation of inventories, depreciation / amortization for property, plant and equipment / intangible assets and updation of customer / vendor master, material management.

In our opinion, except for the possible effects of the weaknesses described above, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2021,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 ICAI.

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

Himanshu Kishnadwala
Partner
Membership No.: 37391
UDIN: 21037391AAAADO6417

Place: Mumbai
Date: 25th June, 2021

Balance Sheet as at 31st March, 2021

(Rs in lakhs)

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
I ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	4	21,545	21,915
(b) Capital Work in progress	5	41	-
(c) Intangible assets	6	99	-
(d) Intangible assets under development		-	79
(e) Investments in Subsidiaries	7	6,168	8,604
(f) Financial Assets			
(i) Investments	8	1,487	1,580
(ii) Loans	9	413	477
(iii) Other financial assets	10	292	2,774
(g) Non current Tax Assets (Net)	11	183	184
(h) Other non-current assets	12	487	376
Total non-current assets		**30,715**	**35,989**
(2) Current assets			
(a) Inventories	13	5,685	3,813
(b) Financial Assets			
(i) Investments	14	177	26
(ii) Trade receivables	15	9,850	9,751
(iii) Cash and cash equivalents	16	840	559
(iv) Bank balances other than (iii) above	17	8,648	6,265
(v) Loans	18	33	25
(vi) Other financial assets	19	1,572	200
(c) Other current assets	20	2,730	2,275
Total current assets		**29,535**	**22,914**
Total Assets		**60,250**	**58,903**
II EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	21	835	835
(b) Other Equity	22	35,750	34,374
Total equity		**36,585**	**35,209**
Liabilities			
(1) Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	3,735	6,588
(ii) Other financial liabilities	24	5	7
(b) Provisions	25	119	123
(c) Deferred tax liabilities (Net)	26	2,485	2,769
Total non-current liabilities		6,344	9,487
(2) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	27	8,012	6,869
(ii) Trade payables	28		
(A) total outstanding dues of micro enterprises and small enterprises		17	31
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		2,606	1,783
(iii) Other financial liabilities	29	6,296	5,322
(b) Other current liabilities	30	233	119
(c) Provisions	31	41	83
(d) Current Tax Liabilities (Net)	32	116	-
Total current liabilities		**17,321**	**14,207**
Total Equity and Liabilities		**60,250**	**58,903**

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 FR No.: 101961W/W-100036

For and on behalf of the Board of Directors

HIMANSHU KISHNADWALA
Partner
Membership No. 37391

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director
(DIN: 00097175)

MADHUSUDAN S. JHUNJHUNWALA
Chairman & Whole Time Director
(DIN: 00097254)

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 25th June, 2021

Place: Mumbai
Date: 25th June, 2021

Statement of Profit & Loss for the year ended 31st March, 2021

(Rs in lakhs)

	Particulars	Note No.	For the year ended 31st March, 2021	For the year ended 31st March, 2020
I	Revenue from Operations	33	25,136	29,832
II	Other Income	34	1,284	1,804
III	**TOTAL INCOME (I+II)**		**26,420**	**31,636**
IV	Expenses			
	(a) Cost of materials consumed	35	11,079	14,333
	(b) Changes in inventories of finished goods and work-in-progress	36	(755)	(470)
	(c) Employee benefits expense	37	1,094	1,346
	(d) Finance costs	38	636	963
	(e) Depreciation and amortization expense	39	1,786	1,766
	(f) Other expenses	40	8,319	10,012
	TOTAL EXPENSES (a to f)		**22,160**	**27,950**
V	**Profit/(loss) before exceptional item & tax (III-IV)**		**4,260**	**3,686**
	Exceptional item	53	(2,437)	-
VI	**Profit/(loss) before tax**		**1,823**	**3,686**
VII	**Tax expense:**	**26**		
	Current tax		1,146	1,031
	Deferred tax		(619)	(799)
	Total tax expense		**527**	**232**
VIII	Profit/(loss) for the year (VI-VII)		1,296	3,454
IX	Other Comprehensive Income ('OCI')			
A	(i) Items that will not be reclassified to profit or loss Remeasurement of defined benefit plan		57	21
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(14)	(6)
	Total (A)		43	15
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		-	-
	Total (B)		-	-
	Total Other comprehensive income (A+B)		43	15
X	**Total comprehensive income for the year (VIII+IX)**		**1,339**	**3,469**
XI	Earnings per equity share	41		
	- Basic and Diluted (face value Re. 1)-Before Exceptional Item		4.47	4.14
	- Basic and Diluted (face value Re. 1)-After Exceptional Item		1.55	4.14

The accompanying notes are an integral part of the financial statements
As per our attached report of even date

For **C N K & ASSOCIATES LLP**
Chartered Accountants
ICAI FR No.: 101961W/W-100036

For and on behalf of the Board of Directors

HIMANSHU KISHNADWALA
Partner
Membership No. 37391

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director
(DIN: 00097175)

MADHUSUDAN S. JHUNJHUNWALA
Chairman & Whole Time Director
(DIN: 00097254)

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 25th June, 2021

Place: Mumbai
Date: 25th June, 2021

Statement of cash flows for the year ended 31st March, 2021

(Rs in lakhs)

	Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
A	Cash flow from operating activities		
	Profit before tax (after exceptional item)	1,823	3,686
	Adjustments for:		
	Finance costs	636	963
	Depreciation and amortisation expenses	1,786	1,766
	Interest on income tax	13	4
	Interest income	(840)	(829)
	Gain on disposal of property, plant and equipment	-	(4)
	Gain on disposal of investments	(6)	-
	Gain on fair value of investments	(64)	(24)
	Dividend Income on Current investments	(0)	(1)
	Dividend Income from Subsidiary	-	(430)
	Exceptional item	2,437	-
	Unrealised exchange gain or loss on foreign currency translations	(212)	512
	Operating profit before working capital changes	5,573	5,643
	Movements in working capital:		
	Adjustments for (increase)/decrease in operating assets:		
	Trade receivables	(99)	(702)
	Inventories	(1,872)	83
	Current loans	(7)	6
	Non-current loans	3	360
	Other non current assets	(111)	(46)
	Other current assets	(455)	(312)
	Other current financial assets	(279)	308
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	809	(645)
	Other current financial liabilities	1,359	139
	Other current liabilities	101	(72)
	Other financial liabilities	5	26
	Provisions	25	65
	Cash generated from operations	5,051	4,853
	Direct taxes paid (net)	(723)	(923)
	Net cash generated from operating activities (A)	4,328	3,930
B	Cash flows from investing activities		
	Bank balances other than Cash & Cash equivalents	(615)	(1,741)
	Purchase of property, plant and equipment	(1,439)	(2,079)
	Purchase of Intangible Assets	(37)	(79)
	Proceeds from disposals of property, plant and equipment	-	9
	(Purchase) / Proceeds of non current investments	-	(1,048)
	Proceeds from sale of investments	-	606
	Purchase of current investments	16	-
	Loans to Subsidiaries	-	-
	Interest received	459	536
	Bank Deposits	-	1

Statement of cash flows for the year ended 31st March, 2021

(Rs in lakhs)

	Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
	Dividend Income on Current investments	0	-
	Dividend Income from Subsidiary	-	430
	Net cash (used in) investing activities (B)	(1,617)	(3,365)
C	Cash flow from financing activities		
	Proceeds from non current borrowings	-	3,580
	Repayment of non current borrowings	(2,992)	(730)
	Proceeds/(repayment) from current borrowings	1,208	(1,883)
	Payments for the principal portion of lease liability	(21)	(19)
	Payments for the interest portion of lease liability	(1)	(3)
	Interest paid	(624)	(944)
	Dividend paid	-	(417)
	Net cash (used in) financing activities (C)	(2,430)	(415)
D	NET INCREASE IN CASH AND CASH EQUIVALENTS [(A) + (B) + (C)]	281	150
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	Balances with banks in current accounts and deposit accounts	552	415
	Effect of exchange rate changes on cash and cash equivalents	(12)	(26)
	Cash on hand	19	23
	CASH AND CASH EQUIVALENTS AS PER NOTE 16	559	411
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	Balances with banks in current accounts and deposit accounts	854	552
	Effect of exchange rate changes on cash and cash equivalents	(22)	(12)
	Cash on hand	8	19
	CASH AND CASH EQUIVALENTS AS PER NOTE 16	840	559

Explanatory notes to Statement of Cash Flows:

1 The Statement of Cash Flows is prepared in accordance with the format prescribed by Securities and Exchange Board of India and as per Ind AS 7 as notified by Ministry of Corporate Affairs.

2 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.

3 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".

4 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

Particulars	As at 1st April 2020	Cash flow	Foreign Exchange movement	As at 31st March, 2021
Non - current borrowing (including current maturities of non current borrowing)	9,962	(2,992)	(191)	6,779
Current borrowing	6,869	1,208	(64)	8,012
	16,831	(1,784)	(256)	14,791

Statement of cash flows for the year ended 31st March, 2021

Particulars	As at 1st April 2019	Cash flow	Foreign Exchange movement	As at 31st March, 2020
"Non - current borrowing				
(including current maturities of non current borrowing)"	6,701	2,850	411	9,962
Current borrowing	8,452	(1,883)	300	6,869
	15,153	**967**	**711**	**16,831**

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 FR No.: 101961W/W-100036

HIMANSHU KISHNADWALA
Partner
Membership No. 37391

Place: Mumbai
Date: 25th June, 2021

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director
(DIN: 00097175)

MADHUSUDAN S. JHUNJHUNWALA
Chairman & Whole Time Director
(DIN: 00097254)

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 25th June, 2021

Statement of changes in equity for the year ended 31st March, 2021

a. Equity Share Capital (note 21)

(Rs in lakhs)

Particulars	Amount
Balance as at 1st April, 2019	**835**
Changes in equity share capital during the year 2019-20	-
Balance as at 31st March, 2020	**835**
Changes in equity share capital during the year 2020-21	-
Balance as at 31st March, 2021	**835**

b. Other Equity (note 22)

(Rs in lakhs)

Particulars	Reserves and surplus					Total Equity
	Capital reserve	Securities premium	General reserve	Foreign currency monetary item translation difference account	Retained earnings*	
Balance as at 1st April, 2019	**182**	**4,529**	**8,274**	**(51)**	**18,373**	**31,307**
Profit for the year 2019-20	-	-	-	-	3,454	3,454
Other comprehensive income for the year 2019-20 (net of tax)	-	-	-	-	15	15
Addition /(Deletions) during the year	-	-	-	(57)	-	(57)
Amortisation during the year	-	-	-	72	-	72
Total comprehensive income for the year	**-**	**-**	**-**	**15**	**3,469**	**3,484**
Dividend	-	-	-	-	(417)	(417)
As at 31st March, 2020	**182**	**4,529**	**8,274**	**(36)**	**21,425**	**34,374**
Profit for the year 2020-21	-	-	-	-	1,296	1,296
Other comprehensive income for the year 2020-21 (net of tax)	-	-	-	-	43	43
Addition /(Deletions) during the year	-	-	-	(1)	-	(1)
Amortisation during the year	-	-	-	37	-	37
Total comprehensive income for the year	-	-	-	36	1,339	1,375
Dividend	-	-	-	-	-	-
As at 31st March, 2021	**182**	**4,529**	**8,274**	**-**	**22,764**	**35,749**

* including remeasurement of net defined benefit plans

For **C N K & ASSOCIATES LLP**
Chartered Accountants
ICAI FR No.: 101961W/W-100036

HIMANSHU KISHNADWALA
Partner
Membership No. 37391

Place: Mumbai
Date: 25th June, 2021

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director
(DIN: 00097175)

MADHUSUDAN S. JHUNJHUNWALA
Chairman & Whole Time Director
(DIN: 00097254)

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 25th June, 2021

Notes Forming Part of Financial Statements for the year ended 31st March, 2021

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 COMPLIANCE, BASIS OF PREPARATION, CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS AND SIGNIFICANT ACCOUNTING POLICIES:

2.1. Basis of compliance:

The financial statements 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 financial statements 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 at the end of each reporting period as explained in the significant accounting policies below.

Current and Non – Current Classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the 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.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

The financial statements of the Company for the year ended 31st March, 2021 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 25th June, 2021.

2.3. Use of Judgements and Estimates:

The preparation of the financial statements requires management to make estimates, assumptions and judgments that affect the reported balances of assets and liabilities and disclosures as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Impact on account of revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below:

a. Estimates of useful lives and residual value of property, plant and equipment and intangible assets;
b. Measurement of defined benefit obligations;
c. Measurement and likelihood of occurrence of provisions and contingencies;
d. Impairment of investments;
e. Recognition of deferred tax assets; and
f. Measurement of recoverable amounts of cash-generating units.

Notes Forming Part of Financial Statements for the year ended 31st March, 2021

2.4. Property, plant and equipment:

2.4.1. Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any;

2.4.2. 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);

2.4.3. Machinery spares that meet the definition of property, plant and equipment are capitalised;

2.4.4. Property, plant and equipment which are not ready for intended use as on date of Balance Sheet are disclosed as "Capital work-in-progress";

2.4.5. Government grants relating to property, plant and equipment are reduced from the cost of the assets;

2.4.6. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred;

2.4.7. 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;

2.4.8. Depreciation is provided on a pro-rata basis on the straight line method 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;

2.4.9. 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;

2.4.10. 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;

2.4.11. Leasehold land is amortised over the primary lease period;

2.4.12. Freehold land is not depreciated;

2.4.13. 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. Intangible Assets:

2.5.1. 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;

2.5.2. Intangible assets are not ready for intended use as on date of Balance Sheet are disclosed as "Intangible assets under development";

2.5.3. Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any;

2.5.4. 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

Notes Forming Part of Financial Statements for the year ended 31st March, 2021

2.5.5. 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);

2.5.6. 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. Investment property:

2.6.1. Investment property is property (land or a building — or part of a building — or both) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any;

2.6.2. Any gain or loss on disposal of investment property is calculated as the difference between the net proceeds from disposal and the carrying amount of the investment property is recognised in Statement of Profit and Loss;

2.7. Non-currents assets held for sale:

2.7.1. Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets;

2.7.2. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell;

2.7.3. Non – current assets classified as held for sale are not depreciated or amortized from the date when they are classified as held for sale.

2.8. Leases:

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

2.8.1. As a lessee

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as per accounting policies on impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments primarily comprise of fixed payments. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Notes Forming Part of Financial Statements for the year ended 31st March, 2021

Short-term leases and leases of low value assets

The Company applies the short-term lease recognition exemption to its short-term leases of office spaces and certain equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments.

2.8.2. As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

2.9. Impairment of Financial and Non-financial Assets:

2.9.1. The Impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

2.9.2. 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 indication of such impairment exists, the recoverable amount of such assets / cash generating unit is estimated and in case the carrying amount of these assets exceeds their recoverable amount, an impairment is recognised;

2.9.3. The recoverable amount is the higher of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. Assessment is also done at each Balance Sheet date as to whether there is indication that an impairment loss recognised for an asset in prior accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

2.10. Inventories:

2.10.1. Inventories are valued at lower of cost (on First-in-first-out basis) and net realisable value after providing for obsolescence and other losses, where considered necessary;

2.10.2. Cost includes all charges in bringing the goods to their present location and condition. Work-in-progress and finished goods includes direct materials, direct labour costs and proportion of manufacturing overheads based on total manufacturing overheads to raw materials consumed.

2.10.3. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.11. Investment in Subsidiaries:

Investments in equity / preference shares of Subsidiaries are recorded at cost and reviewed for impairment at each reporting date.

2.12. Fair Value measurement:

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

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

2.12.3. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability also reflects its non-performance risk;

Notes Forming Part of Financial Statements for the year ended 31st March, 2021

2.12.4. The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out;

2.12.5. 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);

2.12.6. 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;

2.12.7. 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;

2.12.8. 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.

2.13. Financial Instruments:

2.13.1. Financial Assets:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value, in case of financial assets which are recognised at fair value through profit and loss, its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

Financial assets are subsequently classified as measured at

- amortised cost
- fair value through profit and loss (FVTPL)
- 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.

Trade Receivables and Loans:

Trade receivables and loans are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Notes Forming Part of Financial Statements for the year ended 31st March, 2021

Debt instruments:

Debt instruments are subsequently measured at amortised cost, FVOCI or FVTPL till de-recognition on the basis of:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

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.

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.

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.

Equity Instruments:

All investments in equity instruments classified under financial assets are initially measured at fair value, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments inequity instruments are recognised as 'other income' in the Statement of Profit and Loss.

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;

2.13.2. Financial Liabilities:

Initial recognition and measurement:

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as FVTPL. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

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.

Notes Forming Part of Financial Statements for the year ended 31st March, 2021

De-recognition:

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires;

2.13.3. 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;

2.13.4. 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;

2.13.5. Embedded derivatives:

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the classification requirements contained in Ind AS 109 are applied to the entire hybrid contract. Derivatives embedded in all other host contracts, including financial liabilities are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVTPL. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows;

2.13.6. Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.14. Revenue Recognition:

2.14.1. Sale of goods:

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the 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 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. Revenue excludes taxes collected from customers on behalf of the government. 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.

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).

Notes Forming Part of Financial Statements for the year ended 31st March, 2021

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.

2.14.2. Rendering of Services

Revenue is recognized from rendering of services when the performance obligation is satisfied and the services are rendered in accordance with the terms of customer contracts. Revenue is measured based on the transaction price, which is the consideration, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

2.14.3. Income from export incentives such as duty drawback and premium on sale of import licenses are recognised on accrual basis;

2.14.4. Income from sale of scrap is accounted for on realisation;

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

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

2.14.7. 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;

2.14.8. Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.15. Employee Benefits:

2.15.1. Short-term employee benefits:

Short-term employee benefits (including leave) are recognized as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered;

2.15.2. Post-employment benefits:

The 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 provided.

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.

Notes Forming Part of Financial Statements for the year ended 31st March, 2021

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

2.16. Borrowing costs:

2.16.1. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs;

2.16.2. Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss;

2.16.3. Investment Income earned on the temporary investment of funds of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.17. Foreign Currency Transactions:

2.17.1. The financial statements are presented in INR, the functional currency of the Company (i.e. the currency of the primary economic environment in which the Company operates);

2.17.2. Monetary items:

Transactions in foreign currencies are initially recorded at their respective exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.

Exchange differences arising on settlement or translation of monetary items (except for long term foreign currency monetary items outstanding as of 31st March 2017 which are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over balance period of liability) are recognised in Statement of Profit and Loss either as profit or loss on foreign currency transaction and translation or as borrowing costs to the extent regarded as an adjustment to borrowing costs.

2.17.3. Non – Monetary items:

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.18. Government Grants:

2.18.1. Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with;

2.18.2. When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed;

2.18.3. Government grants relating to property, plant and equipment are reduced from the cost of the assets.

2.19. Provisions and Contingent Liabilities:

2.19.1. Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation;

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

2.19.3. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost;

Notes Forming Part of Financial Statements for the year ended 31st March, 2021

2.19.4. 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;

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

2.20. Taxes on Income

2.20.1. Current Tax

Income-tax Assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of reporting period.

Current Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity;

2.20.2. Deferred tax

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.21. Earnings per share

2.21.1. 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;

2.21.2. For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

2.22. Cash and Cash equivalents:

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.

Notes Forming Part of Financial Statements for the year ended 31st March, 2021

For the purpose of Statement of Cash Flows, Cash and cash equivalents include cash at bank, cash, cheque and draft on hand. 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.

2.23. Cash Flows:

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

2.24. Exceptional items:

Exceptional items are those items that management considers, by virtue of their size or incidence (including but not limited to impairment charges), should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business in the year, so as to facilitate comparison with prior periods. Also, tax charges related to exceptional items and certain one-time tax effects are considered exceptional.

2.25. Dividend:

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

3. RECENT PRONOUNCEMENTS

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments will not have any significant impact on the financial statements of the company.

Notes to Financial Statements for the year ended 31st March, 2021

4 Property, Plant & Equipment

(Rs in lakhs)

Gross Block	Freehold Land	Leasehold Land (Right of use asset)	Buildings	Buildings (Right of use asset)	Plant & Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Computers	Total
Balance as at 1st April, 2019	3,306	9	1,822	-	19,165	54	158	29	83	24,626
Additions / Transfers	-	-	891	86	1,795	16	76	13	57	2,934
Deletions	-	-	-		(17)	-	-	-	-	(17)
Balance as at 31st March, 2020	3,306	9	2,712	86	20,943	71	235	42	140	27,543
Additions / Transfers	-	-	245	-	1,145	5	-	2	1	1,398
Deletions	-	-	-			-	-	-	-	-
Balance as at 31st March, 2021	3,306	9	2,957	86	22,088	76	235	45	141	28,941

Accumulated Depreciation	Freehold Land	Leasehold Land (Right of use asset)	Buildings	Buildings (Right of use asset)	Plant & Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Computers	Total
Balance as at 1st April, 2019	-	1	203	-	3,530	17	54	14	60	3,880
Additions / Transfers	-	0	94	24	1,587	7	20	14	16	1,762
Deletions	-	-	-	-	(12)	-	-	-	-	(12)
Balance as at 31st March, 2020	-	1	297	24	5,105	24	74	28	76	5,629
Additions / Transfers	-	0	103	24	1,585	7	23	1	24	1,768
Deletions	-	-	-	-		-	-	-	-	-
Balance as at 31st March, 2021	-	2	399	48	6,689	31	97	28	100	7,397
Net block as at 31st March, 2021	3,306	7	2,558	38	15,398	45	138	16	40	21,545
Net block as at 31st March, 2020	3,306	7	2,415	62	15,838	47	161	15	64	21,915

Notes:

(i) Freehold land includes, Land acquired during FY 2016-17 for Rs. 3,029 lakhs which is standing in the name of two directors pending completion of formalities for transfer of the same to the company name.

(ii) Charge has been created over property, plant and equipments of the company in respect of borrowings (refer note 23)

(iii) Leasehold land represents land taken on finance lease for 20 years.

Notes to Financial Statements for the year ended 31st March, 2021

5 Capital work in progress

(Rs in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Capital work in progress	41	-
Total	41	-

6 Intangible assets

(Rs in lakhs)

Particulars	Enterprise Resource Planning (ERP) Software	Total
Gross Block		
Balance as at 1st April, 2019	22	22
Additions	-	-
Deletions	-	-
Balance as at 31st March, 2020	22	22
Additions	117	117
Deletions	-	-
Balance as at 31st March, 2021	139	139
Accumulated Amortisation		
Balance as at 1st April, 2019	18	18
Additions	4	4
Deletions	-	-
Balance as at 31st March, 2020	22	22
Additions	18	18
Deletions	-	
Balance as at 31st March, 2021	40	40
Net block as at 31st March, 2021	99	99
Net block as at 31st March, 2020	-	-

7 Investments in Subsidiaries

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Investments in Equity shares at cost (fully paid)		
Unquoted		
4,35,000 (31st March, 2020: 4,35,000) Shares of USD 1 each of Sarla Overseas Holdings Limited	183	183
9,89,000 (31st March, 2020: 9,89,000) Shares of USD 1 each of Sarlaflex Inc. USA	596	596
Less: provision for Impairment (Refer note 53)	(596)	-
Investments in Preference shares at cost (fully paid)		
Unquoted		
11 (31st March, 2020: 11) 1% redeemable Preference Shares of USD 1,000,000 each of Sarlaflex Inc. USA (Refer below note)	7,825	7,825
Less: provision for Impairment (Refer note 53)	(1,840)	
Total	6,168	8,604
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	6,168	8,604
Aggregate amount of impairment in value of investments	2,437	-

Note:

During the financial year 2019-20 based on request by subsidiary loan amount has been converted into 1% non cumulative redeemable preference Shares which are redeemable after 3 years at the option of issuer.

Notes to Financial Statements for the year ended 31st March, 2021

8 Non current financial assets - Investments

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Quoted		
Investments in debentures at amortised cost (fully paid)	1,059	1,055
Investments in debentures at FVTPL (fully paid)	-	123
Unquoted		
Investments in units of mutual fund at FVTPL (fully paid)	428	402
Total	1,487	1,580
Aggregate value of quoted investments	1,059	1,177
Aggregate value of unquoted investments	428	402
Aggregate amount of impairment in the value of investments	-	-

Note:

Mutual funds of Rs. Nil (as at 31st March, 2020: 402 lakhs) are lien against ECB Term Loan from Standard Chartered Bank. (Refer note 23)

9 Non-current financial assets - Loans

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Security deposits	225	228
Other loans and advance (refer note (i))	188	249
Total	413	477
Breakup		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	225	228
Loans which have significant increase in credit risk	188	249
Loans - credit impaired	-	-
Total	413	477

Note:

(i) Other loans and advance includes loan amount Rs. 243 lakhs (as at 31st March, 2020: Rs. 249 lakhs) is given to related party (Refer note 43 and note 7 - Investments in subsidiaries)

10 Non-current financial asset - Others

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Fixed deposits with remaining maturity for more than 12 months	287	2,054
Interest Receivable	5	720
Total	292	2,774

Note:

Fixed Deposits alongwith interest accrued there on amounting to Rs. 34 lakhs (As at 31st March, 2020 Rs. 2,004 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 31st March, 2021	As at 31st March, 2020
Taxes paid in advance (Net of Provision for tax)	183	184
Total	183	184

Notes to Financial Statements for the year ended 31st March, 2021

12 Other Non-Current Assets

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured, considered good unless stated otherwise		
Capital Advances	391	286
Security Deposits with government authorities	96	90
Total	487	376

13 Inventories (at lower of cost and net realisable value)

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Raw Materials	1,660	734
Work-In -Progress	1,658	741
Finished goods	1,833	1,995
Stores and Spares	318	165
Oil & lubricants	80	82
Power & Fuel	10	13
Packing Materials	126	83
Total	5,685	3,813

Note:

(i) Inventories of Rs. 5,685 lakhs (as at 31st March, 2020: Rs. 3,813 lakhs) are hypothecated against working capital facilities from banks. (refer note 28)

(ii) There has been no write down of inventories during the year.

(iii) Raw material includes stock in transit of Rs. 179 lakhs(as at 31st March, 2020: Rs. Nil).

(iv) Finished goods includes stock in transit of Rs. Nil (as at 31st March, 2020: Rs. 1 lakh).

14 Investments

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Quoted		
Investments in Equity shares at FVTPL (fully paid)	46	26
Investments in debentures at FVTPL (fully paid)	131	-
Total	177	26
Aggregate value of quoted investments and market value thereof	177	26
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

Note:

Investments of Rs. 177 lakhs (as at 31st March, 2020: 26 lakhs) are hypothecated against working capital facilities from banks. (Refer note 27)

Notes to Financial Statements for the year ended 31st March, 2021

15 Trade Receivables

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Trade Receivables considered good - Secured	-	-
(b) Trade Receivables considered good - Unsecured	9,850	9,751
(c) Trade Receivables which have significant increase in credit risk	235	221
(d) Trade Receivables - credit impaired	-	-
Allowance as per Expected credit loss model	(235)	(221)
Total	9,850	9,751

Note:

(i) Trade receivable includes Rs.1,127 lakhs (As at 31st March, 2020: Rs.2,371 lakhs), receivable from subsidiary.

(ii) Trade Receivables of Rs. 9,850 lakhs (as at 31st March, 2020: Rs. 9,751 lakhs) are hypothecated against working capital facilities from banks. (Refer note 27)

(iii) Movement in the expected credit loss allowance

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance at the beginning of the year	221	2
Provision during the year	15	219
Balance at the end of the year	235	221

16 Cash & cash equivalents

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash and Cash Equivalents		
Balances with Banks	832	540
Cash on Hand	8	19
Total	**840**	**559**

17 Bank balances other than Cash & Cash equivalents

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance in unpaid dividend account	71	78
Fixed deposits with remaining maturity for less than 12 months	8,577	6,187
Total	**8,648**	**6,265**

Note:

(i) Fixed Deposits alongwith interest accrued there on amounting to Rs. 3,176 lakhs (As at 31st March, 2020 Rs. 2,285 lakhs) pledged as margin money deposit for facilities from Banks. (Refer note 23 and 27)

(ii) Fixed Deposit amounting to Rs. 500 lakhs (As at 31st March, 2020 Rs. Nil) pledged as security against possible claims.

Notes to Financial Statements for the year ended 31st March, 2021

18 Loans

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Others		
Loans to Staff	33	25
Total	33	25
Breakup		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	33	25
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	33	25

19 Other financial assets

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Interest Receivable	1,240	148
Derivative financial assets	332	52
Total	1,572	200

20 Other Current Assets

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advances to Suppliers (For Raw Materials and expenses)	771	558
Goods & Service Tax recoverable	1,882	1,643
Export incentives receivables	33	45
Prepaid Expenses	44	29
Total	2,730	2,275

Equity

21 Equity Share Capital

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Authorised		
100,000,000 (As at 31st March, 2020: 100,000,000) Equity Shares of Re. 1 each	1,000	1,000
Issued, Subscribed and Paid up		
83,503,000 (As at 31st March, 2020: 83,503,000) Equity Shares of Re. 1 each fully paid up	835	835
Total	835	835

21.1 Reconciliation of number of equity shares :

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Opening Balance	83503000	835	83503000	835
Changes during the year	-	-	-	-
Closing Balance	83503000	835	83503000	835

Notes to Financial Statements for the year ended 31st March, 2021

21.2 Terms / Rights 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.

21.3 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.

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Hindustan Cotton Company - through its partners		
No. of Shares	1,11,64,790	1,11,64,790
Percentage	13%	13%
Satidham Industries Private Limited		
No. of Shares	2,39,49,222	2,39,05,972
Percentage	29%	29%

22 Other Equity

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Capital reserve	182	182
Securities premium	4,529	4,529
General reserve	8,274	8,274
Foreign currency monetary item translation difference account	-	(36)
Retained Earnings	22,764	21,425
Total	**35,750**	**34,374**

The movement in other Equity:

22.1Capital reserve

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance as at beginning of the year	182	182
Movement during the year	-	-
Balance as at end of the year	**182**	**182**

Capital reserve represents forfeiture of application money received for share warrants on lapse of option due to non subscription.

22.2 Securities premium reserve

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance as at beginning of the year	4,529	4,529
Movement during the year	-	-
Balance as at end of the year	**4,529**	**4,529**

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.

Notes to Financial Statements for the year ended 31st March, 2021

22.3 General reserve

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance as at beginning of the year	8,274	8,274
Movement during the year	-	-
Balance as at end of the year	**8,274**	**8,274**

General reserve represents appropriation of retained earnings and are available for distribution to shareholders.

22.4 Foreign currency monetary item translation difference account

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance as at beginning of the year	(36)	(51)
Movement during the year	36	15
Balance as at end of the year	**-**	**(36)**

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. (refer Note 51)

22.5 Retained earnings

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance as at beginning of the year	21,425	18,373
Profit for the year	1,296	3,454
Re measurement of Net defined benefit plans (net of tax)	43	15
Dividend (refer note below)	-	(417)
Balance as at end of the year	**22,764**	**21,425**

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

Dividend

Particulars	As at 31st March, 2021	As at 31st March, 2020
Dividend on equity shares paid during the year		
Final dividend for the F.Y. 2019-20 (Rs. Nil (previous year Rs. 1.10) per equity share of Re. 1 each)	-	919
Less: Dividend waived by promoters	-	(502)
Total	**-**	**417**

23 Non-current borrowings

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Term loans:		
Secured Loans - From Banks		
Indusind Bank (Rupee term loan) (refer note (i))	-	1,300
Standard Chartered Bank (Foreign Currency Loan) (refer note (ii & iii))	3,686	5,217
Yes Bank (Rupee Term Loan) for Vehicles (refer note (iv))	49	71
Total	**3,735**	**6,588**

Notes to Financial Statements for the year ended 31st March, 2021

Note:

Nature of security	Terms of repayment
(i) Lien on Fixed Deposits of Rs. 1,500 lakhs with Indusind Bank Ltd	Term loan of Rs. 1,500 lakhs is repayable Every year payment of Rs. 50 lakhs from 1st to 4th year end and balance of Rs. 1300 lakhs in 5th year. Repayment starting from may 2017
(ii) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat (b) First pari passu charge on the movable fixed assets of the company (except Unit 1 Silvassa) (c) First pari passu charge on the immovable fixed assets of the company located at Vapi and unit II Silvassa (d) Lien on marketable securities of INR 1,87,60,000 in the form of debt mutual funds "	Term loan of USD 40,00,000 is repayable in 16 equal quarterly installment of USD 2,50,000 each till Sept 2020. Repayment starting from Dec 2016
(iii) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat (b) (i) First pari passu charge on the movable fixed assets (P&M) of Dadra Plant. (ii) First pari passu charge on the movable fixed assets of the company (except Unit 1 Silvassa) (c) First pari passu charge on the immovable fixed assets of the company located at Vapi and unit II Silvassa (d) Cash Margin in form of FD equivalent of two quarters of Interest and principal repayment (~ INR 350 lakhs)"	Term loan of EURO 35,00,000 is repayable in 16 equal quarterly installment of EURO 2,18,750 each till Jan 2024. Repayment starting from May 2020 Term loan of EURO 45,00,000 is repayable in 16 equal quarterly installment of EURO 2,81,250 each till June 2024. Repayment starting from Sep 2020.
(iv) Specific charge on Vehicles financed by the Bank.	1. Term loan of INR 52,00,000 is repayable in 60 equated monthly installment of INR 1,05,687 each till April 2023. Repayment starting from May 2018. 2. Term loan of INR 59,00,000 is repayable in 60 equated monthly installment of INR 1,21,759 each till December 2024. Repayment starting from Jan 2020.

24 Other financial liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Lease Liabilities	5	7
Total	5	7

25 Provisions

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits (Refer note 42)		
Gratuity - In respect of Employees	79	123
Gratuity - In respect of directors	40	-
Total	119	123

Notes to Financial Statements for the year ended 31st March, 2021

26 Tax Expense And Deferred Tax Liabilities (Net)

(a) Amounts recognized in profit and loss

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Current tax expense (A)		
In respect of current year	1,146	1,031
	1,146	1,031
Deferred tax expense (B)		
In respect of current year	(619)	(799)
	(619)	(799)
Mat credit entitlement (C)	-	-
Adjustment for earlier years (D)	-	-
Tax expense recognized in the income statement (A+B+C+D)	527	232

(b) Amounts recognized in other comprehensive income

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	(14)	(6)
Items that will be reclassified to profit or loss		
	(14)	(6)

(c) Reconciliation of effective tax rate

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021		For the year ended 31st March, 2020	
	%	Amounts	%	Amounts
Profit before tax before exceptional item		4,260		3,686
Exceptional item		(2,437)		-
Profit before tax after exceptional item		1,823		3,686
Tax using the Company's domestic tax rate	29.12%	531	29.12%	1,074
Tax effect of:				
Disallowable expenses	39.72%	724	0.26%	10
Tax holidays and similar exemptions	-4.40%	(80)	-3.74%	(138)
Tax paid at lower rate	-0.36%	(7)	-1.52%	(56)
Other non deductible differences	0.00%	-	0.03%	1
Tax Rate Reduction	-20.93%	(382)	-16.24%	(598)
Others	3.34%	61	-0.51%	(19)
	46.48%	847	7.40%	274
MAT credit recognised on utilisation	-17.55%	(320)	-0.94%	(35)
Adjustment for earlier years	0.00%	-	-0.18%	(7)
Effective income tax rate	28.93%	527	6.28%	232

Notes to Financial Statements for the year ended 31st March, 2021

(d) Movement in deferred tax

(Rs in lakhs)

Particulars	Net balance April 1, 2020	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	As at 31st March, 2021		
					Net	Deferred tax asset	Deferred tax liability
Deferred tax (Asset)/Liabilities							
Property, plant and equipment	(2,840)	376	-	-	(2,465)	-	(2,465)
Fair valuation of Mutual Funds and Equity shares	(8)	(10)	-	-	(17)	-	(17)
Employee benefits	41	(2)	(14)	-	24	24	-
Fair valuation of investments (Preference Shares)	(1)	(2)	-	-	(3)	-	(3)
Fair valuation of derivatives	(15)	(68)	-	-	(84)	-	(84)
Amortisation of Foreign currency monetary item translation difference account	(11)	11	-	-	-	-	-
Fair valuation of Security Deposits	1	0	-	-	1	1	-
Allowance for expected credit losses	64	(5)	-	-	59	59	-
	(2,769)	299	(14)	-	(2,485)	84	(2,569)
MAT credit entitlement	-	320	-	-	320	320	-
Less: MAT credit utilised	-	-	-	-	(320)	(320)	-
Tax assets (Liabilities)	(2,769)	619	(14)	-	(2,485)	84	(2,569)

Notes to Financial Statements for the year ended 31st March, 2021

(Rs in lakhs)

Particulars	Net balance April 1, 2019	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	As at 31st March, 2020		
					Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset / (Liabilities)							
Property, plant and equipment	(3,351)	511	-	-	(2,840)	-	(2,840)
Fair valuation of Mutual Funds and Equity shares	(23)	15	-	-	(8)	-	(8)
Fair valuation of loan given to subsidiary	-	-	-	-	-	-	-
Employee benefits	12	35	(6)		41	41	
Fair valuation of investments (Preference Shares)	(25)	24	-	-	(1)	-	(1)
Fair valuation of derivatives	(143)	128	-	-	(15)	-	(15)
Amortisation of Foreign currency monetary item translation difference account	1	(11)	-	-	(11)	(11)	-
Fair valuation of Security Deposits	(0)	1	-	-	1	1	-
Allowance for expected credit losses	1	64	-	-	64	64	-
	(3,528)	765	(6)	-	(2,769)	95	(2,864)
MAT credit entitlement	356	34	-	-	390	390	-
Less: MAT credit utilised	-	-	-	-	(390)	(390)	-
Tax assets (Liabilities)	(3,172)	799	(6)	-	(2,769)	95	(2,864)

Note:

Deferred tax assets on Provision for impairment of investments is not recognised on account of reasonable certainty.(refer note 53)

Notes to Financial Statements for the year ended 31st March, 2021

27 Borrowings

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Loans Repayable on Demand - From Banks		
Secured		
Packing Credit	8,012	6,635
(refer note no. (i),(ii) & (iii))		
Foreign Bill Discounting	-	127
(refer note no. (i),(ii) & (iii))		
Overdraft account	-	107
(refer note no. (i)		
Total	8,012	6,869

Note:

Term of repayment and securities for current borrowings

All the working capital facilities are secured against:

i) 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.

ii) Second pari passu charge on the entire Movable fixed assets, excluding the movable fixed assets situated or kept at unit no. 1, of the Company.(save and except for vehicles)

iii) 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 - Amli, Silvassa Union Territory of Dadra & Nagar Haveli.

28 Trade payables

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade payables:		
Total outstanding dues of Micro and small enterprises	17	31
Total outstanding dues of creditors other than Micro and small enterprises	2,606	1,783
Total	2,622	1,814

Note:

Micro and Small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosure are given below:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Principal amount due and remaining unpaid	-	-
Interest due and unpaid on the above amount	-	-
Interest paid by the Company in terms of section 16 of the Micro, Small and Medium enterprises Act, 2006	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable	-	-
Total	-	-

Notes to Financial Statements for the year ended 31st March, 2021

29 Other financial liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current maturities of long term debts	3,044	3,375
Creditors for Capital goods	1,749	1,611
Unpaid dividend (refer note (i) & (ii))	71	78
Salaries , wages & other payable	226	80
Book overdraft with banks	1,200	158
Lease Liabilities	2	20
Others	4	-
Total	6,296	5,322

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. 8 lakhs (As at 31st March, 2020: 6 lakhs) is transferred to Investor Education and Protection Fund during the year.

30 Other current liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advance from customers	181	97
Others		
Statutory dues	52	22
Total	233	119

31 Provisions

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits (Refer note 42)		
Gratuity	41	45
Leave Encashment	-	24
Bonus	-	14
Total	41	83

32 Current Tax Liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for Tax (Net of taxes paid in advance)	116	-
Total	116	-

Notes to Financial Statements for the year ended 31st March, 2021

33 Revenue From Operations

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a) Sale of Products/ Services:		
- Local Sales	9,922	10,256
- Export Sales	14,619	18,755
- Deemed Export Sales	-	-
- Trading Sales	-	-
- Sale of Wind Power	500	750
Sale of Products/ Services	25,041	29,762
(b) Other Operating Revenues:		
- Export incentives	-	-
- Sale of Waste yarn	-	-
- Sale of Scrap	95	70
- Renew able Energy Certificate income	-	-
Other Operating Revenues	95	70
	25,136	29,832
Revenue from operations	25,136	29,832

Ind AS 115 Disclosures

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
1 Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its statement of Profit and loss.		
Revenue from contracts with customers		
(Transferred at point in time)		
Sale of yarns	24,542	29,012
Sale of wind power	500	750
	25,041	29,762
Other Operating Revenues	95	70
Total revenue from contracts with customers	25,136	29,832
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.		
Total revenue from contracts with customers		
Yarn		
India	10,017	10,327
Export (Including deemed export)	14,619	18,755
Wind Power		
India	500	750
Total	25,136	29,832
3 Reconciliation between revenue with customers and contracted price:		
Revenue as per contracted price	25,201	29,989
Less: Adjustments		
Sales return	(32)	(88)
Discounts/ Rebates	(33)	(69)
Revenue from contracts with Customers	25,136	29,832

Notes to Financial Statements for the year ended 31st March, 2021

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
4 Sales by performance obligations		
Upon Shipment	24,636	29,082
Upon Delivery	-	-
Upon Transmission into grid	500	750
Total	**25,136**	**29,832**

5 Contract balances

The following table provides information about receivables from contracts with customers:

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a) Trade receivables	10,085	9,972
Allowance as per Expected credit loss model	(235)	(221)
Total	**9,850**	**9,751**
Trade receivables are non-interest bearing and are generally on terms of up to 180 days.		
Contract liability		
Advances from Customers	181	97

The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended March 31, 2021.

34 Other Income

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
a) Interest income		
Instruments measured at amortised costs		
- on fixed deposits with bank	750	760
- others	90	69
b) Dividend Income		
- Dividend Income from Current investments at FVTPL	0	1
- Dividend Income from non current investments in Subsidiaries	-	430
c) Other non-operating Income (Net of expenses directly attributable to such income)		
- Gain on disposal of investment property	-	-
- Gain on disposal of property, plant and equipment	-	4
- Gain on sale of current investments	6	-
- Fair valuation gain on Investments	64	24
- gain or loss on foreign currency transaction and translation (net)	67	94
- Government grants - Deferred Income (Refer note)	-	-
- Provision for doubtful receivables written back	-	-
- Duty Drawback and Rebate	306	413
- Miscellaneous Income	-	9
Total	1,284	1,804

Note:

Technology Upgradation Fund Scheme subsidy received from government (ministry of textiles) for investments in plant and equipments.

Notes to Financial Statements for the year ended 31st March, 2021

35 Cost of material consumed

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Inventories at the beginning of the year	734	1,324
Purchases	12,005	13,743
Inventories at the end of the year	(1,660)	(734)
Total	**11,079**	**14,333**

36 Changes in inventories of finished goods and work in progress

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Closing inventories		
Work-in-progress	1,658	741
Finished goods	1,833	1,995
Opening inventories		
Work-in-progress	741	714
Finished goods	1,995	1,552
Total	(755)	(470)

37 Employee benefits expense

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Salaries and wages, bonus etc.	909	1,166
Contribution to provident and other funds	157	132
Staff welfare expenses	28	48
Total	1,094	1,346

38 Finance costs

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
a) Interest on financial liabilities carried at amortised cost		
Interest on borrowings	368	393
Exchanges differences regarded as an adjustment to borrowing costs	192	381
Interest expense on lease liability	2	3
b) Other interest cost		
Interest on Income tax	13	4
c) Other borrowing costs	62	182
Bank Charges	-	-
Total	636	963

39 Depreciation and amortisation expenses

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Depreciation on property, plant and equipment	1,744	1,738
Depreciation charged for right of use assets - building	24	24
Amortisation of intangible assets	18	4
Total	1,786	1,766

Notes to Financial Statements for the year ended 31st March, 2021

40 Other expenses

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Consumption of stores and spare parts	359	328
Power and fuel	1,809	2,167
Consumption of packing materials	1,151	1,417
Consumption of oils and chemicals	458	456
Labour charges	1,823	2,014
Clearing and forwarding charges	-	-
Repairs and Maintenance:		
- Building	45	145
- Machinery	231	160
- Others	123	104
Excise duty expenses	-	-
Custom duty expenses	-	-
Water, waste and effluent treatment charges	134	98
Rent	-	-
Insurance	90	76
Rates and taxes	-	-
Director sitting fees	2	2
Legal, professional and consultancy charges	148	151
Bank charges	87	97
Fair Valuation loss on derivatives	-	-
Corporate Social Responsibility Expenses (Refer note 49)	74	65
- gain or loss on foreign currency transaction and translation (net)	-	-
Miscellaneous expenses	346	950
Provision for Impairment	-	-
Loss on sale of current investments	-	-
- Fair valuation gain on Investments	-	-
Payments to auditor:		
- Audit fees	9	8
- for tax audit and certification	13	8
- for certification	-	-
- for other services	-	2
Freight and forwarding charges	866	983
Commission on sales	536	562
Provision for doubtful receivables	15	219
Transmission charges	-	-
Total	**8,319**	**10,012**

41 Earnings per share (EPS)

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Profit for the year- Before Exceptional Item	**3,732**	**3,454**
Profit for the year-After Exceptional Item	**1,296**	**3,454**
Equity shares outstanding at the beginning and at the end of the year - (Nos)	8,35,03,000	8,35,03,000
Nominal value of each share (in Re.)	1	1
Basic and Diluted earning per share- Before Exceptional Item	**4.47**	**4.14**
Basic and Diluted earning per share-After Exceptional Item	1.55	4.14

Notes to Financial Statements for the year ended 31st March, 2021

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. 42 lakhs (31st March, 2020: Rs. 48 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 31st March, 2021	As at 31st March, 2020
PVO at the beginning of the year	280	267
Interest cost	19	20
Current service cost	31	37
Benefits paid	(5)	(21)
Actuarial (Gains)/Losses	(56)	(23)
PVO at the end of the year	**269**	**280**

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Fair value of plan assets at the beginning of the year	113	126
Adjustments:		
Return on plan assets excl. interest income	1	(1)
Interest income	8	9
Contributions by the employer	32	-
Benefits paid	(5)	(21)
Fair value of plan assets at the end of the year	149	113

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
PVO of the defined benefit obligation at the end of period	269	280
Fair value of planned assets at end of year	(149)	(113)
Net liabilities / (Assets) recognised in the balance sheet	**121**	**167**

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

Particulars	2020-2021	2019-2020
Current service cost	31	37
Net interest	11	11
Net charge to the statement of profit or loss	**42**	**48**

Notes to Financial Statements for the year ended 31st March, 2021

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

Particulars	2020-2021	2019-2020
Actuarial (Gain)/Loss recognised for the period	(56)	(23)
Return on plan assets excluding net interest	(1)	1
Recognised in OCI for the year	**(57)**	**(22)**

Expected Payout (Rs in lakhs)

Year	2020-2021	2019-2020
Expected Outflow in 1st Year	41	45
Expected Outflow in 2nd Year	2	2
Expected Outflow in 3rd Year	16	11
Expected Outflow in 4th Year	5	15
Expected Outflow in 5th Year	8	12
Expected Outflow in 6th to 10th Year	151	171

The weighted average duration of the defined benefit plan obligations at the end of reporting period is 27 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.

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Impact on present value of defined benefit obligation:		
If discount rate is increased by 1%	(8)	(8)
If discount rate is decreased by 1%	9	9
If salary escalation rate is increased by 1%	9	8
If salary escalation rate is decreased by 1%	(8)	(7)

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 31st March, 2021	As at 31st March, 2020
Discount Rate	5.75%	6.75%
Expected return on plan assets	9	8
Expected rate of salary increase	**7.00%**	**7.00%**
Employee attrition rate	**20.00%**	**20.00%**
Mortality	**Indian Assured Lives (2012-14)**	**Indian Assured Lives (2012-14)**

Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Notes to Financial Statements for the year ended 31st March, 2021

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 and long term employment benefits

Short term leave

The expenses towards compensated absences (annual and short term leave) for the year ended 31 March 2021 of Rs. 41 lakhs (31 March 2020: Rs.40 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 Texstill Filament Sanayi Ticaret A.S.

(d) Entities controlled by Key Managerial Personnel

Satidham Industries Private Limited

Hindustan Cotton Company

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

Shri Narayani Seva Sansthan

Shivchandrai Jhunjhunwala Charitable Trust

(f) Key Managerial Personnel

(i) Executive Director

Madhusudan Jhunjhunwala - Chairman & Whole Time Director

Krishna Jhunjhunwala - Managing Director

(ii) Non Executive Director

Shreya Desai - Independent and Non Executive Director

Parantap Dave - Independent and Non Executive Director

Neha Jhunjhunwala - Non Executive Director

Notes to Financial Statements for the year ended 31st March, 2021

2 Details of transactions with above related parties (Rs in lakhs)

Nature of Transaction	Subsidiaries		Fellow subsidiary		Entities over which Key Managerial Personnel are able to exercise significant influence		Key Managerial Personnel	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
(a) Unsecured Loan converted in to preference shares								
Sarlaflex Inc.	-	7,825	-	-	-	-	-	-
(b) Remuneration *								
Madhusudan Jhunjhunwala - Chairman	-	-	-	-	-	-	69	138
Krishna Jhunjhunwala - Managing Director	-	-	-	-	-	-	69	138
(c) Sitting Fees								
Shreya Desai - Independent and Non Executive Director	-	-	-	-	-	-	1	1
Parantap Dave - Independent and Non Executive Director	-	-	-	-	-	-	1	1
Neha Jhunjhunwala - Non Executive Director	-	-	-	-	-	-	1	1
(d) Commission paid								
Sarla Europe, Lda	-	-	182	192	-	-	-	-
(e) Sale of Goods								
Sarla Overseas Holding Limited	758	2,437	-	-	-	-	-	-
Sarlaflex Inc	-	-	-	-	-	-	-	-
Sarla Europe, Lda	-	-	-	-	-	-	-	-
(f) Dividend Received								
Sarla Overseas Holding Limited	-	430	-	-	-	-	-	-
(g) Plant & Equipment purchases								
Sarlaflex Inc	53	-	-	-	-	-	-	-
(h) CSR expenditure								
Shri Narayani Seva Sansthan	-	-	-	-	60	50	-	-
Shivchandrai Jhunjhunwala Charitable Trust	-	-	-	-	20	15	-	-

* Managing Director's remuneration is Rs. 69 lakhs (as at 31st March, 2020: 138 lakhs) and whole time Director's remuneration is Rs. 69 lakhs (as at 31st March, 2020: 138 lakhs)is in accordance with section 197(12) of Act and Rules thereunder.

Key management personnel compensation (Rs in lakhs)

Particulars	2020-2021	2019-2020
Short-term employee benefits	138	276
Post-employment benefits	40	-
Others (including sitting fees to non-executive directors)	2	2

Notes to Financial Statements for the year ended 31st March, 2021

3 Balances Outstanding (Rs in lakhs)

Particulars	Subsidiaries	
	As at 31st March, 2021	As at 31st March, 2020
(a) Investment in Shares (refer note c)		
Sarla Overseas Holding Limited	183	183
Sarlaflex Inc.-Equity	597	597
Sarlaflex Inc.-Preference	7,825	7,825
(b) Unsecured Loan Given		
Sarlaflex Inc.	188	249
(c) Trade Receivables		
Sarla Overseas Holding Limited	1,127	2,371

Notes:

(a) Sales, purchases and service transactions with related parties are made at arm's length price.

(b) Amounts outstanding are unsecured and will be settled in cash or receipts of goods and services.

(c) Impairment provision amounting to Rs. 2437 lakhs (as at 31st March, 2020: Nil) has been recognised in respect of investment in shares of wholly owned subsidiaries.

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 lakhs (As at 31st March, 2020: Rs. 963 lakhs).

The Differential CST liability in respect of Non Collection of C Forms of Rs. 42 lakhs (As at 31st March, 2020: Rs. 42 lakhs).

45.2 Capital Commitments

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
For capital expenditures (net of advances of Rs. 391 lakhs (As at 31st March, 2020: Rs. 286 lakhs))	1,443	314

46 Financial instruments

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.

A Capital Management:

The Company manages its capital structure with a view to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 23, 27 and 29) and total equity of the Company.

The Company's management reviews the capital structure of the Company on an annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Notes to Financial Statements for the year ended 31st March, 2021

The gearing ratio at the end of the reporting period was as follows: (Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Non-current borrowings	3,735	6,588
Current maturities of non-current borrowings	3,044	3,375
Current borrowings	8,012	6,869
Total Debt	**14,791**	**16,831**
Equity	36,585	35,209
Net debt to equity ratio	**0.40**	**0.48**

For the purpose of computing debt to equity ratio, equity includes Equity Share Capital and Other Equity and Debt includes Long term borrowings, short term borrowings and current maturities of long term borrowings.

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 31st March, 2021	As at 31st March, 2020
Financial assets		
At Amortised cost		
Investments in Debentures	1,059	1,055
Trade receivables	9,850	9,751
Cash and cash equivalents	840	559
Bank balances other than above	8,648	6,265
Other financial assets	1,977	3,424
At Fair value through Profit and Loss		
Investments in equity shares	46	26
Derivative contracts	332	52
Investments in Debentures	131	123
Investments in Mutual Funds	428	402
Total	**23,310**	**21,657**
Financial liabilities		
At Amortised cost		
Borrowings	11,747	13,456
Trade payables	2,622	1,814
Other Financial liabilities	6,301	5,329
Total	**20,671**	**20,599**

Note: Above table excludes Investment in subsidiaries which are measured at cost. (Refer note 7)

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.

Notes to Financial Statements for the year ended 31st March, 2021

(Rs in lakhs)

Particulars	Fair Values	
	As at 31st March, 2021	As at 31st March, 2020
Financial Assets at Fair Value through Profit and Loss		
Investments in equity shares (Level 1)	46	26
Derivative contracts (Level 2)	332	52
Investments in debentures (Level 2)	131	123
Investments in Mutual Funds (Level 2)	428	402
Total	937	603

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 31st March, 2021 and 31st March, 2020, 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;

C) Market risk; and

D) Interest rate risk

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 form 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

Notes to Financial Statements for the year ended 31st March, 2021

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:

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 31st March, 2021	As at 31st March, 2020
Up to 180 days	8,203	8,168
181-365 days	1,647	1,583
Above 365 days	235	221
Total	**10,085**	**9,972**

Movement in provisions of doubtful debts (Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance at beginning of the year	221	2
Movement in expected credit loss allowance	15	219
Balance at end of the year	**235**	**221**

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 31st March, 2021. Credit risk have been increased significantly for these loans and accordingly necessary impairment provisions have been made. (Refer note 53)

Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in Debentures, Preference shares, mutual funds and derivative contracts. The Company has diversified portfolio of investment with various number of counter-parties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Management of the Company.

B Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by Company through effective fund management. The Company's principal sources of liquidity are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The 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.

Notes to Financial Statements for the year ended 31st March, 2021

Maturity analysis of significant financial liabilities (Rs in lakhs)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Carrying amount	Contractual cash flows		Carrying amount	Contractual cash flows	
		Upto 1 year	More than 1 year		Upto 1 year	More than 1 year
Financial liabilities						
Borrowings (including Current Maturities of Long-Term Debts)	14,791	11,056	3,735	16,832	10,244	6,588
Trade and other payables	2,622	2,622	-	1,814	1,814	-
Other financial liabilities	3,257	3,257	-	1,955	1,955	-
	20,671	16,936	3,735	20,600	14,012	6,588

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: (Rs in lakhs)

Particulars	As at 31st March , 2021			As at 31st March , 2020		
	USD	GBP	EURO	USD	GBP	EURO
Financial assets						
Cash and cash equivalents	454	38	79	457	32	20
Trade receivables	5,082	307	1,728	5,903	153	1,402
Loans	243	-	-	249	-	-
Less: Foreign currency forward exchange contracts	(2,279)	(707)	(6,888)	(1,583)	(3,258)	(5,814)
Net exposure for assets	**3,499**	**(362)**	**(5,081)**	**5,026**	**(3,073)**	**(4,392)**
Financial liabilities						
Foreign Currency Loans	-	-	5,408	377	-	6,644
Short term borrowings	1,963	-	2,549	597	-	6,166
Trade and other payables	1,537	-	12	576	2	21
Less: Foreign currency forward exchange contracts	(368)	(202)	(86)	(151)	(186)	(83)
Net exposure for liabilities	**3,133**	**(202)**	**7,883**	**1,399**	**(184)**	**12,748**
Net exposure (Assets - Liabilities)	366	(160)	(12,964)	3,627	(2,889)	(17,140)

Notes to Financial Statements for the year ended 31st March, 2021

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% charge 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%	
Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020	For the year ended 31st March, 2021	For the year ended 31st March, 2020
USD	18	181	(18)	(181)
GBP	(8)	(144)	8	144
EURO	(648)	(857)	648	857

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 31st March, 2021	For the year ended 31st March, 2020
Term loans - long term		
Floating Rate Borrowings	-	1,948
Fixed Rate Borrowings	6,779	8,015
Short term borrowings	8,012	6,869
	14,791	**16,832**

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%	
Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Term loans - long term	-	5	-	(5)
Short term borrowings	20	17	(20)	(17)

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period.

Notes to Financial Statements for the year ended 31st March, 2021

48 Right to use of lease assets

(Rs in lakhs)

Leases

I Disclosure in respect of operating lease (as Lessee):

a) Additions to right of use assets during the reporting year ended 31 March 2021 and its carrying value as on that date

Particulars	2020-21	2019-20
Addition of right-of-use assets that do not meet the definition of investment property		
Buildings	-	86
Total	-	86
Depreciation charged during the current year		
Buildings	24	24
Total	24	24
Carrying value of Right-of-use assets		
Buildings	38	62
Total	38	62

(b) Maturity Analysis of Lease liabilities

Maturity analysis – contractual undiscounted cash flows	As at 31st March, 2021	As at 31st March, 2020
Less than one year	3	22
One to five years	3	5
More than five years	4	5
Total undiscounted lease liabilities for the year ended	10	32
Lease liabilities included in the statement of financial position		
Current	2	20
Non-current	5	7

(c) Amounts recognised in the statement of profit or loss

Particulars	2020-21	2019-20
Depreciation	24	24
Interest on lease liabilities (included in finance cost)	2	3
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	-	-

(d) Amount recognised in the statement of cash flows

Particulars	2020-21	2019-20
Total cash	22	22

Transition

1. Applied a single discount rate to a portfolio of leases.
2. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Notes to Financial Statements for the year ended 31st March, 2021

49 CSR Expenditure

a) Gross amount required to be spent by the Company during the year – Rs. 74 lakhs (31st March, 2020: Rs. 88 lakhs)

b) Amount spent during the year

(Rs in lakhs)

For the year ended 31st March, 2021			
Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	74	80	6

For the year ended 31st March, 2020			
Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	88	65	23

c) All the CSR expenditure spent during the current year is done towards medical facilities.

d) Out of note (b) above, Rs. 60 lakhs (Previous Year Rs. 50 lakhs) contributed to Shri Narayani Seva Sansthan and Rs. 20 lakhs (Previous Year Rs. 15 lakhs) to Shivchandrai Jhunjhunwala Charitable Trust which are related parties.

e) Unspent amount of CSR expenditure up to 31st March 2020 is Rs. 295 lakhs.

50 (a) Advance(s) in the nature of Loan (Regulation 34 of Listing Obligations & Disclosure Requirements)

Particulars	Relationship	31.03.2021	31.03.2020
Name of the loanee - Sarlaflex Inc.	Wholly owned Subsidiary		
In respect of Inter Corporate Deposits			
Amount as at year end		188	249
Maximum amount outstanding		7,860	7,860

(b) Particulars of Loans, Guarantees or Investments covered under section 186(4) of the Companies Act, 2013

Name of the Party	Nature	Amount	Purpose
Sarla Overseas Holding Ltd	Investments in Equity Shares	183	Capital Investment
Sarlaflex Inc.*	Investments in Equity Shares	596	Capital Investment
	Investments in Preference Shares	7,825	Capital Investment
	Inter - Corporate Loans	188	Capital Expenditure and Working Capital

* Excluding Impairment provisions

51 The Company has elected to continue the policy adopted under previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of 31st March 2017 i.e. foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases, if any, accumulated in “Foreign Currency Monetary Item Translation Difference Account” and amortized over the balance period of the liability. For the current financial year, the impact on account of above (net of depreciation and amortization) is decrease in profit before tax of Rs. 36 lakhs (in Previous year decrease in profit Rs. 76 lakhs). The net loss remaining unamortized under Foreign Currency Monetary Item Translation Difference Account as at 31st March, 2021 is Rs. Nil (net loss as at 31st March, 2020 Rs. 36 lakhs).(Also refer note 4(i)).

52 Due to current pandemic situation the company could not obtain confirmation of balances. Accordingly, 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

Notes to Financial Statements for the year ended 31st March, 2021

53 Exceptional Item

Company's Wholly Owned Subsidiary, Sarlaflex, Inc. has suspended its manufacturing operations since December 2017. Thus, management of the Subsidiary is presently monitoring the situation on a continuous basis and exploring all options including sale of the undertaking. Based on the impairment indicator, Company has tested its investments in Sarlaflex, Inc. for whether any impairment is required to be recognised in accordance with the requirements of Ind AS 36 –Impairment of Assets.

As at 31st March, 2021, Company has investments amounting to Rs. 8,610 lakhs by way of investments in equity, preference shares and unsecured loans to Sarlaflex, Inc. Impairment assessment of these investments have been performed by comparing carrying value of investments to their recoverable amount. For the purpose of impairment testing, recoverable amount has been determined considering valuation report obtained from an external expert. Consequently, impairment provision amounting to Rs. 2,437 lakhs has been recognised in the Statement of Profit and Loss as an exceptional item. Deferred tax assets is not recognised for impairment provision on investments in subsidiary on account of reasonable certainty in accordance with Ind AS 12 - Income Taxes.

54 Impairment of investments in subsidiary

(a) Impairment loss recognized in statement of Profit and Loss (as an exceptional item – also refer note 53): Rs. 2,437 lakhs

(b) Recoverable amount: Rs. 6,173 lakhs

(c) Assumptions used for valuation by an external expert:

- Valuation is carried out for Enterprise valuation under Ind AS 36, for the same Net Asset Value is worked out;
- Current assets and liabilities are revalued based on its realization and actual liability to pay basis;
- Property, plant and equipments are valued at Fair Market Value (Level 2);
- There is no contingent liability as on valuation date."

55 Events after the reporting period

No adjusting or significant non - adjusting events have occurred between the reporting date (31st March, 2021) and the report release date (25th June, 2021)

Consolidated Financial Statements

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 listed in Annexure (the Holding Company and Subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31st March 2021, the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of Changes in Equity and the consolidated Cash Flows statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by other auditors, 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 prescribed 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 consolidated state of affairs (consolidated financial position) of the Group as at 31st March, 2021, of the consolidated profit and consolidated total comprehensive income (consolidated financial performance), 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 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 opinion on consolidated financial statements.

Emphasis of Matters

a) As reported in the respective audit reports of Sarlaflex Inc., and Sarla Overseas Holdings Limited, subsidiaries, the financial statements of the respective companies are prepared on 'Going Concern' basis due to suspension of manufacturing operations since December 2017 and net worth becoming negative respectively (Also refer note no 52 and 53 of consolidated financial statements);

b) We draw attention to note no 51 of the Consolidated Financial Statements, wherein it is mentioned that three Joint Ventures are not consolidated on account of non-resolution of disputes, or non-receipt of financial statements for the year ended 31st March, 2021. 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 Statement of Profit and Loss;

c) On account of our inability to conduct a physical verification of inventories as on 31st March, 2021 owing to the lockdown restrictions due to on-going Covid 19 pandemic, , we have relied on details as provided by the management and related adjustments, to confirm the existence and condition of inventory at the year-end;

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 for the financial year ended 31st March, 2021. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's Responsibilities for the audit of the consolidated financial statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Sr no	Key Audit Matter	Auditor's Response
1.	**Litigations, Provisions and contingent liabilities** 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. Refer Note 45.1 to the consolidated financial statements.	**Principal Audit Procedures** As part of audit process, we obtained from the Holding Company's management details of matters under disputes including ongoing and completed tax assessments, demands and litigations. Our audit approach for the above consists of the following audit procedures: • 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; • Discussed with Holding Company's legal team and taxation team to obtain sufficient understanding of on-going and potential legal matters impacting the Company. • We also involved our internal experts to evaluate the management's underlying judgements in making their estimates with regard to such matters.

We have determined that there are no other key audit matters to communicate in our report.

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

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Holding Company's Board's Report including Annexures to Board's Report and Corporate Governance Report, but does not include the consolidated financial statements and our auditor's report thereon. The above reports are expected to be made available to us after the date of this 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 and in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated;

If based on the work we have performed, we conclude that there is a material misstatement therein, we are required to report that fact. We have nothing to report in this regard.

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

The Holding Company's 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 in terms of requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total Comprehensive Income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India including the Indian Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid;

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so;

The respective Board of Directors of the companies included in Group are also responsible for overseeing the financial reporting process of each Company.

Auditor's Responsibilities for the Audit of the Standalone 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls as applicable;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the consolidated financial statements, of which we are 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 Matters' in this audit report;

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards;

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

Other Matters

We did not audit the financial statements of a stepdown subsidiary included in the consolidated financial statements, whose financial statements reflect total assets of Rs. 275 lakhs, total liabilities of Rs.329 lakhs as at 31st March, 2021, total revenue of Rs. 226 lakhs and total comprehensive income of Rs. 77 lakhs for the year ended 31st March, 2021 as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this step down subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid step down subsidiary, is based solely on the reports of the other auditors.

This step-down subsidiary is located outside India whose financial statements and other financial information has been prepared in accordance with accounting principles generally accepted in its country and which have been audited by other auditor under generally accepted auditing standards applicable in its country. The Company's management has converted the financial statements of such step-down subsidiary located outside India from accounting principles generally accepted in its country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion, in so far as it relates to the balances and affairs of such step-down subsidiary is based on the report of other auditor and conversion adjustments prepared by the management of the Company and audited by us;

Our opinion on the consolidated financial statements and our report on other Legal and Regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

   a) We have sought and except obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2021 taken on record by the Board of Directors of the Holding Company, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act;

   f) As per the Guidance Note on 'Audit of Internal Financial Controls over Financial Reporting' issued in September 2015 by ICAI, since there are no subsidiaries incorporated in India, no reporting on the adequacy of the internal financial controls with reference to financial statements of the said 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 the operating effectiveness of such controls, refer to our report in Annexure 'B' of the standalone financial statements;

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      1. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 45.1 to the consolidated financial statements;

      2. The group has made provision in the consolidated financial statements, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

4 i. The management of the Holding Company has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), 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;

ii. The management of Holding Company has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), 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

iii. 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) contain any material misstatement.

5. There were no amounts which were declared or paid during the year as dividend by the Holding Company.

2. With respect to the matter to be included in the Auditors' 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.

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

Himanshu Kishnadwala
Partner
Membership No.: 37391
UDIN: 21037391AAAADO6417

Place: Mumbai
Date: 25th June, 2021

Consolidated Balance Sheet as at 31st March, 2021

(Rs in lakhs)

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
I ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	4	25,028	26,342
(b) Capital Work in progress	5	41	-
(c) Intangible assets	6	99	-
(d) Intangible assets under development	5	-	79
(e) Investments in Subsidiaries	7	-	-
(f) Financial Assets			
(i) Investments	8	1,487	8,458
(ii) Loans	9	260	265
(iii) Other financial assets	10	292	2,774
(g) Non current Tax Assets (Net)	11	184	184
(h) Other non-current assets	26	-	358
(i) Other non-current assets	12	486	3,381
Total non-current assets		**27,877**	**41,841**
(2) Current assets			
(a) Inventories	13	6,925	5,296
(b) Financial Assets			
(i) Investments	14	177	26
(ii) Trade receivables	15	9,314	9,091
(iii) Cash and cash equivalents	16	1,121	687
(iv) Bank balances other than (iii) above	17	8,648	6,265
(v) Loans	18	133	128
(vi) Other financial assets	19	1,572	201
(c) Other current assets	20	2,735	2,318
Total current assets		**30,625**	**24,012**
Total Assets		**58,502**	**65,853**
II EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	21	835	835
(b) Preference Share Capital	22	-	-
(b) Other Equity	22	33,620	31,008
Equity attributable to equity share holders		**34,455**	**31,843**
Non-controlling interests		17	(14)
Total equity		**34,472**	**31,829**
Liabilities			
(1) Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	3,844	16,403
(ii) Other financial liabilities	24	5	6
(b) Provisions	25	119	123
(c) Deferred tax liabilities (Net)	26	2,485	2,770
Total non-current liabilities		**6,453**	**19,302**
(2) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	27	8,012	6,869
(ii) Trade payables	28		
(A) total outstanding dues of micro enterprises and small enterprises		17	31
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		2,734	2,139
(iii) Other financial liabilities	29	6,296	5,322
(b) Other current liabilities	30	361	268
(c) Provisions	31	41	83
(d) Current Tax Liabilities (Net)	32	116	10
Total current liabilities		**17,577**	**14,722**
Total Equity and Liabilities		**58,502**	**65,853**

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 FR No.: 101961W/W-100036

For and on behalf of the Board of Directors

HIMANSHU KISHNADWALA
Partner
Membership No. 37391

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director
(DIN: 00097175)

MADHUSUDAN S. JHUNJHUNWALA
Chairman & Whole Time Director
(DIN: 00097254)

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 25th June, 2021

Place: Mumbai
Date: 25th June, 2021

Consolidated Statement of Profit & Loss for the year ended 31st March, 2021

(Rs in lakhs)

	Particulars	Note No.	For the year ended 31st March, 2021	For the year ended 31st March, 2020
I	Revenue from Operations	33	25,781	31,094
II	Other Income	34	1,633	1,754
III	**TOTAL INCOME (I+II)**		**27,414**	**32,848**
IV	Expenses			
	(a) Cost of materials consumed	35	11,084	14,379
	(b) Changes in inventories of finished goods and work-in-progress	36	(523)	(54)
	(c) Employee benefits expense	37	1,217	1,494
	(d) Finance costs	38	1,143	1,058
	(e) Depreciation and amortization expense	39	2,572	2,520
	(f) Other expenses	40	8,377	10,294
	TOTAL EXPENSES (a to f)		**23,870**	**29,691**
	Profit before share of net profits of investment accounted for using equity method and tax (III-IV)		**3,544**	**3,157**
	Exceptional item		-	-
V	**Profit before share of net profits of investment accounted for using equity method and tax (III-IV)**		**3,544**	**3,157**
VI	Share of net profit/(loss) of Joint ventures accounted for using the equity method		-	-
VII	**Profit before tax (V+VI)**		**3,544**	**3,157**
VIII	Tax expense:			
	Current tax		1,156	1,046
	Deferred tax		(267)	(800)
	Total tax expense		**888**	**246**
IX	**Profit / (Loss) for the year (VII-VIII)**		**2,655**	**2,911**
X	Other Comprehensive Income ('OCI')			
	A (i) Items that will not be reclassified to profit or loss Remeasurement of defined benefit plan		57	21
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(14)	(6)
	Total (A)		43	15
	B (i) Items that will be reclassified to profit or loss Foreign exchange differences in translating financial statements of foreign operations		(89)	112
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Total (B)		(89)	112
	Total Other comprehensive income (A+B)		(46)	127
XI	**Total comprehensive income for the year (IX+X)**		**2,609**	**3,038**
	Profit attributable to:			
	Owners of the Company		2,624	2,936
	Non-Controlling Interest		31	(25)
	Other Comprehensive Income attributable to:			
	Owners of the Company		(46)	125
	Non-Controlling Interest		0	2
	Total Comprehensive Income attributable to:			
	Owners of the Company		2,578	3,061
	Non-Controlling Interest		31	(23)
XII	Earnings per equity share	41		
	- Basic and Diluted (Face value Re. 1)		3.14	3.52

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 FR No.: 101961W/W-100036

HIMANSHU KISHNADWALA
Partner
Membership No. 37391

Place: Mumbai
Date: 25th June, 2021

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director
(DIN: 00097175)

MADHUSUDAN S. JHUNJHUNWALA
Chairman & Whole Time Director
(DIN: 00097254)

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 25th June, 2021

Consolidated Statement of cash flows for the year ended 31st March, 2021

(Rs in lakhs)

	Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
A	**Cash flow from operating activities**		
	Profit before tax	6,414	3,157
	Adjustments for:		
	Finance costs	729	1,058
	Depreciation and amortisation expenses	2,573	2,520
	Interest on income tax	13	4
	Interest income	(841)	(829)
	Gain on disposal of property, plant and equipment	-	(4)
	Gain on disposal of investments	(6)	-
	Gain on fair value of investments	(64)	(24)
	Dividend Income on Current investments	(0)	(1)
	Government Grant	-	-
	Unrealised exchange gain or loss on foreign currency translations	(212)	726
	Foreign currency translation reserve	(29)	82
	Operating profit before working capital changes	**8,577**	**6,689**
	Movements in working capital:		
	Adjustments for (increase)/decrease in operating assets:		
	Inventories	1,038	462
	Trade receivables	(2,888)	(1,068)
	Current loans	(4)	(1)
	Non-current loans	3	317
	Other current assets	(95)	(303)
	Other non current assets	(4,648)	(625)
	Other current financial assets	(333)	307
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	581	(432)
	Other current financial liabilities	1,359	139
	Other financial liabilities	101	(52)
	Other current liabilities	(16)	(72)
	Provisions	25	67
	Cash generated from operations	**3,700**	**5,427**
	Direct taxes paid (net)	(743)	(936)
	Net cash generated from operating activities (A)	**2,956**	**4,491**
B	**Cash flows from investing activities**		
	Bank balances other than Cash & Cash equivalents	(615)	(1,741)
	Purchase of property, plant and equipment	(1,276)	(2,466)
	Purchase of Intangible Assets	(37)	(79)
	Proceeds from disposals of property, plant and equipment	-	5
	Purchase/Proceeds of non current investments	4,549	(1,615)
	Proceeds from sale of investments	-	606
	Purchase/Proceeds of current investments	16	-
	Interest received	459	536
	Bank Deposits	-	-
	Dividend Income on Current investments	-	1
	Net cash (used in) investing activities (B)	**3,095**	**(4,753)**

Consolidated Statement of cash flows for the year ended 31st March, 2021

(Rs in lakhs)

	Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
C	Cash flow from financing activities		
	Proceeds/Repayments from non current borrowings	(12,875)	4,406
	Repayment of non current borrowings	-	(730)
	Proceeds from current borrowings	7,995	(1,884)
	Payments for the principal portion of lease liability	(21)	(19)
	Payments for the interest portion of lease liability	(1)	(3)
	Interest paid	(716)	(1,038)
	Dividend paid	-	(413)
	Net cash (used in) financing activities (C)	(5,619)	319
	NET INCREASE IN CASH AND CASH EQUIVALENTS [(A) + (B) + (C)]	434	57
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	Balances with banks in current accounts and deposit accounts	677	631
	Effect of exchange rate changes on cash and cash equivalents	(12)	(26)
	Cash on hand	22	25
	CASH AND CASH EQUIVALENTS AS PER NOTE 16	687	630
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	Balances with banks in current accounts and deposit accounts	1,133	677
	Effect of exchange rate changes on cash and cash equivalents	(22)	(12)
	Cash on hand	10	22
	CASH AND CASH EQUIVALENTS AS PER NOTE 16	1,121	687

Explanatory notes to Statement of Cash Flows:

1 The Statement of Cash Flows is prepared in accordance with the format prescribed by Securities and Exchange Board of India and as per Ind AS 7 as notified by Ministry of Corporate Affairs.

2 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.

3 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".

4 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

Particulars	As at 1st April 2020	Cash flow	Foreign Exchange movement/ Non Cash Adjustments	As at 31st March, 2021
Non - current borrowing (including current maturities of non current borrowing)	19,778	(12,875)	(15)	6,888
Current borrowing	6,869	7,995	(6,852)	8,012
	26,647	(4,880)	(6,867)	14,900

Consolidated Statement of cash flows for the year ended 31st March, 2021

Particulars	As at 1st April 2019	Cash flow	Foreign Exchange movement/ Non Cash Adjustments	As at 31st March, 2020
"Non - current borrowing (including current maturities of non current borrowing)"	15,690	4,406	(318)	19,778
Current borrowing	8,454	(1,884)	300	6,869
	24,144	**2,522**	**(18)**	**26,647**

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 FR No.: 101961W/W-100036

HIMANSHU KISHNADWALA
Partner
Membership No. 37391

Place: Mumbai
Date: 25th June, 2021

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director
(DIN: 00097175)

MADHUSUDAN S. JHUNJHUNWALA
Chairman & Whole Time Director
(DIN: 00097254)

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 25th June, 2021

Consolidated Statement of changes in equity for the year ended 31st March, 2021

a. Equity Share Capital (note 21)

(Rs in lakhs)

Particulars	Amount
Balance as at 1st April, 2019	835
Changes in equity share capital during the year 2019-20	-
Balance as at 31st March, 2020	835
Changes in equity share capital during the year 2020-21	-
Balance as at 31st March, 2021	835

b. Other Equity (note 22)

(Rs in lakhs)

Particulars	Reserves and surplus						Total attributable to Owners of the Company "	Attributable to NCI "	Total Equity
	Capital reserve	Securities premium	General reserve	Foreign currency translation reserve	Foreign currency monetary item translation difference account	Retained earnings*			
As at 1st April, 2019	183	4,529	8,274	(151)	(51)	15,558	28,342	9	28,351
Profit for the year 2019-20	-	-	-	-	-	2,936	2,936	(25)	2,911
Other comprehensive income for the year 2019-20 (net of tax)	-	-	-	110	-	15	125	2	127
Addition /(Deletions) during the year	-	-	-	-	(57)		(57)	-	(57)
Amortisation during the year	-	-	-	-	72	-	72	-	72
Total comprehensive income for the year	-	-	-	110	16	2,951	3,076	(23)	3,053
Dividend	-	-	-	-	-	(413)	(413)	-	(413)
As at 31st March, 2020	183	4,529	8,274	(41)	(36)	18,096	31,005	(14)	30,991
Profit for the year 2020-21	-	-	-	-	-	2,624	2,624	31	2,655
Other comprehensive income for the year 2020-21 (net of tax)	-	-	-	(89)	-	43	(46)	0	(46)
Amortisation during the year	-	-	-	-	36	-	36	-	36
Total comprehensive income for the year	-	-	-	(89)	36	2,667	2,614	31	2,645
Dividend	-	-	-	-	-	0	0	-	0
As at 31st March, 2021	183	4,529	8,274	(130)	(0)	20,764	33,620	17	33,637

* including remeasurement of net defined benefit plans

For C N K & ASSOCIATES LLP
Chartered Accountants
ICAI FR No.: 101961W/W-100036

For and on behalf of the Board of Directors

HIMANSHU KISHNADWALA
Partner
Membership No. 37391

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director
(DIN: 00097175)

MADHUSUDAN S. JHUNJHUNWALA
Chairman & Whole Time Director
(DIN: 00097254)

Place: Mumbai
Date: 25th June, 2021

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 25th June, 2021

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2021

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.

2. BASIS OF COMPLIANCE, BASIS OF PREPARATION, CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS AND SIGNIFICANT ACCOUNTING POLICIES:

2.1. Basis of compliance:

The Consolidated Financial Statements (CFS) comply in all material aspects with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('Act') read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

2.2. Basis of preparation and presentation:

The CFS of the Group have been prepared under historical cost convention using the accrual method of accounting basis, except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the significant accounting policies below.

Current and Non – Current Classification

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the 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 Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of 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 31st March, 2021 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 25th June, 2021.

2.3. Use of Judgements and Estimates:

The preparation of the CFS requires management to make estimates, assumptions and judgments that affect the reported balances of assets and liabilities and disclosures as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Impact on account of revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below:

a. Estimates of useful lives and residual value of property, plant and equipment and intangible assets;

b. Measurement of defined benefit obligations;

c. Measurement and likelihood of occurrence of provisions and contingencies;

d. Impairment of investments;

e. Recognition of deferred tax assets; and

f. Measurement of recoverable amounts of cash-generating units.

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2021

2.4. Basis of Consolidation:

The CFS comprise the financial statements of the Company, its subsidiaries and the Group's interest in joint ventures as at the reporting date.

2.4.1 Subsidiaries:

Subsidiaries include all the entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns through its involvement in the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are consolidated from the date on which Group attains control and are deconsolidated from the date that control ceases to exist;

2.4.2 Joint Venture:

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Interests in joint venture are accounted for using the equity method of accounting;

2.4.3 The CFS have been prepared on the following basis:

a. The financial statements of the Company 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;

b. 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 Company. i.e. 31st March, 2021;

c. 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;

d. Refer note no. 51 of the consolidated financial statements for not consolidating the share of profit / loss of the joint ventures as per the 'equity method';

e. CFS are presented, to the extent applicable, in accordance with the requirements of Schedule III of the 2013 Act as applicable to the Company's separate financial statements;

f. Non-controlling interests in the net assets of the subsidiaries that are consolidated consists of the amount of equity attributable to non-controlling shareholders at the date of acquisition and subsequent addition of their share of changes in equity.

Profit or loss and each component of OCI are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

2.4.4 **The percentage of ownership interest of the Company in the Subsidiary companies as on 31st March, 2021 are as under:**

Particulars	Country of Incorporation	Percentage of actual ownership interest as on	
		31st March, 2021	31st March, 2020
Subsidiaries			
Sarlaflex Inc	USA	100%	100%
Sarla Overseas Holding Limited	British Virgin Islands (BVI)	100%	100%

2.5 Property, plant and equipment:

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);

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2021

2.5.3 Machinery spares that meet the definition of property, plant and equipment are capitalised;

2.5.4 Property, plant and equipment which are not ready for intended use as on date of Balance Sheet are disclosed as “Capital work-in-progress”;

2.5.5 Government grants relating to property, plant and equipment are reduced from the cost of the assets;

2.5.6 Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred;

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 Depreciation is provided on a pro-rata basis on the straight line method 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;

2.5.9 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

2.5.10 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;

2.5.11 Leasehold land is amortised over the primary lease period;

2.5.12 Freehold land is not depreciated;

2.5.13 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.

2.6 Intangible Assets:

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 not ready for intended use as on date of Balance Sheet are disclosed as “Intangible assets under development”;

2.6.3 Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any;

2.6.4 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

2.6.5 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 Forming Part of Consolidated Financial Statements for the year ended 31st March, 2021

2.6.6 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;

2.7 Investment property:

2.7.1 Investment property is property (land or a building — or part of a building — or both) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any;

2.7.2 Any gain or loss on disposal of investment property is calculated as the difference between the net proceeds from disposal and the carrying amount of the investment property is recognised in Statement of Profit and Loss;

2.8 Non-currents assets held for sale:

2.8.1 Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets;

2.8.2 Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell;

2.8.3 Non – current assets classified as held for sale are not depreciated or amortized from the date when they are classified as held for sale.

2.9 Leases:

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

2.9.1 As a lessee

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as per accounting policies on impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments primarily comprise of fixed payments. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Short-term leases and leases of low value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office spaces and certain equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments.

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2021

2.9.2 As a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income

2.10 Impairment of Non-financial Assets:

2.10.1 The Impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

2.10.2 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 indication of such impairment exists, the recoverable amount of such assets / cash generating unit is estimated and in case the carrying amount of these assets exceeds their recoverable amount, an impairment is recognised;

2.10.3 The recoverable amount is the higher of the fair value less costs of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. Assessment is also done at each Balance Sheet date as to whether there is indication that an impairment loss recognised for an asset in prior accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

2.11 Inventories:

2.11.1 Inventories are valued at lower of cost (on First-in-first-out basis) and net realisable value after providing for obsolescence and other losses, where considered necessary;

2.11.2 Cost includes all charges in bringing the goods to their present location and condition. Work-in-progress and finished goods includes direct materials, direct labour costs and proportion of manufacturing overheads based on total manufacturing overheads to raw materials consumed;

2.11.3 Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.12. Fair Value measurement:

2.12.1 The Group measures certain financial instruments at fair value at each reporting date;

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

2.12.3 Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability also reflects its non-performance risk.

2.12.4 The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out;

2.12.5 While measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2021

- **Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.**
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs)

2.12.6 When quoted price in active market for an instrument is available, the Group measures the fair value of the instrument using that price. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis;

2.12.7 If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction;

2.12.8 The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group assesses the evidence obtained from third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

2.13. Financial Instruments:

2.13.1. Financial Assets:

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value, in case of financial assets which are recognised at fair value through profit and loss, its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

Financial assets are subsequently classified as measured at

- amortised cost
- fair value through profit and loss (FVTPL)
- 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;

Trade Receivables and Loans:

Trade receivables and loans are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument;

Debt instruments:

Debt instruments are subsequently measured at amortised cost, FVOCI or FVTPL till de-recognition on the basis of:

- the entity's business model for managing the financial assets and
- the contractual cash flow characteristics of the financial asset.

Measured at amortised cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss;

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2021

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;

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.

Equity Instruments:

All investments in equity instruments classified under financial assets are initially measured at fair value, the Group may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL..

The Group makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Group has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

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;

2.13.2. Financial Liabilities:

Initial recognition and measurement:

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as FVTPL. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

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.

De-recognition:

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires;

2.13.3. Financial guarantees:

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the fair value initially recognised less cumulative amortisation;

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2021

2.13.4. Derivative financial instruments:

The Group uses derivative financial instruments to manage the exposure on account of fluctuation in interest rate and foreign exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value with the changes being recognised in the Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative;

2.13.5. Embedded derivatives:

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the classification requirements contained in Ind AS 109 are applied to the entire hybrid contract. Derivatives embedded in all other host contracts, including financial liabilities are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit and loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows;

2.13.6. Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.14. Revenue Recognition:

2.14.1. Sale of goods:

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch / delivery of goods, based on contracts with the customers. Export sales are recognized on the issuance of Bill of Lading / Airway bill by the carrier.

Revenue 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. Revenue excludes taxes collected from customers on behalf of the government. 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.

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.

2.14.2. Rendering of Services

Revenue is recognized from rendering of services when the performance obligation is satisfied and the services are rendered in accordance with the terms of customer contracts. Revenue is measured based on the transaction price, which is the consideration, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2021

2.14.3. Income from export incentives such as duty drawback and premium on sale of import licenses are recognised on accrual basis;

2.14.4. Income from sale of scrap is accounted for on realisation;

2.14.5 Interest income is recognized using the effective interest rate (EIR) method;

2.14.6 Dividend income on investments is recognised when the right to receive dividend is established;

2.14.7 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;

2.14.8 Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.15. Employee Benefits:

2.15.1. Short-term employee benefits:

Short-term employee benefits (including leave) are recognized as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered;

2.15.2. Post-employment benefits:

The Group operates the following post – employment schemes:

- Defined contribution plans such as provident fund; and
- Defined benefit plans such as gratuity

Defined Contribution Plans:

Obligations for contributions to defined contribution plans such as provident fund are recognised as an expense in the Statement of Profit and Loss as the related service is provided;

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.

2.16. Borrowing costs:

2.16.1. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs;

2.16.2 Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss;

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2021

2.16.3 Investment Income earned on the temporary investment of funds of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.17. Foreign Currency Transactions:

2.17.1 The functional currency of the Company is Indian Rupees ₹ whereas functional currency of foreign subsidiaries is USD ($). The presentation currency of the group is Indian Rupees (Rs.);

2.17.2. Monetary items:

Transactions in foreign currencies are initially recorded at their respective exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.

Exchange differences arising on settlement or translation of monetary items (except for long term foreign currency monetary items outstanding as of 31st March, 2017) are recognised in Statement of Profit and Loss either as profit or loss on foreign currency transaction and translation or as borrowing costs to the extent regarded as an adjustment to borrowing costs.

2.17.3. Non – Monetary items:

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions;

2.17.4 Foreign operations:

For the purpose of consolidation, those operations that have a functional currency different from the Group's presentation currency, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. The net impact of such translation are recognised in OCI and held in Foreign Currency Translation Reserve ('FCTR'), a component of Equity.

2.18. Government Grants:

2.18.1 Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with;

2.18.2 When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed;

2.18.3 Government grants relating to property, plant and equipment are reduced from the cost of the assets..

2.19. Provisions and Contingent Liabilities:

2.19.1. Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation;

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

2.19.3 If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost;

2.19.4 Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Group, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability;

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

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2021

2.20. Taxes on Income

2.20.1. Current Tax

Income-tax Assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of reporting period.

Current Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity;

2.20.2. Deferred tax

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax is not recognized for temporary differences related to investments in Subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

2.21 Segment reporting:

The Group identifies operating segments based on the dominant source, nature of risks and returns and the internal organisation. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Managing Director (who is the Group's chief operating decision maker) in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in conformity with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

2.22 Earnings per share

2.22.1 Basic earnings per share are calculated by dividing the profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period;

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2021

2.22.2 For the purpose of calculating diluted earnings per share, the profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effect of all dilutive potential equity shares.

2.23 Cash and Cash equivalents:

Cash and cash equivalents in the Balance Sheet include cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, Cash and cash equivalents include cash at bank, cash, cheque and draft on hand. The Group considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2.24 Cash Flows:

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

2.25. Dividend:

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the respective Company's Board of Directors.

3. RECENT PRONOUNCEMENTS

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments will not have any significant impact on the financial statements of the company.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

4 Property, Plant & Equipment

(Rs in lakhs)

Gross Block	Freehold Land	Leasehold Land (Right of use asset)	Buildings	Buildings (Right of use asset)	Plant & Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Computers	Total
Balance as at 1st April, 2019	3,372	9	3,643	-	24,275	61	172	34	103	31,668
Additions	-	-	891	86	1,795	16	76	17	57	2,938
Deletions	-	-	-		(17)	-	-	-	-	(17)
Exchange fluctuations	6	-	164		459	1	1	0	2	633
Balance as at March 31, 2020	3,378	9	4,698	86	26,512	77	249	51	162	35,221
Additions	-	-	245	-	1,093	5	-	2	1	1,346
Deletions	-	-	-	-	(37)	-	-	-	-	(37)
Exchange fluctuations	-	-	(52)	-	(139)	(0)	(0)	(0)	(1)	(192)
Balance as at March 31, 2021	**3,379**	**9**	**4,891**	**86**	**27,428**	**82**	**249**	**53**	**163**	**36,338**

Accumulated Depreciation	Freehold Land	Leasehold Land (Right of use asset)	Buildings	Buildings (Right of use asset)	Plant & Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Computers	Total
Balance as at 1st April, 2019	-	0	356	0	5,582	22	68	16	81	6,126
Depreciation charge for the year	-	0	147	24	2,286	8	20	15	16	2,516
Depreciation on deletion	-	-	-	-	(12)	-	-	-	-	(12)
Exchange fluctuations	-	-	17		229	1	1	0	2	250
Balance as at March 31, 2020	-	1	520	24	8,085	31	89	31	99	8,879
Depreciation charge for the year	-	13	145	24	2,317	7	23	1	24	2,555
Depreciation on deletion	-	-	-	-	(35)	-	-	-	-	(35)
Exchange fluctuations	-	-	(6)		(82)	(0)	(0)	(0)	(1)	(89)
Balance as at March 31, 2021	**-**	**14**	**659**	**49**	**10,286**	**38**	**111**	**32**	**122**	**11,309**
Net Book Value										
Net block as at 31st March, 2021	3,379	(5)	4,232	37	17,142	44	138	21	40	25,028
Net block as at 31st March, 2020	3,378	8	4,177	62	18,427	47	161	20	64	26,342

Notes:

(i) Freehold land includes, Land acquired during FY 2016-17 for Rs. 3,029 lakhs which is standing in the name of two directors pending completion of formalities for transfer of the same to the company name.

(ii) Charge has been created over property, plant and equipments of the company in respect of borrowings (refer note 23)

(iii) Leasehold land represents land taken on finance lease for 20 years.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

5 Capital work in progress

(Rs in lakhs)

Particulars	As at 31.03.2021	As at 31.03.2020
Capital work in progress	41	-
Total	41	-

6 Intangible assets

(Rs in lakhs)

Particulars	Enterprise Resource Planning (ERP) Software	Total
Gross Block		
Balance as at 1st April, 2019	22	22
Additions		-
Deletions	-	-
Balance as at 31st March, 2020	22	22
Additions	117	117
Deletions	-	-
Balance as at 31st March, 2021	139	139
Accumulated Amortisation		
Balance as at 1st April, 2019	18	18
Additions	4	4
Deletions	-	-
Balance as at 31st March, 2020	22	22
Additions	18	18
Deletions	-	-
Balance as at 31st March, 2021	40	40
Net block as at 31st March, 2021	99	99
Net block as at 31st March, 2020	-	-

7 Investments accounted for using equity method

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Investments in Joint Ventures		
Unquoted		
Savitex SA De C.V., Honduras	1,857	1,857
MRK SA C.V., Honduras	127	127
Sarla Tekstil Filament Sanayi Ticaret A.S.	75	75
Provision for Diminution in value of investments	(2,059)	(2,059)
Total	-	-

Note:

Refer note 51 for details of interest in other entities.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

8 Non current financial assets - Investments

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Quoted		
Investments in debentures at amortised cost (fully paid)	1,059	1,055
Investments in debentures at FVTPL (fully paid)	-	122
Unquoted		
Investments in units of mutual fund at FVTPL (fully paid)	428	402
Investment in U.S. Bancorp Community Development Corporation Investment Fund 8, LLC at amortised cost (fully paid). (Refer note 23)	-	6,879
Total	**1,487**	**8,458**
Aggregate value of quoted investments	1,059	1,177
Aggregate value of unquoted investments	428	7,281
Aggregate amount of impairment in the value of investments	-	-

Note:

Mutual funds of Rs. Nil lakhs (as at 31st March, 2020: 402 lakhs) are lien against ECB Term Loan from Standard Chartered Bank. (Refer note 23)

9 Non-current financial assets - Loans

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Security deposits	225	228
Other loans and advance (refer note (i))	212	235
Allowance for Bad and Doubtful Advances	(176)	(197)
Total	**260**	**265**
Breakup		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	225	228
Loans which have significant increase in credit risk	212	235
Loans - credit impaired	-	-
Provision for unrealisable advances	(176)	(197)
Total	**260**	**265**

10 Non-current financial asset - Others

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Fixed deposits with remaining maturity for more than 12 months	287	2,054
Interest Receivable	5	720
Total	**292**	**2,774**

Note:

Fixed Deposits alongwith interest accrued there on amounting to Rs. 34 lakhs (As at 31st March, 2020 Rs. 2,004 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 31st March, 2021	As at 31st March, 2020
Taxes paid in advance (Net of Provision for tax)	184	184
Total	**184**	**184**

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

12 Other Non-Current Assets

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured, considered good unless stated otherwise		
Capital Advances	391	286
Security Deposits with government authorities	96	90
New Market Tax Credit Receivables	-	2,522
Others	-	483
Total	**486**	**3,381**

13 Inventories (at lower of cost and net realisable value)

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Raw Materials	1,991	1,075
Work-In -Progress	1,658	741
Finished goods	2,629	3,022
Stores and Spares	324	171
Oil & lubricants	98	100
Power & Fuel	10	13
Packing Materials	215	174
Total	6,925	5,296

Note:

(i) Inventories of Rs. 5,685 lakhs (as at 31st March, 2020: Rs. 3,813 lakhs) are hypothecated against working capital facilities from banks. (refer note 27)

(ii) During the year ended 31st March 2021, the write down of inventory in-respect of raw material to net realisable value amounting to Rs. 1 Lakh(P.Y. 31st March 2020: Nil)

(iii) Raw material includes stock in transit of Rs. 179 lakhs(as at 31st March, 2020: Rs. Nil).

(iv) Finished goods includes stock in transit of Rs. Nil (as at 31st March, 2020: Rs. 1 lakh).

14 Investments

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Quoted		
Investments in Equity shares at FVTPL (fully paid)	46	26
Investments in debentures at FVTPL (fully paid)	131	-
Total	**177**	**26**
Aggregate value of quoted investments and market value thereof	**177**	**26**
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

Note:

Investments of Rs. 177 lakhs (as at 31st March, 2020: 26 lakhs) are hypothecated against working capital facilities from banks. (Refer note 27)

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

15 Trade Receivables

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
(a) Trade Receivables considered good - Secured	-	-
(b) Trade Receivables considered good - Unsecured	9,314	9,091
(c) Trade Receivables which have significant increase in credit risk	301	331
(d) Trade Receivables - credit impaired	-	-
Allowance as per Expected credit loss model	(301)	(331)
Total	9,314	9,091

Note:

(i) Trade Receivables of Rs. 9,314 lakhs (as at 31st March, 2020: Rs. 9,751 lakhs) are hypothecated against working capital facilities from banks. (Refer note 27)

(ii) Movement in the expected credit loss allowance

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance at the beginning of the year	(331)	(153)
Provision reversed during the year	30	(178)
Balance at the end of the year	(301)	(331)

16 Cash & cash equivalents

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Cash and Cash Equivalents		
Balances with Banks	1,111	665
Cash on Hand	10	22
Total	1,121	687

17 Bank balances other than Cash & Cash equivalents

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance in unpaid dividend account	71	78
Fixed deposits with remaining maturity for less than 12 months	8,577	6,187
Total	8,648	6,265

Note:

(i) Fixed Deposits alongwith interest accrued there on amounting to Rs. 3,176 lakhs (As at 31st March, 2020 Rs. 2,285 lakhs) pledged as margin money deposit for facilities from Banks. (Refer note 23 and 27)

(ii) Fixed Deposit amounting to Rs. 500 lakhs (As at 31st March, 2020 Rs. Nil) pledged as security against possible claims.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

18 Current Loans

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Others		
Loans to staff	33	25
Others	100	103
Total	133	128
Breakup		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	133	128
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	133	128

19 Other financial assets

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Interest Receivable	1,240	148
Derivative financial assets	332	53
Total	1,572	201

20 Other Current Assets

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Advances to Suppliers (For Raw Materials and expenses)	771	558
Balances with government authorities	1,882	1,643
Export incentives receivables	33	45
Prepaid Expenses	44	41
Other receivable	5	31
Total	2,735	2,318

Equity

21 Equity Share Capital

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Authorised		
100,000,000 (As at 31st March , 2020: 100,000,000) Equity Shares of Re. 1 each	1,000	1,000
Issued, Subscribed and Paid up		
83,503,000 (As at 31st March , 2020: 83,503,000) Equity Shares of Re. 1 each	835	835
Total	835	835

21.1 Reconciliation of number of equity shares :

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Opening Balance	83503000	835	83503000	835
Changes during the year	-	-	-	-
Closing Balance	83503000	835	83503000	835

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

21.2 Terms / Rights attached to Equity Shares

The Company has only one class of equity shares having par value of Re. 1/-. each (P.Y. 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.

21.3 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.

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

Shareholders	As at 31st March, 2021	As at 31st March, 2020
Hindustan Cotton Company - through its partners		
No. of Shares	1,11,64,790	1,11,64,790
Percentage	13%	13%
Satidham Industries Private Limited		
No. of Shares	2,39,49,222	2,39,05,972
Percentage	29%	29%

22 Other Equity

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Capital reserve	183	183
Securities premium reserve	4,529	4,529
General reserve	8,274	8,274
Foreign Currency Translation Reserve	**(131)**	**(41)**
Foreign currency monetary item translation difference account	-	(36)
Retained Earnings	20,764	18,099
Total	**33,620**	**31,008**

The movement in other Equity:

22.1 Capital reserve

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance as at beginning of the year	183	183
Movement during the year	-	-
Balance as at end of the year	**183**	**183**

Capital reserve represents forfeiture of application money received for share warrants on lapse of option due to non subscription.

22.2 Securities premium reserve

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance as at beginning of the year	4,529	4,529
Movement during the year	-	-
Balance as at end of the year	**4,529**	**4,529**

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.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

22.3 General reserve

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance as at beginning of the year	8,274	8,274
Movement during the year	-	-
Balance as at end of the year	**8,274**	**8,274**

General reserve represents appropriation of retained earnings and are available for distribution to shareholders.

22.4 Foreign Currency Translation Reserve

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance as at beginning of the year	(41)	(152)
Adjustments		
Movement during the year	(89)	112
Balance as at end of the year	**(130)**	**(41)**

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance as at beginning of the year	(36)	(51)
Movement during the year	36	15
Balance as at end of the year	**-**	**(36)**

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Balance as at beginning of the year	18,099	15,544
Profit for the year	2,624	2,936
Adjustments		**16**
Re measurement of Net defined benefit plans (net of tax)	43	15
Dividend (refer note below)	-	(413)
Balance as at end of the year	**20,768**	**18,099**

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

Dividend

Particulars	2020-21	2019-20
Dividend on equity shares paid during the year		
Final dividend for the year	-	913
Less: Dividend waived by promoters	-	(501)
Total	**-**	**412**

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

23 Non-current borrowings

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Term Loans:		
Secured Loans - From Bank		
Indusind Bank (Rupee term loan) (refer note (i))	-	1,300
Standard Chartered Bank (Foreign Currency Loan) (refer note (ii & iii))	3,686	5,216
Yes Bank (Rupee Term Loan) for Vehicle (refer note (iv))	49	71
Secured Loans - From others		
NNMF Sub-CDE XXIII, LLC Loan "A" (Refer note 8)	-	6,879
(Investment in U.S. Bancorp Community Development Corporation Investment fund 8, LLC)		
NNMF Sub-CDE XXIII, LLC Loan "B"	-	2,824
Unsecured Loans - From others		
Other loans and advances	109	113
Total	3,844	16,403

Note:

Nature of security	Terms of repayment
(i) Lien on Fixed Deposits of Rs. 1,500 lakhs with Indusind Bank Ltd	Term loan of Rs. 1,500 lakhs is repayable Every year payment of Rs. 50 lakhs from 1st to 4th year end and balance of Rs. 1300 lakhs in 5th year. Repayment starting from may 2017
(ii) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat (b) First pari passu charge on the movable fixed assets of the company (except Unit 1 Silvassa) (c) First pari passu charge on the immovable fixed assets of the company located at Vapi and unit II Silvassa (d) Lien on marketable securities of INR 187.60 lakhs in the form of debt mutual funds.	Term loan of USD 40,00,000 is repayable in 16 equal quarterly installment of USD 2,50,000 each till Sept 2020. Repayment starting from Dec 2016
(iii) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat (b) (i) First pari passu charge on the movable fixed assets (P&M) of Dadra Plant. (ii) First pari passu charge on the movable fixed assets of the company (except Unit 1 Silvassa) (c) First pari passu charge on the immovable fixed assets of the company located at Vapi and unit II Silvassa (d) Cash Margin in form of FD equivalent of two quarters of Interest and principal repayment (~ INR 350 lakhs)	Term loan of EURO 35,00,000 is repayable in 16 equal quarterly installment of EURO 2,18,750 each till Jan 2024. Repayment starting from May 2020. Term loan of EURO 45,00,000 is repayable in 16 equal quarterly installment of EURO 2,81,250 each till June 2024. Repayment starting from Sep 2020.
(iv) Specific charge on Vehicle financed by the Bank.	1. Term loan of INR 52,00,000 is repayable in 60 equated monthly installment of INR 1,05,687 each till April 2023. Repayment starting from May 2018. 2. Term loan of INR 59,00,000 is repayable in 60 equated monthly installment of INR 1,21,759 each till December 2024. Repayment starting from Jan 2020.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

24 Other financial liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Lease Liabilities	5	7
Total	5	7

25 Provisions

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits (Refer note 42)		
Gratuity - In respect of Employees	79	123
Gratuity - In respect of directors	40	-
Total	119	123

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

26 Tax Expense And Deferred Tax Liabilities (Net)

(a) Amounts recognized in profit and loss

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Current tax expense (A)		
In respect of current year	1,156	1,046
	1,156	**1,046**
Deferred tax expense (B)		
In respect of current year	(267)	(800)
	(267)	**(800)**
Mat credit entitlement (C)	-	-
Adjustment for earlier years (D)	-	-
Tax expense recognized in the income statement (A+B+C+D)	888	246

(b) Amounts recognized in other comprehensive income

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	(14)	(6)
Items that will be reclassified to profit or loss	-	-
Income tax benefit/(expense) recognised in OCI	(14)	(6)

(c) Reconciliation of effective tax rate

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021		For the year ended 31st March, 2020	
	%	Amounts	%	Amounts
Profit before tax		3,544		3,157
Tax using the Company's domestic tax rate	29.12%	1,032	29.12%	919
Tax effect of:				
Disallowable expenses	0.41%	15	0.30%	10
Tax holidays and similar exemptions	-2.27%	(80)	-4.37%	(138)
Tax impact of overseas subsidiaries (net)	16.06%	569	5.34%	169
Tax paid at lower rate	-0.19%	(7)	-1.78%	(56)
Other non deductible differences	0.00%	-	0.04%	1
Tax Rate Reduction	-10.78%	(382)	-18.96%	(598)
Others	1.72%	61	-0.61%	(19)
	34.08%	**1,208**	**9.09%**	**287**
Mat credit entitlement	-9.03%	(320)	-1.09%	(34)
Adjustment for earlier years	0.00%	-	-0.21%	(7)
Effective income tax rate	25.05%	888	7.79%	246

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(d) Movement in deferred tax liabilities (Net)

(Rs in lakhs)

Particulars	Net balance April 1, 2020	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	As at 31st March, 2021		
					Net	Deferred tax asset	Deferred tax liability
Deferred tax (Asset)/Liabilities							
Property, plant and equipment	(2,840)	375	-	-	(2,465)	-	(2,465)
Fair valuation of Mutual Funds	(8)	(9)	-	-	(17)	-	(17)
Employee benefits	41	(2)	(14)	-	24	24	-
Fair valuation of Equity shares	-	-	-		-	-	-
Fair valuation of investments (Preference Shares)	(1)	(2)	-	-	(3)	-	(3)
Fair valuation of derivatives	(15)	(68)	-	-	(84)	-	(84)
Amortisation of Foreign currency monetary item translation difference account	(11)	11	-	-	-	-	-
Fair valuation of Security Deposits	1	0	-	-	1	1	-
Allowance for expected credit losses	64	(5)	-	-	59	59	-
	(2,769)	299	(14)	-	(2,485)	83	(2,568)
MAT credit entitlement	(0)	320	-	-	320	320	-
Less: MAT credit utilised	-	-	-	-	(320)	(320)	-
Tax assets (Liabilities)	(2,769)	619	(14)	-	(2,485)	83	(2,568)

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(Rs in lakhs)

Particulars	Net balance April 1, 2019	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	As at 31st March, 2020		
					Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset / (Liabilities)							
Property, plant and equipment	(3,351)	511	-	-	(2,840)	-	(2,840)
Investments in Mutual Funds	(25)	17	-	-	(8)	-	(8)
Employee benefits	12	35	(6)	-	41	41	-
Investments in Equity Shares	2	(2)	-	-	-	-	-
Investments in Preference Shares and Debentures	(25)	24	-	-	(1)	-	(1)
Derivatives	(143)	128	-	-	(15)	-	(15)
Foreign currency monetary item translation difference account	1	(11)	-	-	(11)	(11)	-
Security Deposits	(0)	1	-	-	1	1	-
Trade receivables	1	63	-	-	64	64	-
	(3,528)	766	(6)	-	(2,770)	95	(2,865)
MAT credit entitlement	356	34	-	-	390	390	-
Less: MAT credit utilised	-	-	-	-	(390)	(390)	
Tax assets (Liabilities)	(3,172)	800	(6)	-	(2,770)	95	(2,865)

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

(e) Movement in deferred tax Assets (Net)

(Rs in lakhs)

Particulars	Net balance April 1, 2020	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	As at 31st March, 2021		
					Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset / (Liabilities)							
Net operating loss carry forwards	3,522	(3,522)	-	-	-	-	-
Valuation allowance	(3,214)	3,214	-	-	-	-	-
Exchange rate difference	50	(43)	-7	-	-	-	-
Tax assets (Liabilities)	358	(352)	(7)	-	-	-	-

(Rs in lakhs)

Particulars	Net balance April 1, 2019	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	As at 31st March, 2020		
					Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset / (Liabilities)							
Net operating loss carry forwards	3,522	-	-	-	3,522	3,522	-
Valuation allowance	(3,214)	-	-	-	(3,214)	-	(3,214)
Exchange rate difference	20	-	30	-	50	50	-
Tax assets (Liabilities)	328	-	30	-	358	3,572	(3,214)

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, 2021

27 Borrowings

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Loan Repayable on Demand - From Bank		
Secured		
Packing Credit Loan	8,012	6,635
(note no. (i),(ii) & (iii))		
Foreign Bill Discounting	-	127
(note no. (i),(ii) & (iii))		
Overdraft account	-	107
(note no. (i))		
Total	8,012	6,869

Note:

Term of repayment and securities for current borrowings

All the working capital facilities are secured against:

i) 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.

ii) Second pari passu charge on the entire Movable fixed assets, excluding the movable fixed assets situated or kept at unit no. 1, of the Company. (save and except for vehicles).

iii) 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 - Amli, Silvassa Union Territory of Dadra & Nagar Haveli.

28 Trade payables

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade payables:		
Total outstanding dues of Micro and Medium enterprises	17	31
Total outstanding dues of creditors other than Micro and Medium enterprises	2,734	2,139
Total	2,751	2,170

Note:

Micro and Small enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosure are given below:

Particulars	As at 31st March, 2021	As at 31st March, 2020
Principal amount due and remaining unpaid	-	-
Interest due and unpaid on the above amount	-	-
Interest paid by the Company in terms of section 16 of the Micro, Small and Medium enterprises Act, 2006	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable	-	-
Total	-	-

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

29 Other financial liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current maturities of long term borrowings	3,044	3,375
Creditors for Capital goods	1,749	1,611
Unpaid dividend (refer note (i) & (ii))	71	78
Salaries , wages & other payable	226	80
Book overdraft	1,200	158
Lease Liabilities	2	20
Others	4	-
Total	6,296	5,322

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. 8 lakhs (As at 31st March, 2020: 6 lakhs) is transferred to Investor Education and Protection Fund during the year.

30 Other current liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Revenue received in advance		
Advance from customers	181	97
Others		
Statutory dues	85	56
Creditors for Capital goods and expenses	43	63
Other liabilities	52	51
Total	361	268

31 Provisions

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits (Refer note 42)		
Gratuity	41	45
Leave Encashment	-	24
Bonus	-	14
Total	41	83

32 Current Tax Liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for Tax (Net of taxes paid in advance)	116	10
Total	116	10

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

33 Revenue From Operations

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a) Sale of Products/ Services:		
- Local Sales	9,922	10,312
- Export Sales	13,861	16,311
- Deemed Export Sales	-	-
- Trading Sales	1,257	3,594
- Sale of Wind Power	500	750
Sale of Products/ Services	25,540	30,968
Other Operating Revenues	**241**	**126**
Revenue from operations	**25,781**	**31,094**

Ind AS 115 Disclosures

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
1 Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its statement of Profit and loss.		
Revenue from contracts with customers		
(Transferred at point in time)		
Sale of yarns	25,040	30,218
Sale of wind power	500	750
	25,540	30,968
Other Operating Revenues	241	126
Total revenue from contracts with customers	**25,781**	**31,094**
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.		
Total revenue from contracts with customers		
Yarn		
India	10,017	10,383
Export (Including deemed export)	15,264	19,961
Wind Power		
India	500	750
Total	**25,781**	**31,094**
3 **Reconciliation between revenue with customers and contracted price:**		
Revenue as per contracted price	25,845	31,251
Less: Adjustments		
Sales return	(32)	(88)
Discounts/ Rebates	(33)	(69)
Revenue from contracts with Customers	**25,781**	**31,094**
4 Sales by performance obligations		
Upon Shipment	25,281	30,344
Upon Transmission into grid	500	750
Total	**25,781**	**31,094**

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

5 Contract balances

(Rs in lakhs)

The following table provides information about receivables from contracts with customers:

Particulars		For the year ended 31st March, 2021	For the year ended 31st March, 2020
(a)	Trade receivables	9,615	9,422
	Allowance as per Expected credit loss model	(301)	(331)
	Total	**9,314**	**9,091**
	Trade receivables are non-interest bearing and are generally on terms of up to 180 days.		
(b)	Contract liability		
	Advances from Customers	185	97

34 Other Income

(Rs in lakhs)

Particulars		For the year ended 31st March, 2021	For the year ended 31st March, 2020
a)	Interest income		
	Instruments measured at amortised costs		
	- on fixed deposits with bank	753	760
	- others	88	69
b)	Dividend Income		
	- Dividend Income from Current investments at FVTPL	0	1
c)	Other non-operating Income (Net of expenses directly attributable to such income)		
	- Gain on disposal of property, plant and equipment	-	4
	- Gain on sale of current investments	6	-
	- Fair Valuation gain on Investments	64	24
	- Gain or loss on foreign currency transaction and translation (net)	70	94
	- Provision for doubtful receivables written back	49	-
	- Duty Drawback & Rebate	306	413
	- Miscellaneous Income	298	389
	Total	1,633	1,754

35 Cost of material consumed

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Inventories at the beginning of the year	1,075	1,637
Purchases	12,002	13,816
Inventories at the end of the year	(1,992)	(1,074)
Total	**11,084**	**14,380**

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

36 Changes in inventories of finished goods and work in progress

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Closing stock		
Work-in-progress	1,658	741
Finished goods	2,629	3,023
Opening stock		
Work-in-progress	741	714
Finished goods	3,023	2,996
Total	(523)	(54)

37 Employee benefits expense

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Salaries and wages, bonus etc.	1,015	1,293
Contribution to provident and other funds	170	144
Staff welfare expenses	32	57
Total	**1,217**	**1,494**

38 Finance costs

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
a) Interest on financial liabilities carried at amortised cost		
Interest on borrowings	872	484
Exchanges differences regarded as an adjustment to borrowing costs	192	381
Interest expense on lease liability	2	3
b) Other interest cost		
Interest on Income tax	16	7
c) Other borrowing costs	62	183
Total	1,143	1,058

39 Depreciation and amortisation expenses

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Depreciation on property, plant and equipment	2,530	2,492
Depreciation charged for right of use assets - building	24	24
Amortisation of intangible assets	18	4
Total	2,572	2,520

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

40 Other expenses

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Consumption of stores and spare parts	359	328
Power and fuel	1,815	2,199
Consumption of packing materials	1,151	1,417
Consumption of oils and chemicals	458	456
Labour charges	1,823	2,019
Clearing and forwarding charges	45	79
Repairs and Maintenance:		
- Building	45	145
- Machinery	231	159
- Others	124	109
Water, waste and effluent treatment charges	134	99
Rent	12	11
Insurance	109	133
Director sitting fees	2	2
Legal, professional and consultancy charges	176	182
Bank charges	93	103
Corporate Social Responsibility Expenses	74	65
Miscellaneous expenses	427	981
Payment to auditor:		
- Audit fees	12	11
- For tax audit and certification	13	8
- For other services	-	2
Freight and forwarding charges	902	1,070
Commission on sales	354	371
Expected credit loss provision	16	329
Provision for obsolate stock	1	
Total	8,377	10,294

41 Earnings per share (EPS)

(Rs in lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Profit for the year	2,624	2,936
Equity shares outstanding at the beginning and at the end of the year - (Nos)	8,35,03,000	8,35,03,000
Nominal value of each share (in Re.)	1	1
Basic and Diluted earning per share	3.14	3.52

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

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. 42 (31st March, 2020: Rs. 48 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 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 31st March, 2021	As at 31st March, 2020
PVO at the beginning of the year	280	267
Interest cost	19	20
Current service cost	31	37
Benefits paid	(5)	(21)
Actuarial (Gains)/Losses	(56)	(23)
PVO at the end of the year	**269**	**280**

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
Fair value of plan assets at the beginning of the year	113	126
Adjustments:		
Return on plan assets excl. interest income	1	(1)
Interest income	8	9
Contributions by the employer	32	-
Benefits paid	(5)	(21)
Fair value of plan assets at the end of the year	149	113

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

Particulars	As at 31st March, 2021	As at 31st March, 2020
PVO of the defined benefit obligation at the end of period	269	280
Fair value of planned assets at end of year	(149)	(113)
Net liabilities / (Assets) recognised in the balance sheet	**121**	**167**

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

Particulars	2020-2021	2019-2020
Current service cost	31	37
Net interest	11	11
Net charge to the statement of profit or loss	**42**	**48**

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

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

Particulars	2020-2021	2019-2020
Actuarial (Gain)/Loss recognised for the period	(56)	(23)
Return on plan assets excluding net interest	(1)	1
Recognised in OCI for the year	**(57)**	**(22)**

Expected Payout (Rs in lakhs)

Year	2020-2021	2019-2020
Expected Outflow in 1st Year	41	45
Expected Outflow in 2nd Year	2	2
Expected Outflow in 3rd Year	16	11
Expected Outflow in 4th Year	5	15
Expected Outflow in 5th Year	8	12
Expected Outflow in 6th to 10th Year	151	171

The average duration of the defined benefit plan obligations at the end of reporting period is 27 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.

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.

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Impact on present value of defined benefit obligation:		
If discount rate is increased by 1%	(8)	(8)
If discount rate is decreased by 1%	9	9
If salary escalation rate is increased by 1%	9	8
If salary escalation rate is decreased by 1%	(8)	(7)

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 31st March, 2021	As at 31st March, 2020
Discount Rate	5.75%	6.75%
Expected return on plan assets	9	8
Expected rate of salary increase	**7.00%**	**7.00%**
Employee attrition rate	**20.00%**	**20.00%**
Mortality	**Indian Assured Lives (2012-14)**	**Indian Assured Lives (2012-14)**

Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

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 and long term employment benefits

Short term leave

The expenses towards compensated absences (annual and short term leave) for the year ended 31 March 2021 of Rs.41 (31 March 2020: Rs.40 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 51)

Savitex SA De C.V., Honduras

MRK SA De C.V., Honduras

Sarla Texstill Filament Sanayi Ticaret A.S.

(b) Entities controlled by Key Managerial Personnel

Satidham Industries Private Limited

Hindustan Cotton Company

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

Shri Narayani Seva Sansthan

Shivchandrai Jhunjhunwala Charitable Trust

(d) Key Managerial Personnel

(i) Executive Director

Madhusudan Jhunjhunwala - Chairman & Whole Time Director

Krishna Jhunjhunwala - Managing Director

(ii) Non Executive Director

Shreya Desai - Independent and Non Executive Director

Parantap Dave - Independent and Non Executive Director

Neha Jhunjhunwala - Non Executive Director

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

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	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
(a) Remuneration *				
Madhusudan Jhunjhunwala - Chairman	-	-	69	138
Krishna Jhunjhunwala - Managing Director	-	-	69	138
(b) Sitting Fees				
Shreya Desai - Independent and Non Executive Director	-	-	1	1
Parantap Dave - Independent and Non Executive Director	-	-	1	1
Neha Jhunjhunwala - Non Executive Director	-	-	1	1
Jigar A Shah - Independent and Non Executive Director	-	-	-	1
(c) CSR expenditure				
Shri Narayani Seva Sansthan	60	50	-	-
Shivchandrai Jhunjhunwala Charitable Trust	20	15	-	-

* Managing Director's remuneration is Rs. 69 lakhs (as at 31st March, 2020: 138 lakhs) and whole time Director's remuneration is Rs. 69 lakhs (as at 31st March, 2020: 138 lakhs)is in accordance with section 197(12) of Act and Rules thereunder.

Key management personnel compensation (Rs in lakhs)

Particulars	2020-2021	2019-2020
Short-term employee benefits	138	276
Post-employment benefits	40	-
Others (including sitting fees to non-executive directors)	2	3

Notes:

(a) Sales, purchases and service transactions with related parties are made at arm's length price.

(b) Amounts outstanding are unsecured and will be settled in cash or receipts of goods and services.

(c) No expense has been recognised for the year ended 31st March 2021 and 31st March, 2020 for bad or doubtful trade receivables in respect of amounts owed by related parties.

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:

i) Manufacturing of Yarn

ii) Generation of Wind Power"

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

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 31st March, 2021	For the year ended 31st March, 2020
Yarn	25,281	30,343
Generation of Wind Power	571	858
	25,852	31,201
Elimination of Intersegment revenues	(71)	(107)
Unallocated	-	-
	25,781	**31,094**

Segment	Segment Results	
	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Yarn	4,025	3,857
Generation of Wind Power	(52)	430
	3,973	**4,287**
Finance costs	(1,143)	(1,058)
Other expenses	(920)	(1,827)
Other income	1,633	1,754
Profit before tax	3,544	3,157
Current Tax	(1,156)	(1,046)
Deferred Tax	267	800
Profit after tax	**2,655**	**2,911**

Notes:

Segment revenue consist of sales of products including excise duty. (refer footnote to note 34)

Segment profit represents the profit before tax earned by each segment without allocation of finance cost, other expenses, as well as other income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Segment assets		
Yarn	48,692	56,213
Generation of Wind Power	8,147	8,034
Total segment assets	**56,839**	**64,247**
Unallocated	1,663	1,606
Consolidated Total assets	**58,502**	**65,853**

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Segment liabilities		
Yarn	21,658	30,188
Generation of Wind Power	2,371	3,836
Total segment liabilities	**24,030**	**34,025**
Unallocated	-	-
Consolidated Total liabilities	**24,030**	**34,025**

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

For the purpose of monitoring segment performance and allocation resources between segments:

All assets are allocated to reportable segments other than investments, deferred tax assets, non current tax assets, bank balances other than cash and cash equivalent

All liabilities are allocated to reportable segments other than borrowings, interest accrued on loans, provision for compensated absences, unpaid dividend and interim dividend payable.

Other segment information (Rs in lakhs)

Particulars	Depreciation and amortisation		Capital expenditure	
	For the year ended 31st March, 2021	For the year ended 31st March, 2020	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Yarn	2,138	2,086	1,398	3,316
Generation of Wind Power	434	434		
	2,572	2,520	1,398	3,316

Revenue from major products

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Yarn	25,281	30,343
Generation of Wind Power	500	750
	25,781	**31,094**

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:

(Rs in lakhs)

Particulars	Revenue from external customers		Non current assets*	
	For the year ended 31st March, 2021	For the year ended 31st March, 2020	For the year ended 31st March, 2021	For the year ended 31st March, 2020
India	24,196	27,196	22,303	22,553
U.S.A.	-	6	3,532	7,428
Other countries	1,585	3,891	3	4
	25,781	31,094	25,838	29,986

* Non-current assets exclude those relating to financial assets and deferred tax assets.

Information about major customers

No single customer contributed 10% or more to the Group's revenue for the year ended 31st March, 2021 and 31st March, 2020 in case of yarn business.

45.1 Contingent liabilities not provided for:

(a) Claims against the Group not acknowledged as debt :

Claim against Group not acknowledged as debt, comprises of excise duty & Custom duty disputed by company relating to issue of applicability of duty and classification of goods aggregating to Rs.963 lakhs (As at 31st March, 2020: Rs. 963 lakhs).

The Differential CST liability in respect of Non Collection of C Forms of Rs. 42 lakhs (As at 31st March, 2020: Rs. 42 lakhs).

45.2 Capital Commitments

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
For capital expenditures (net of advances of Rs. 391 lakhs (As at 31st March, 2020: Rs. 286 lakhs))	1,443	314

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

46 Financial instruments

A Capital Management:

The Group manages its capital structure with a view to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as detailed in notes 23, 27 and 29) and total equity of the Group.

The Group's management reviews the capital structure of the Group on an annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the end of the reporting period was as follows: (Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Non-current borrowings	3,844	16,403
Current maturities of non-current borrowings	3,044	3,375
Current borrowings	8,012	6,869
Total Debt	**14,900**	**26,647**
Equity	34,472	31,829
Net debt to equity ratio	**0.43**	**0.84**

For the purpose of computing debt to equity ratio, equity includes Equity Share Capital and Other Equity and Debt includes Long term borrowings, short term borrowings and current maturities of long term borrowings.

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 31st March, 2021	As at 31st March, 2020
Financial assets		
At Amortised cost		
Investments in Debentures	1,059	1,055
Investment in U.S. Bancorp Community Development Corporation Investment Fund 8, LLC	-	6,879
Trade receivables	9,314	9,091
Cash and cash equivalents	1,121	687
Bank balances other than above	8,648	6,265
Loans	394	393
Other financial assets	1,531	2,922
At Fair value through Profit and Loss		
Investments in equity shares	46	26
Derivative contracts	332	53
Investments in Debentures	131	122
Investments in Mutual Funds	428	402
Total	**23,003**	**27,894**
Financial liabilities		
At Amortised cost		
Borrowings	11,855	23,272
Trade payables	2,751	2,170
Other Financial liabilities	6,301	5,328
Total	**20,907**	**30,771**

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

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.

(Rs in lakhs)

Particulars	Fair Values	
	As at 31st March, 2021	As at 31st March, 2020
Financial Assets at Fair Value through Profit and Loss		
Investments in equity shares (Level 1)	46	26
Derivative contracts (Level 2)	332	53
Investments in debentures (Level 2)	131	122
Investments in Mutual Funds (Level 2)	428	402
Total	937	603

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 31st March, 2021 and 31st March, 2020, 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;

C) Market risk; and

D) Interest rate risk

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

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 form 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:

(Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Not due		
up to 180 days	7,668	7,449
181-365 days	1,647	1,583
Above 365 days	301	390
Total	**9,615**	**9,422**

Movement in provisions of doubtful debts (Rs in lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Opening provision	(331)	(153)
Additional provision made	**35**	**(193)**
restatement of provision	**(5)**	**15**
Closing provision	**(301)**	**(331)**

Other financial assets

The Group maintains exposure in cash and cash equivalents, term deposits with banks, investments in Debentures, Preference shares, mutual funds and derivative contracts. The Group has diversified portfolio of investment with various number of counter-parties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Management of the Group.

B Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by Group through effective fund management. The Group's principal sources of liquidity are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Group believes that current cash and cash equivalents, tied up borrowing lines and cash flow that is generated from operations is sufficient to meet requirements. Accordingly, liquidity risk is perceived to be low.

The following are the remaining contractual maturities of financial liabilities at the reporting date. Amounts disclosed are the contractual un-discounted cash flows.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

Maturity analysis of significant financial liabilities (Rs in lakhs)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Carrying amount	Contractual cash flows		Carrying amount	Contractual cash flows	
		Upto 1 year	More than 1 year		Upto 1 year	More than 1 year
Financial liabilities						
Borrowings (including Current Maturities of Long-Term Debts)	14,900	11,056	3,844	26,647	10,244	16,403
Trade and other payables	2,751	2,751	-	2,170	2,170	-
Other financial liabilities	3,257	3,252	5	1,955	1,947	7
	20,907	**17,059**	**3,848**	**30,771**	**14,362**	**16,410**

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 31st March , 2021			As at 31st March , 2020		
	USD	GBP	EURO	USD	GBP	EURO
Financial assets						
Cash and cash equivalents	454	38	79	457	32	20
Trade receivables	5,082	307	1,728	3,336	153	1,402
Loans	243	-	-	-	-	-
Less: Foreign currency forward exchange contracts	(2,279)	(707)	(6,888)	(1,583)	(3,258)	(5,814)
Net exposure for assets	**3,499**	**(362)**	**(5,081)**	**2,210**	**(3,073)**	**(4,392)**
Financial liabilities						
Foreign Currency Loans	-	-	5,408	377	-	6,644
Short term borrowings	1,963	-	2,549	597	-	6,166
Trade and other payables	1,537	-	12	576	2	21
Less: Foreign currency forward exchange contracts	(368)	(202)	(86)	(151)	(186)	(83)
Net exposure for liabilities	**3,133**	**(202)**	**7,883**	**1,399**	**(184)**	**12,748**
Net exposure (Assets - Liabilities)	**366**	**(160)**	**(12,964)**	**811**	**(2,889)**	**(17,140)**

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

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% charge 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 (Before tax)	Increase in Exchange rate by 5%		Decrease in Exchange rate by 5%	
Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020	For the year ended 31st March, 2021	For the year ended 31st March, 2020
USD	18	41	(18)	(41)
GBP	(8)	(144)	8	144
EURO	(648)	(857)	648	857

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 31st March, 2021	For the year ended 31st March, 2020
Term loans - long term		
Floating Rate Borrowings	-	1,947
Fixed Rate Borrowings	6,779	17,717
Non Interest bearing	109	113
Short term borrowings	8,012	6,869
	14,900	26,646

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%	
Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Term loans - long term	-	5	-	(5)
Short term borrowings	20	17	(20)	(17)

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, 2021

48 Right to use of lease assets

(Rs in lakhs)

Leases

I Disclosure in respect of operating lease (as Lessee):

a) Additions to right of use assets during the reporting year ended 31 March 2021 and its carrying value as on that date

Particulars	2020-21	2019-20
Addition of right-of-use assets that do not meet the definition of investment property		
Buildings	-	86
Total	-	86
Depreciation charged during the current year		
Buildings	24	24
Total	24	24
Carrying value of Right-of-use assets		
Buildings	38	62
Total	38	62

(b) Maturity Analysis of Lease liabilities

Maturity analysis – contractual undiscounted cash flows	As at 31st March, 2021	As at 31st March, 2020
Less than one year	3	22
One to five years	3	5
More than five years	4	5
Total undiscounted lease liabilities for the year ended	10	32
Lease liabilities included in the statement of financial position		
Current	2	20
Non-current	5	7

(c) Amounts recognised in the statement of profit or loss

Particulars	2020-21	2019-20
Depreciation	24	24
Interest on lease liabilities (included in finance cost)	2	3
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	-	-

(d) Amount recognised in the statement of cash flows

Particulars	2020-21	2019-20
Total cash outflow	22	22

Transition

1. Applied a single discount rate to a portfolio of leases.
2. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Notes to Consolidated Financial Statements for the year ended 31st March, 2021

49 The group has elected to continue the policy adopted under previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of 31st March 2017 i.e. foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases, if any, accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of the liability. For the current financial year, the impact on account of above (net of depreciation and amortization) is decrease in profit before tax of Rs. 36 lakhs (in Previous year decrease in profit Rs. 76 lakhs). The net loss remaining unamortized under Foreign Currency Monetary Item Translation Difference Account as at 31st March, 2021 is Rs. Nil (net loss as at 31st March, 2020 Rs. 36 lakhs).

50 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
Parent								
Sarla Performance Fibers Limited	106.13%	36,585	48.80%	1,296	-92.72%	43	51.31%	1,339
Subsidiaries								
Foreign								
Sarlaflex Inc.	-6.60%	(2,274)	-55.87%	(1,483)	-137.85%	64	-54.40%	(1,420)
Sarla Overseas Holding Limited	-0.95%	(326)	-238.92%	(6,344)	193.28%	(90)	-246.57%	(6,434)
Intercompany Elimination	1.37%	471	344.76%	9,154	137.35%	(64)	348.40%	9,090
Non - Controlling Interest in subsidiaries	0.05%	17	1.16%	31	-0.06%	0	1.18%	31

51 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.

52 During the year, the subsidiary (SOHL) has made impairment provision for its loans and advances due to which its net worth has become negative. This being exceptional item and looking to business prospects and actual profits, financial statements of SOHL have been prepared based on 'going concern' basis.

53 The subsidiary (Sarlaflex, Inc.) has suspended its manufacturing operations since December 2017. The management is confident that with the recent trade sanctions being imposed in the US, the operations of the subsidiary will be profitable. The management is monitoring the situation on a continuous basis and is confident that there would no need for an impairment at this stage. Accordingly, the financial statements of the subsidiary have been prepared based on 'going concern' assumption.

54 Events after the reporting period

No adjusting or significant non - adjusting events have occurred between the reporting date (31st March, 2021) and the report release date (25th June, 2021)

Notes

Notes

SARLA
PERFORMANCE FIBERS

www.sarlafibers.com