

Sarla Performance Fibers Ltd.

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CIN : L31909DN1993PLC000056



www.sarlafibers.com

Date: September 06, 2022

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

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

Symbol: SARLAPOLY

Security Code: 526885

Sub: Submission of Annual Report for the FY 2021-22 and Notice of 29th Annual General Meeting

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

Dear Sir/ Madam,

Pursuant to Regulation 30 and 34 of SEBI Listing Regulations, please find enclosed a copy of the Annual Report for the FY 2021-22 of Sarla Performance Fibers Limited ("the Company") along with Notice of 29th Annual General Meeting (AGM) of the Company schedule to be held on Wednesday, September 28, 2022 at 01.00 p.m. (IST) through Video Conferencing (VC)/ Other Audio Visual Means (OAVM). The said notice forms part of the Annual Report of the Company for the FY 2021-22 and the same are being sent to the Members through electronic mode at their registered e-mail addresses.

Please note that, a copy of the Annual Report for the FY 2021-22 and Notice of 29th AGM is also being made available on website of the Company at www.sarlafibers.com.

Kindly take the same on record.

For Sarla Performance Fibers Limited


(Neha Somani)



Company Secretary & Compliance officer

Encl.: As above

Regd. Off. & Works 1:
Survey No. 59/1/4,
Amli Piparia Industrial Estate,
Silvassa - 396 230,
U.T. Dadra & Nagar Haveli

Works 2:
Survey No. 64/2/3/4,61/1,61/2,62/5,63/5,63/7,
Amli Piparia Industrial Estate,
Silvassa - 396 230,
U.T. Dadra & Nagar Haveli

Vapi Works:
Shed No. A1/48,
100 Sheds Area,
GIDC, Vapi - 396 195
(Gujarat)

Works 3 :
Survey No. 213/P,
Plot No. 11 & 12,
Dadra - 396 191,
U.T. Dadra & Nagar Haveli.

UNTEXTILE

HOW WE TOOK THE ROAD LESS TRAVELLED IN
THE TEXTILE SECTOR – AND PREVAILED



BRAND REPORT 2021-22
SARLA PERFORMANCE FIBERS LIMITED

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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.

CORPORATE DETAILS

Board of Directors

Mr. Krishnakumar Jhunjhunwala
Chairman and Managing Director

Mr. Parantap Dave
Non - Executive Independent Director

Mrs. Shreya Desai
Non - Executive Independent Director

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

Ms. Neha Jhunjhunwala
Executive Director

Mr. Kanav Jhunjhunwala
Executive Director
(w.e.f. February 12, 2022)

Chief Financial Officer

Mr. Mukesh Deopura

Company Secretary

Ms. Neha Somani

Auditors

Statutory Auditors

C N K & Associates LLP,
Chartered Accountants, Mumbai

Secretarial Auditors

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

Registrars & Transfer agents

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

Bankers

Standard Chartered Bank

Citibank N.A.

DBS Bank India Ltd.

HDFC Bank Ltd.

IndusInd Bank Ltd.

P T Bank Maybank Indonesia

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

Registered office

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

Corporate office

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

Plants

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



MADHUSUDAN JHUNJHUNWALA
1941 - 2021

The financial year of 2021-22 was the first in 28 years of the Company's existence without its chairman Madhusudan Jhunjhunwala.

Our chairman passed away on July 19, 2021 .

But in a sense, he has not gone; he will continue to be a part of us because he imprinted his values on the DNA of our company.

In a world that seeks the short cut, he advocated integrity and perseverance.

In a world that champions aggressive growth, he recommended a blend of speed and caution.

In a world that trusts safety and convention, he inspired us to think different and embrace change.



“Mr. Jhunjhunwala’s connect with God was evident in the way he helped people. He was committed to resolve the personal and professional issues of employees, a reason for which he is and will be remembered.”

Rajkumar Sharma, Head of Process control & Quality, dyeing plant

“During the second wave, my entire family tested positive. ‘*Mujhe mera aadmi return laana hai har haal mein*’ (I will do whatever is required, I solely want my people to recover as soon as possible) were Bade babuji’s words as he instructed my team to ensure that my family and I had everything we needed – be it food, money or medical assistance. The result is that people at Sarla never saw *Bade babuji* as Company ka *maalik* but as our Babuji – the person we turned to when we needed help.”

Sunil Bhattad, Plant Head, Silvassa

“Mr. Jhunjhunwala’s approach was that contributing to society was as important as growing the Company. He developed charitable trusts and eye hospitals. He heard colleagues patiently. Whoever went to Madhusudanji’s cabin with a problem returned with his or her problem resolved.”

Mukesh Deopura, Chief Financial Officer

The ex-Chairman in the words of those whose lives he touched

“Madhusudanji was like a ‘mandir (holy place)’ to us. Whenever we faced problems we approached Babuji directly. He would provide quick solutions. The result is that he possessed personal knowledge of each member of the staff.”

Satish Malsaria, Domestic Marketing Head, Sarla

“I never met the ex-Chairman personally. My colleagues say, ‘*Unke samaan bhagwaan-aadmi nahi milega; ekdum dev-aadmi*’ (One will not get a God-like figure like him; he was deeply spiritual). This is my enduring recall of him.”

Sudhir Maske, Head of Process control and Quality

“Madhusudan Jhunjhunwala treated employees like family members. At the factories, he would ask each employee personally if they faced any problem.”

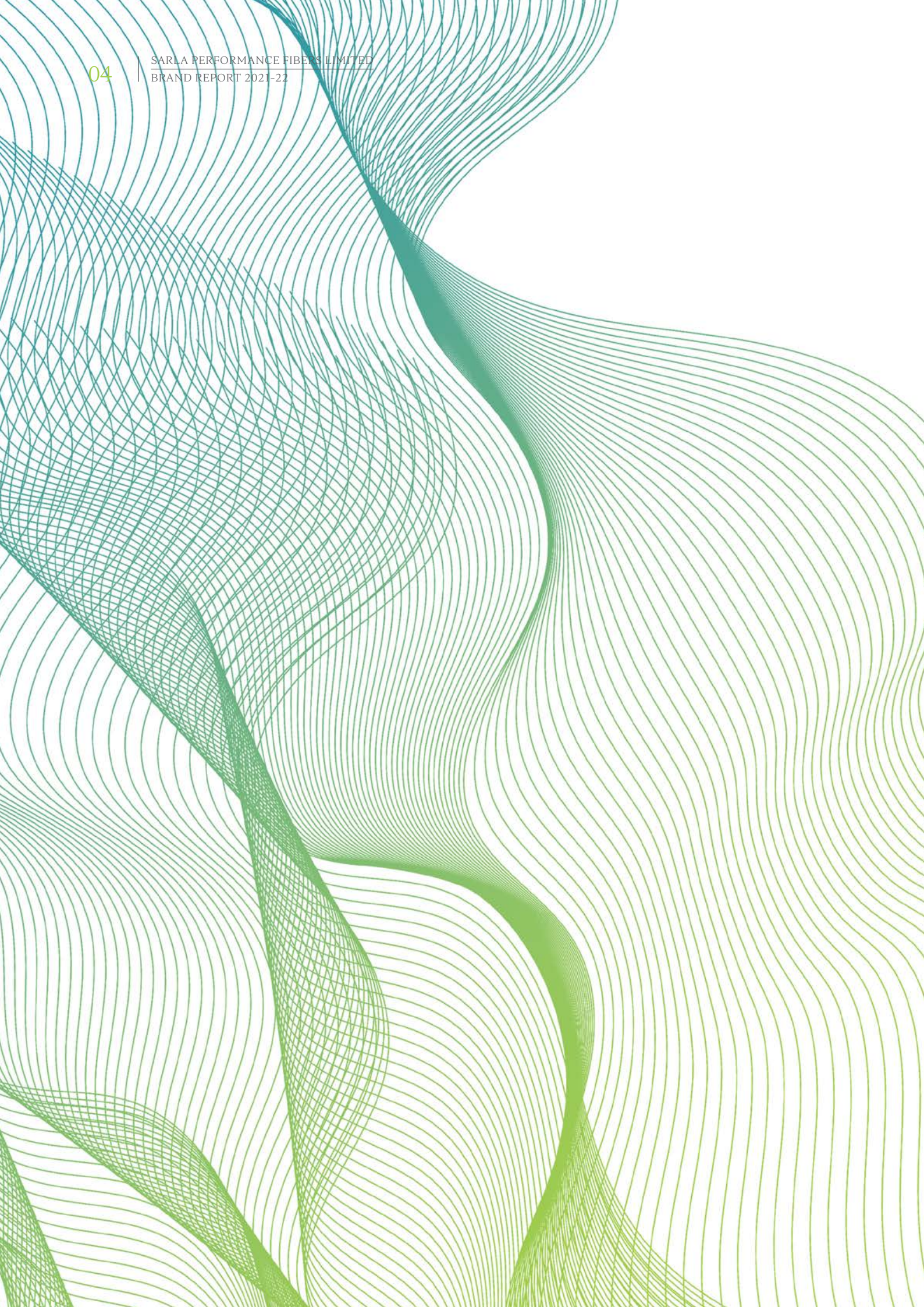
Ashok Ranagol, Production Manager

“Everyone at Sarla called him ‘Babuji’. Hum log unke paas report *karne ke liye nahi, mann ki baat karne ke liye jaate the* (We visited him always not just to report but to have a heart-felt conversation with him). He was on a factory round and saw workers suffering from unbearable heat. He ordered fans to be installed immediately, saying ‘*Agar woh comfort mein nahi hai to hum office mein kaise baith sakte hai?*’ (If my people are not in comfort while they work, how can I sit at my office peacefully?) When a colleague needed financial aid for his son’s operation, Babuji did not give him a loan but simply handed him a cheque – no questions asked.”

Ami Daru - Head of SPFL’s high tenacity twisting plant, Dadra

“I was stuck at the factory during the lockdown. Babuji arranged transportation so that I could reach home 650 kms away.”

Pawan Padiya, Chartered Accountant (Finance team)





INTRODUCTION

At Sarla Performance Fibers,
'Untextile' is a way of thinking.
That routine is boring.
That small volumes is good.
That there must be a better way.
That boutique prevails over
commodity.
That 'best' is better than
'biggest'.
That the best textile ideas can
come from non-textile people.

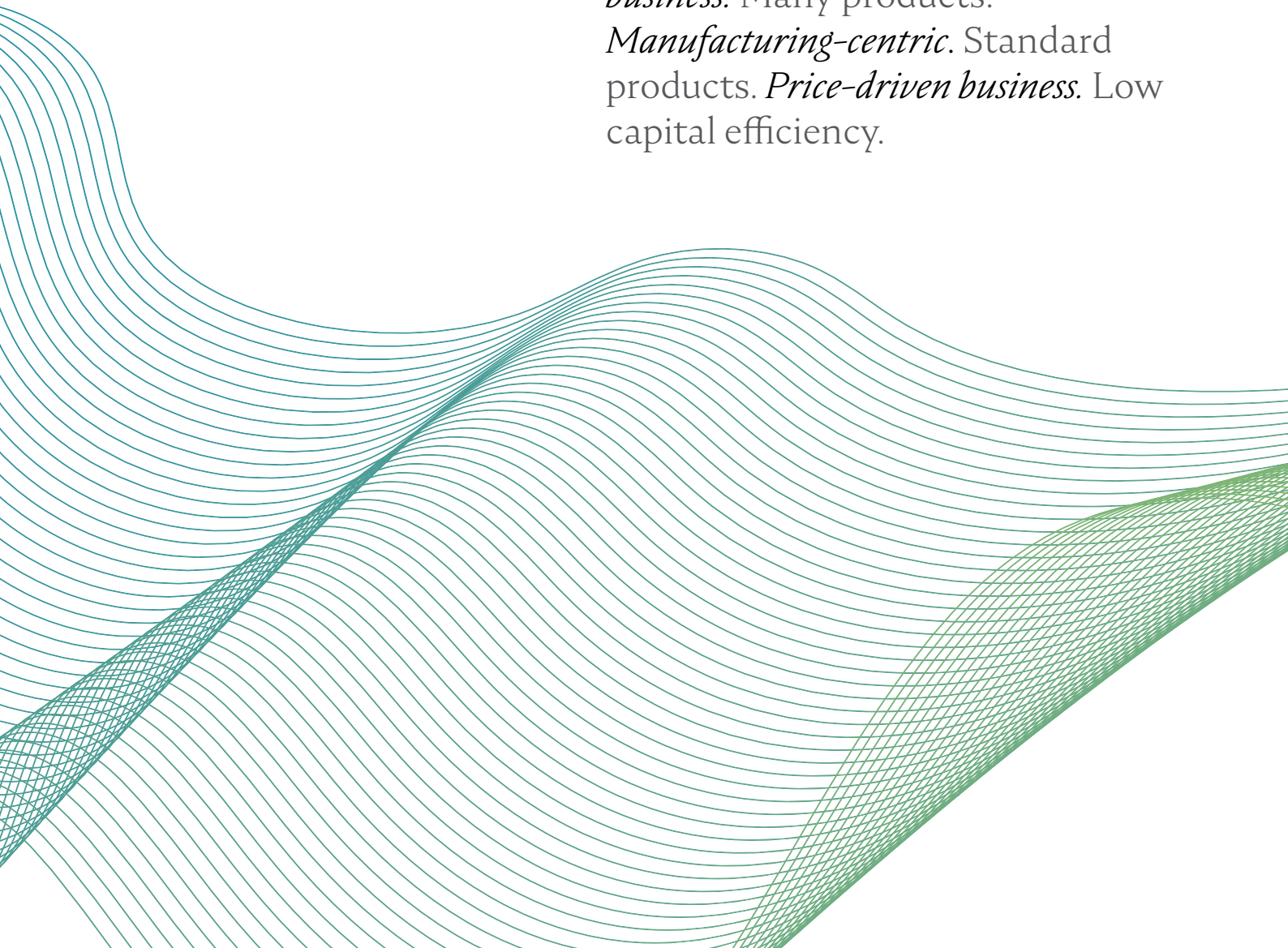
PART 1

WHAT WE ARE AND WHAT WE DO



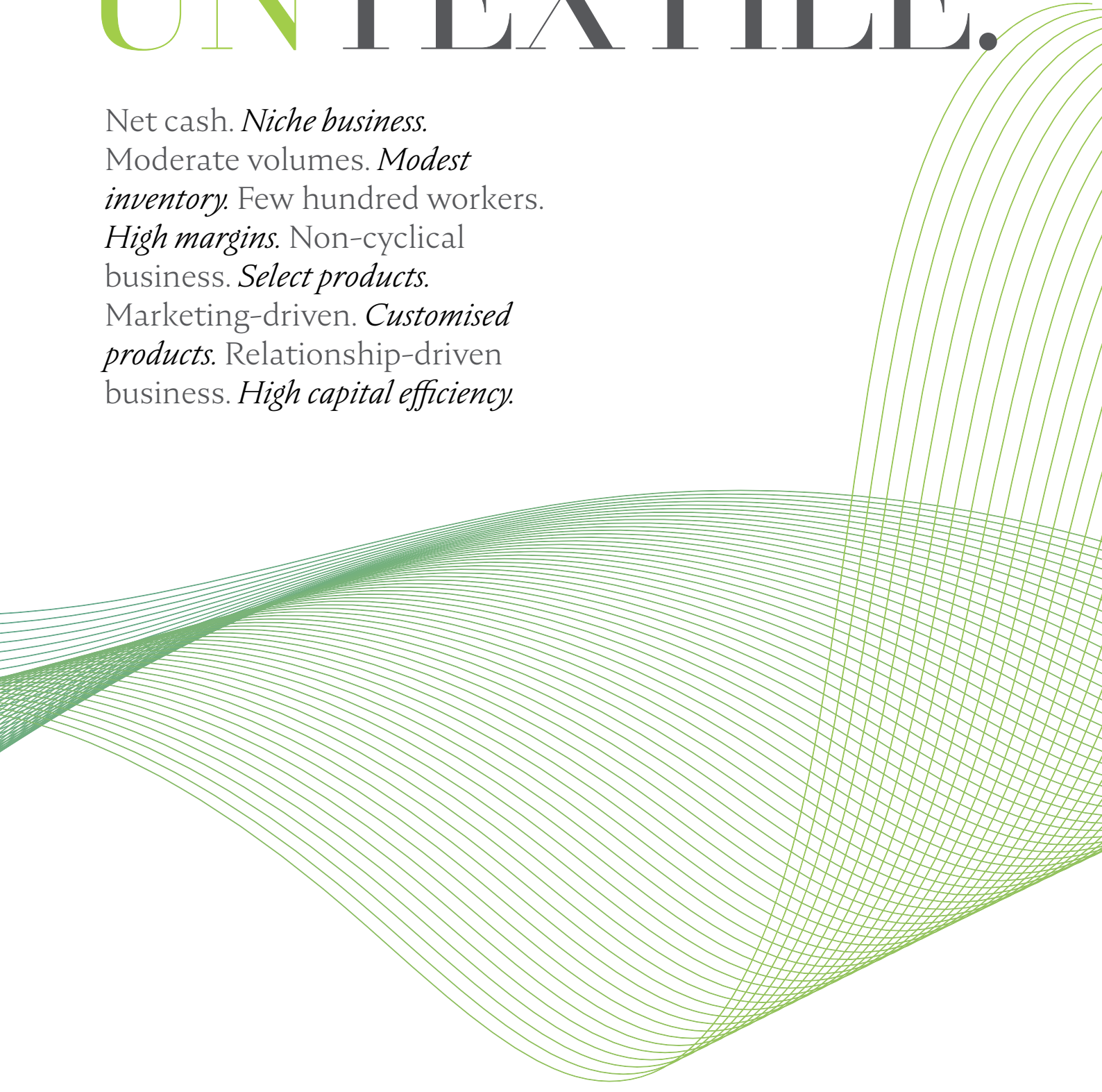
TEXTILE.

Debt-heavy. *Commodity business.*
Large volumes. *Huge capacities.*
High inventory. *Thousands of workers.* Low margins. *Cyclical business.* Many products.
Manufacturing-centric. Standard products. *Price-driven business.* Low capital efficiency.



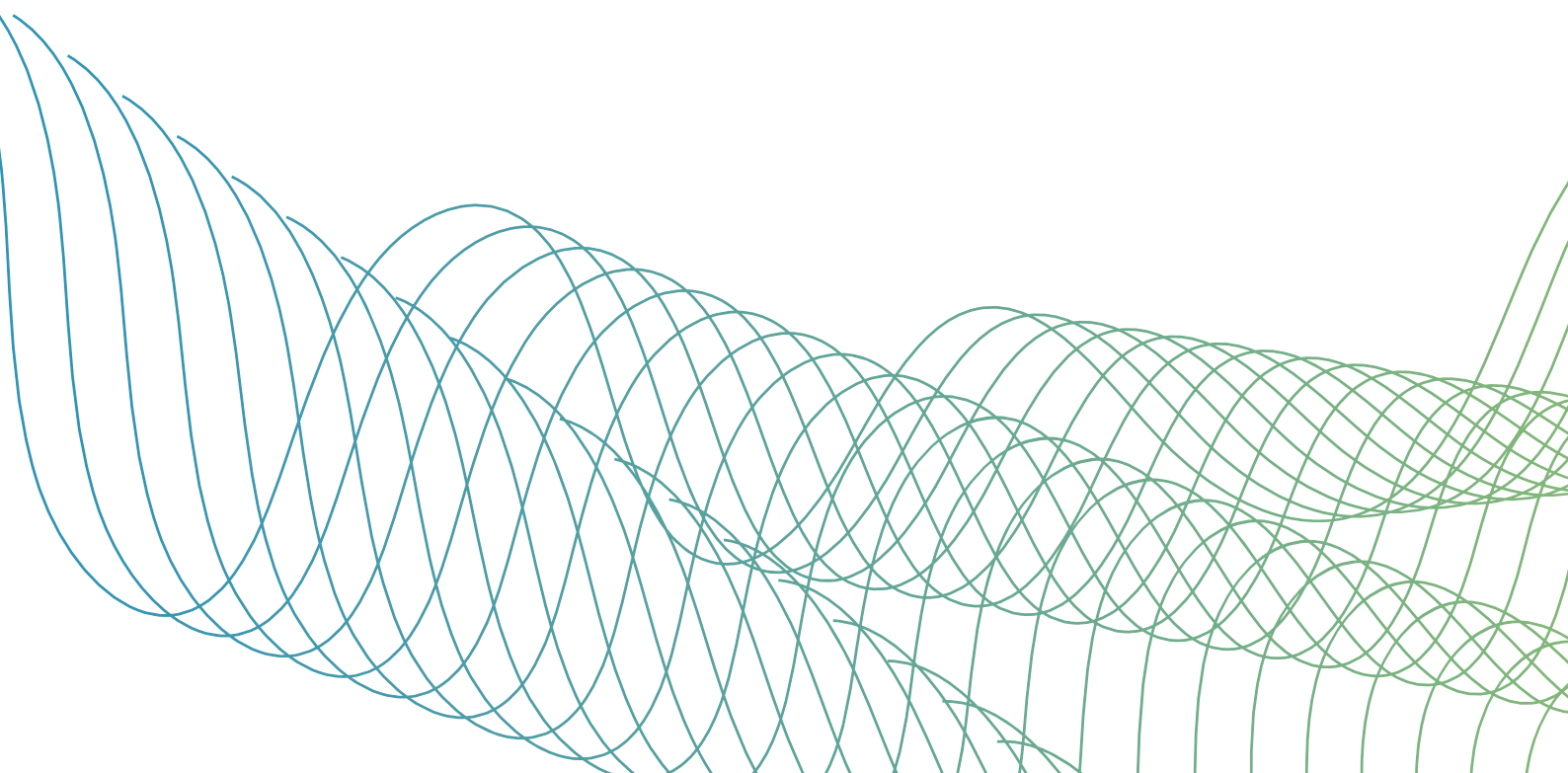
UNTEXTILE.

Net cash. *Niche business.*
Moderate volumes. *Modest inventory.* Few hundred workers.
High margins. Non-cyclical business. *Select products.*
Marketing-driven. *Customised products.* Relationship-driven business. *High capital efficiency.*

Abstract green wavy lines that flow from the bottom left towards the top right, creating a sense of movement and depth. The lines are thin and closely spaced, forming a mesh-like pattern that tapers off towards the right side of the page.

CORPORATE SNAPSHOT

THE
REPUTATION
AMONG OUR
CUSTOMERS IS
THAT 'SARLA IS
DIFFERENT.'



Sarla is the most vertically integrated textured sewing thread manufacturer in India.

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

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

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

Sarla was the first company in India to set up High Tenacity Nylon 6 and 6.6 spinning capacity for sewing and other applications

The result is that Sarla stands for a distinctive recall among customers: 'A single-stop solution provider.'

Track record

Sarla Performance Fibers Limited (formerly Sarla Polyester Limited) is engaged in the manufacture and export of polyester and nylon textured, twisted and dyed yarns, covered yarns, high tenacity yarns and sewing thread.

The Company began as a manufacturer of commodity yarns but evolved to become a manufacturer of specialised value-added yarns.

Promoter

Sarla represents a balance of family promoters, professional management and listed discipline, enjoying respect for quality, credibility and sustainability. The Company is managed by the promoter Mr. Krishna Jhunjhunwala, who is also the Managing Director. He is a commerce graduate from Sydenham College of Commerce. He entered the business at 21 and has since demonstrated a commitment to growing revenues through a personalised approach.

Products portfolio

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

Yarn products: Continuous filament yarns, high tenacity, low shrinkage, covered spandex and lycra yarns

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

Manufacturing capabilities

Our state-of-the-art infrastructure allows us to process customised orders ranging from a few hundred to several thousand kgs.

While our head office is in Mumbai, the commercial capital of India, our manufacturing facilities are located in Silvassa, Dadra and Vapi in Western India; the Silvassa facility is a 100% export-oriented unit.

Sarla possesses the largest capacity of air covering, single and double conventional covering yarns in India. The Company's upgraded dyeing facilities in Vapi, 12km from Silvassa, are equipped with the latest technology to dye the perfect colour in any fiber from stretch nylon to textured sewing thread to high tenacity yarns.

Sarla's laboratory develops eight colours on an average every single day, resulting in a colour repository of more than 5000 shades, empowered by a digital colour matching system, knowledge professionals and automated dyeing vessels and systems (batch sizes from 1 kg to 500 kg).

Global presence

The Company is headquartered in Mumbai (India). The Company's manufacturing facilities are located 160 Km from its headquarters in Silvassa, Dadra and Vapi. The Company's subsidiary - Sarla Europe, LDA - is located in Portugal, servicing the European and South American markets.

Credentials

The Company is a respected global brand with processes and discipline benchmarked in line with the following:



ISO 9001: 2015
certification



Oeko-Tex
Standard 100



Global Recycle
Standard (GRS)
Certificate



Awards and accolades

2018

**Business
Excellence
Award**

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

2015

**Business
Excellence
Award**

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

2015

**Best Export
Oriented Unit**

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

2014

**Best Global
Business Award**

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

2012

**Best Export
Oriented Unit**

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



OUR MULTI-DECADE GROWTH JOURNEY

1993

Sarla Polyester Private Limited (SPL) was formed as 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.

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

Introduced new products like 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 Europe. Extended into wind power generation. Commissioned the first 1.25 MW wind turbine generator in Gujarat.

1999

Shifted focus from commodity yarns to value-added products. Introduced a slew of new products beginning with covered yarns. Among 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 enhance production

2005

Received the Best Export Oriented Unit award (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). Established the first joint venture overseas in Honduras under the name of Savitex S.A. de C.V. Set up a spinning plant for the conversion of nylon chips into high tenacity Nylon 6 and Nylon 66 industrial yarns. SPFL became one of the first companies to establish the manufacture of specialised high tenacity threads

2010

Commissioned a large expansion of the dyeing plant

2013

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

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 of Textile and Textile Products.

2018

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

2012

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

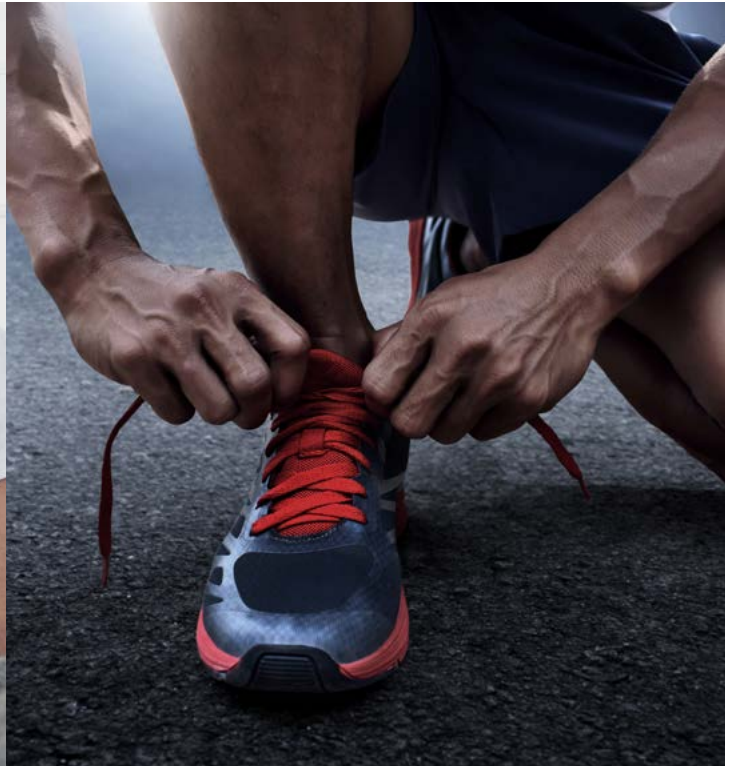
2014

Certified for ISO 9001:2008.

2019

Commissioned a new plant in Dadra.





THE YARNS WE MAKE ENHANCE COMFORT OF THE PRODUCTS YOU BUY

How our yarns touch everyday lives

You wipe your face with towel.

You buy a snug innerwear brief.

You slip into an attractive T-shirt.

You wear socks to feel snug and cosy.

You slip into gloves to protect from the cold.

You feel most comfortable in athleisure apparel.

You don shoes before you step out.

You slide into your car seat.

You fasten the car's seat belt.

You sprawl on your mattress.

You sleep snugly under the quilt.

You slip on a face mask to protect from the pandemic.

You turn to a bandage (medical or crepe) to secure yourself.

You mop the floor.

SARLA. A TRUSTED BRAND IN MORE THAN 60 COUNTRIES

Sarla. Global citizen of Indian origin

The Company is a trusted supplier of yarns to some of the most demanding global brands (directly or indirectly)

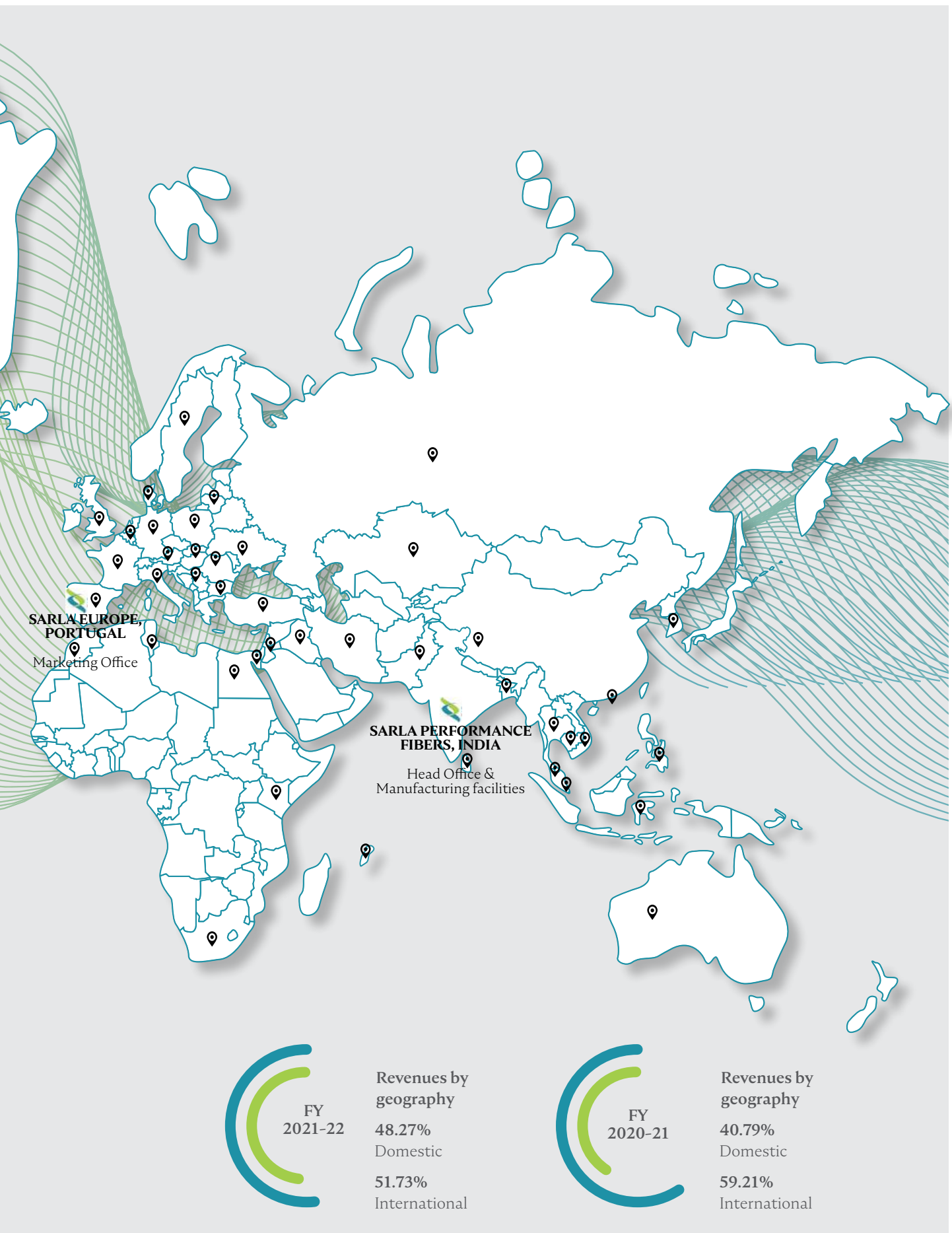
The Company generated 65% of its FY 2021-22 revenues from customers of five years or more

The Company markets yarns directly (largely) and through trade intermediaries

The Sarla brand is respected for dependability, predictable outcomes and a superior price-value proposition

📍 Represents customers





THE BRANDS THE WORLD CHERISHES ARE THE CUSTOMERS WE SELL TO



Nike

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



Adidas

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



Fruit of the Loom

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



Tommy Hilfiger

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

PRADA

Prada

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



JW MARRIOTT

JW Marriott

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



Disney

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



Warner Brothers

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

amanté

Amante Lingerie

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

GOLDTOE

Gold Toe

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

Calvin Klein

Calvin Klein

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



Target

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



Walmart

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



Decathlon

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



MAS Fabrics

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



Hanes

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

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

SARLA'S PRODUCTS PROVIDE A ONE-STOP SOLUTION. THE COMPANY'S RANGE OF SPECIALISED YARNS ADDRESS DIVERSE AND DEMANDING APPLICATIONS

What we manufacture across three facilities in Western India

NYLON



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

Characteristics

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

Applications

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

TEXTURED POLYESTER



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

Characteristics

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

Applications

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

TEXTURED SEWING THREAD



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

Characteristics

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

Applications

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

HIGH BULK HIGH STRETCH POLYESTER



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

Characteristics

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

Applications

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

HIGH TENACITY YARNS



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

Characteristics

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

Applications

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

Did you know?

Based on our experience and conversations with customers in the last many years, customers the world over seek to source yarn from Sarla year after year for the following reasons.

One, Sarla is a specialist that does not just focus on selling yarn; it focuses on advising customers on what yarn application would be best placed to take their business ahead.

Two, Sarla is not focused on marketing what it has in stock; it is focused on marketing and customising yarns in line with what customers need.

Three, does not merely manufacture; it delivers in time to match the inventory needs of its customers.

The bottomline: Sarla does not manufacture and market; the Company delivers an end-to-end solution that starts from product design and ends at timely product delivery.

COVERED YARNS




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

Characteristics

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

Applications

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



THIS IS HOW
WE PERFORMED
ACROSS EVERY
SUCCESSIVE
QUARTER OF
FY 2021-22

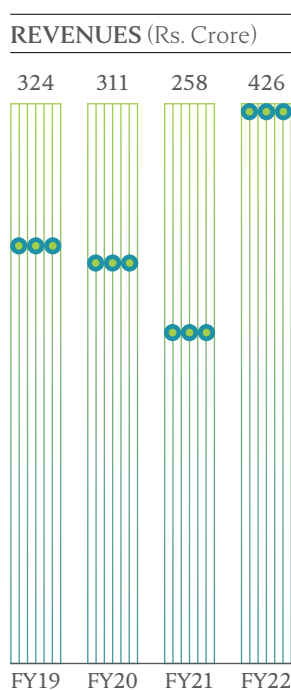
THE FINANCIAL HEALTH OF OUR BUSINESS, FY 2021-22

REVENUES (RS. CRORE)			
QUARTER ONE	QUARTER TWO	QUARTER THREE	QUARTER FOUR
86	106	114	120
EBITDA (RS. CRORE)			
QUARTER ONE	QUARTER TWO	QUARTER THREE	QUARTER FOUR
23	21	19	20
PROFIT AFTER TAX (RS. CRORE)			
QUARTER ONE	QUARTER TWO	QUARTER THREE	QUARTER FOUR
12	15	12	8
CASH PROFIT (RS. CRORE)			
QUARTER ONE	QUARTER TWO	QUARTER THREE	QUARTER FOUR
22	16	15	15

THE FINANCIAL HYGIENE OF OUR BUSINESS

EBITDA MARGIN (%)			
QUARTER ONE	QUARTER TWO	QUARTER THREE	QUARTER FOUR
26	20	17	17
INTEREST COVER (X)			
QUARTER ONE	QUARTER TWO	QUARTER THREE	QUARTER FOUR
14	33	14	22
INTEREST OUTFLOW (RS. CRORE)			
QUARTER ONE	QUARTER TWO	QUARTER THREE	QUARTER FOUR
1.24	0.63	1.27	0.56

HOW WE GREW OUR BUSINESS IN THE LAST FEW YEARS



Definition

Growth in sales net of taxes

Why is this measured?

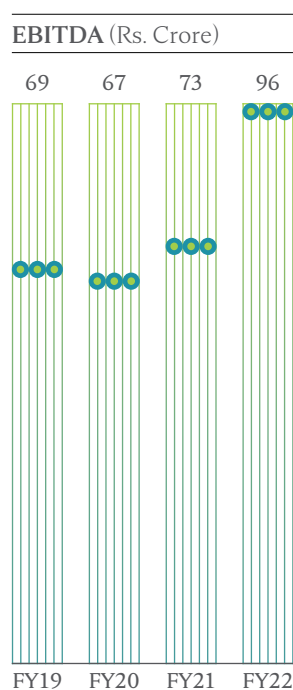
It showcases the Company's ability to enhance offtake, a number that can be compared with sectorial peers.

What does it mean?

Aggregate sales increased 65% or Rs. 168 Crore in FY 2021-22 due to the Company's enhanced presence in the Indian market and global offtake facilitated by the easing of global lockdown restrictions

Value impact

The Company grew faster than the sectorial average, which resulted in a growth in market share in FY 2021-22



Definition

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

Why is this measured?

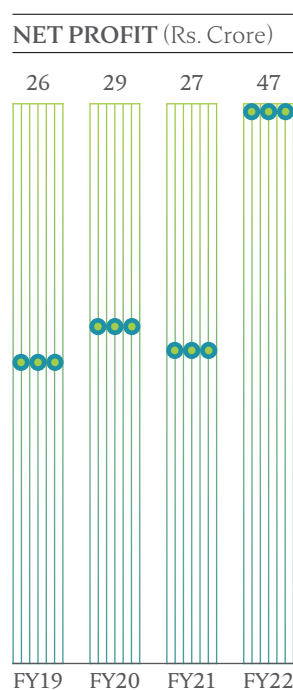
It is an index that showcases the Company's ability to generate a surplus based on operating realities.

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 various logistical challenges, riding a revival in global consumption



Definition

Profit earned during the year after deducting all expenses and provisions

Why is this measured?

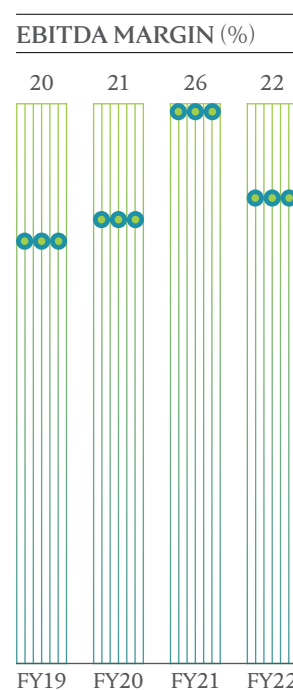
This measure highlights the strength of the business model in enhancing shareholder value

What does it mean?

It ensures that adequate surplus is available for reinvestment in the Company's operations

Value impact

The Company reported a 78% increase in net profit in FY 2021-22 following all-round business strengthening



Definition

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

Why is this measured?

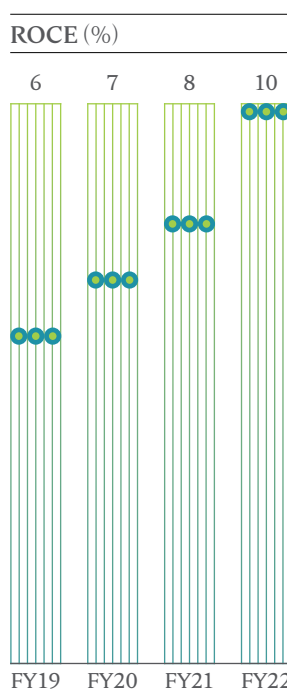
The EBITDA margin provides a lucid insight into the Company's earning capacity

What does it mean?

This demonstrates the buffer available within the Company to absorb interest and tax outflow after making a provision for depreciation

Value impact

The Company reported a 491 bps decrease in EBITDA margin during FY 2021-22

**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?

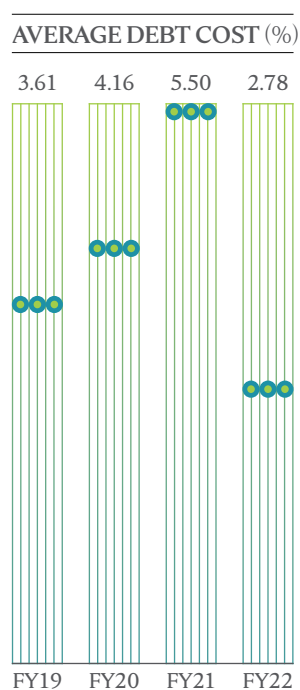
ROCE is a useful metric for comparing profitability across companies based on the amount of capital they use – especially in capital-intensive sectors

What does it mean?

Enhanced ROCE can influence valuation and perception

Value impact

The Company reported a 265 bps increase in ROCE during FY 2021-22

**Definition**

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

Why is this measured?

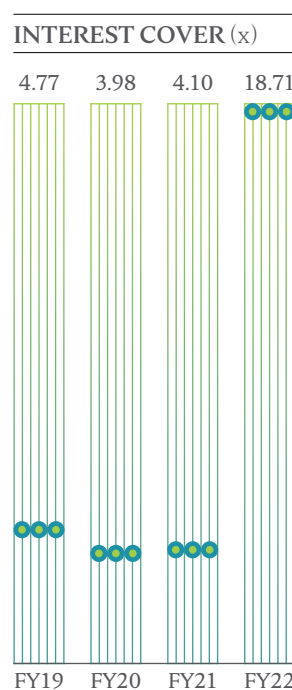
This indicates our ability in convincing bankers and other debt providers of the robustness of our business model, translating into a progressively lower debt cost

What does it mean?

Enhanced cash flows; strengthened credit rating for successive declines in debt cost

Value impact

The debt cost of the Company decreased 272 bps during the year.

**Definition**

This is derived through the division of EBITDA by interest outflow

Why is this measured?

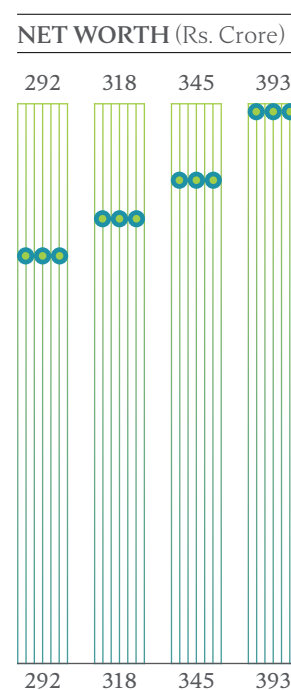
Interest cover indicates the Company's comfort in servicing interest – the higher the better.

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 356 bps during the year under review

**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 14% during the year under review.

PART 2

UNTEXTILE.
HOW IT
DEFINES
OUR
COMPANY'S
EXISTENCE.







KRISHNA JHUNJHUNWALA,
Managing Director, explains
why Sarla Performance Fibers is
poised at the cusp of growth

Q | What is the big message that you wish to communicate?

A: The Company went through an extended period of consolidation that was marked by conservative resource reinvestment to enhance liquidity during challenging days. There was a period when the management did not take its share of dividend for two years, preferring to plough it back into the business. That period appears to be coming to an end. This is evident in the decision of the management to announce a payout ratio of 30% from this point onwards. The growth that we foresee is expected to be sustainable with no sharp deviations (upward or downward), strengthening business predictability. We will continue to help our customers widen their markets and, in the process, become a part of their long-term supply chain. Since most of our customers are investing in larger production capacities, we foresee a firm under-current for our business.

Q | How will this optimism translate into superior financials?

A: Without attempting to forecast what we are likely to earn during the current financial year, let me provide you with an estimate with regards to where we are headed. The Company finished the year under review with revenues of Rs. 426 Crore or an average Rs. 35 Crore per month. During the last quarter, the Company delivered revenues of around Rs. 40 Crore per month, so if one were to assume that this run rate will be maintained through the current financial year, then Sarla should increase revenues by a minimum 13% in FY 2022-23.

The Company invested in enhanced capacities to generate this revenue growth.

One, a high tenancy yarn capacity is likely to be commissioned from the third quarter of the current financial year, which may operate at only 50 per cent capacity utilisation

during the next financial year before it delivers its full impact during FY 2024-25.

Two, the Company's Nylon 66 capacity is being raised from 1 TPD to 3 TPD; the Nylon 6 capacity is being raised from 3 TPD to 8 TPD. These products are fast moving; the Company is a respected brand for these products; we are optimistic of no or little gestation between the commissioning of these expanded capacities and their rated capacity utilisation, strengthening sales volumes, realisations and margins.

We expect that these expansions could graduate the Company towards revenues in excess of Rs. 600 Crore at peak utilisation. Considering that all these investments will be funded through accruals, we expect the transmission of margins to be attractive. In turn, we believe that this investment will create an adequate surplus to reinvest yet again, creating a sustainable cycle of value creation.

Q | What were some of the highlights of the Company's performance in FY 2021-22?

A: Perhaps the biggest highlight of our performance was the shift in sales towards India. We keep on saying within our Company that a new Indian has emerged in the last few years – this Indian seeks to wear and live better, and this Indian will not shrink from paying higher prices for a better product.

This is now reflected in our sales profile: there was a time when we would sell Rs. 1 Crore of products to one of the largest Indian premium

innerwear hosiery companies; during the year under review, our sales to this brand trebled and we now have a sales visibility of Rs. 4-5 Crore a month.

The cumulative impact is that we generated 48.27% of our revenues from within India during the last financial year and we expect this to increase to 55-60% on a larger revenue base across the next two years.

Q | A number of analysts felt that the Company's margins would have eroded following a sharp increase in raw material costs.

A: There are two ways of looking at this subject. There was a sharp increase in raw material costs alright but the Company was successful in protecting its delta (difference between realisations and raw material cost) by quantum even as margins declined. The challenges on the horizon are that Chinese selling prices serve as a cap on our realisations; besides, increased raw material costs and high freight costs made it expensive for us to reach products to consumers. The Company will continue to do what it has always done: enhance sales so that it can amortise fixed costs more effectively, moderate costs and market a higher proportion of value-added products.

I will add to what I indicated on value-addition: nearly 50% of our product mix is value-added, which was reflected in our EBITDA margin of 22% in FY 2021-22. The Company will participate in more



Perhaps the biggest highlight of our performance was the shift in sales towards India. We keep on saying within our Company that a new Indian has emerged in the last few years – this Indian seeks to wear and live better.

international shows to enhance visibility. The Company will continue to knock on more doors the world over with the objective to present its products. And most importantly the Company will seek to enter larger supply chains in US, assuring consistent offtake that helps amortise our fixed costs more effectively.

Q | Would you explain the expansions that the Company initiated during the last financial year that will come on stream in FY 2022-23?

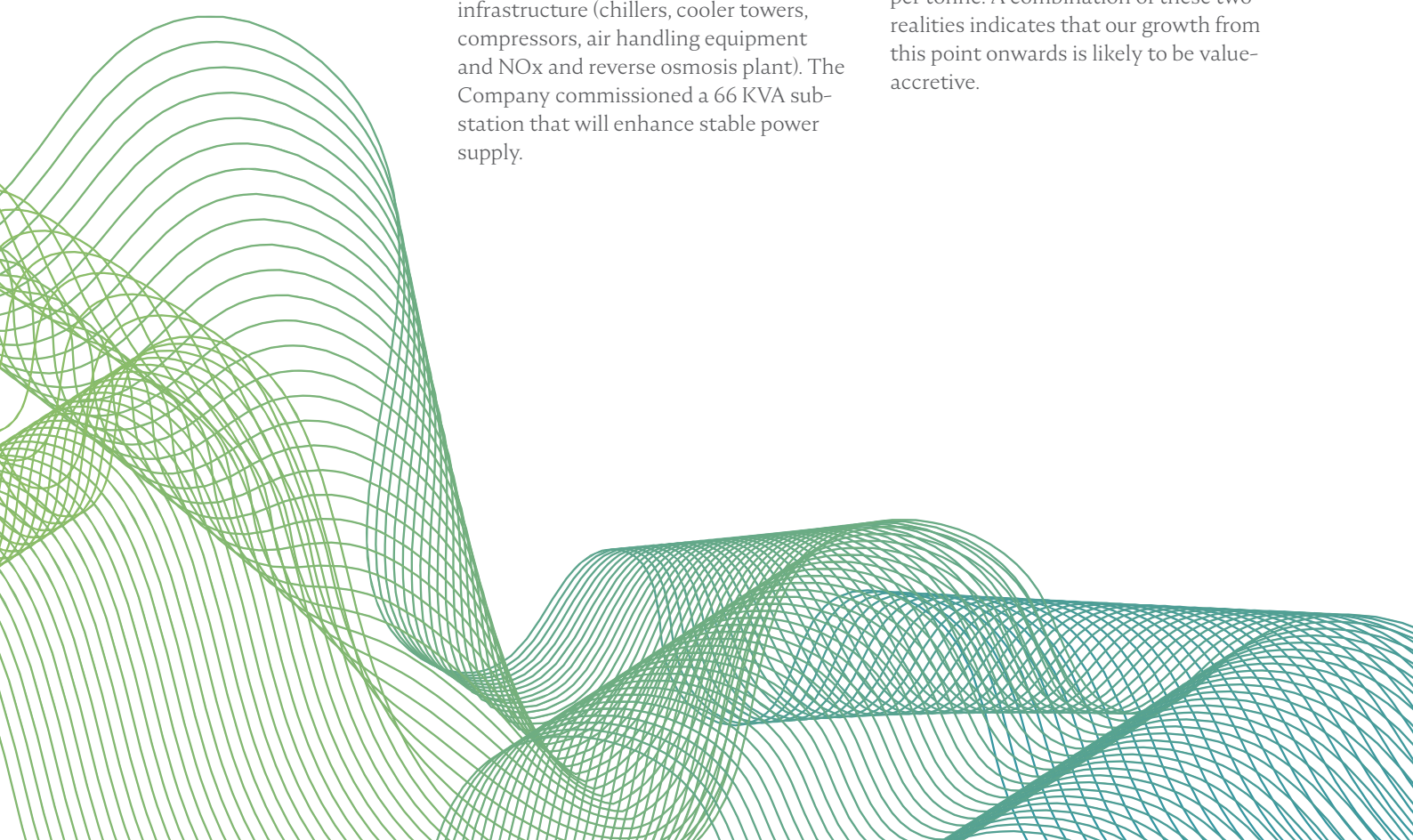
A: This is an important point that needs to be communicated. The Company commissioned its expansions for an aggregate cost of Rs. 20 Crore. The expansions will be completed within the space of 15 months (initiation to commissioning) at a cost considerably lower than the greenfield average because of the cost and availability of land held by the Company. Just the differential in land costs will provide the reader with an insight into our competitiveness. The land on which the Company's factory exists was purchased at Rs. 600 per sq m in 2006; the cost of the same land is Rs. 15,000 per sq m today. Besides, the Rs. 30 Crore investment we made comprises a modernisation of supporting infrastructure (chillers, cooler towers, compressors, air handling equipment and NOx and reverse osmosis plant). The Company commissioned a 66 KVA sub-station that will enhance stable power supply.

Q | Shareholders would be keen to know how the management is addressing the American plant that is presently inoperative.

A: The plant has been inoperative since 2017. The Company continues to face options: revive it with a local partner or completely divest. If we retain the plant, the Company will not invest afresh in it but attract a local partner to do so. The Company has received some offers. In case the Company selects to sell the land (which has appreciated since the Company bought into it) the machines would be shipped to India for deployment.

Q | How is the Company placed to address the future?

A: For one, we have a strong Balance Sheet. The cash on our books is more than our total debt. The business has arrived at a sweet spot – it has acquired the critical mass to generate adequate accruals (Rs. 68 Crore during the last financial year) for onward reinvestment, which indicates that we do not expect to borrow to grow our business. Besides, we possess attractive operating headroom to grow at a relatively low capital cost per tonne. A combination of these two realities indicates that our growth from this point onwards is likely to be value-accretive.





MUKESH DEOPURA,
Chief Financial Officer, explains
how an 'Untextile' commitment
graduated the Company to a new
trajectory in the last two years

Q | How would you review the Company's performance during the last financial year?

A: I would not review the Company's performance only for the last financial year as it would provide an exaggerated perspective when compared with the relatively muted performance of the previous year arising out of the low base effect. I would review the performance of the last two years when compared with what the Company performed before the onset of the pandemic.

When one compares the pre-pandemic performance of the Company with what it achieved during the last two years, one sees a visible improvement. Despite the challenges of the last couple of years – lockdowns, disrupted supply chains, increased raw material costs, deferred consumption for some products in some parts of the world, increased shipping freight and dearth of shipping containers

– Sarla performed creditably. The Company reported profitable growth: even as revenues increased 36.93% across the last two years over the pre-pandemic revenue base of FY 2019-20, EBITDA increased 1.07% and profit after tax strengthened 63%. The capacity of the Company to report profitable growth during one of the most challenging periods in its existence was derived from its long-term 'Untextile' positioning, indicating a commitment to seek lateral solutions.

Q | How do you see the Company placed at this point in its existence after two challenging and unpredictable years?

A: The Company appears to have entered a new orbit in its existence. Until now, the Company's growth would be incremental as it would need to balance debt and equity resulting in moderated investments so as to not risk the Company's

financials on the one hand and also to address interest outflow and repayment obligations on the other. A big transition was achieved in the last couple of years: The Company is repaying the debts to make it debt free and enhancing its net worth. The Company's debt-equity ratio strengthened from 0.84 at the close of FY 2019-20 to 0.34 at the end of FY 2021-22. From a position more than two years ago when the Company had net debt of Rs. 266 Crore on its books, the Company finished the year under review with net debt of just Rs. 133 Crore. I am optimistic that Sarla will become a net cash company starting the current financial year. This transition is seminal in our existence; besides, this is unusual for companies in the capital-intensive textile manufacturing business, validating our 'Untextile' positioning.

Q | What could be the outcomes of this net cash positioning starting from the current financial year?

A: There are two implications. One, the Company will possess the resources from within to be able to finance its expansion programmes. This was not the case earlier when the Company would seek a combination of accruals and debt in funding investments in manufacturing assets. With prospective investments being derived from net worth (the Company is unlikely to borrow to expand capacity from this point onwards), the Company will be able to create a relatively low risk foundation for scalable growth – the start of a virtuous cycle. We foresee that our investments in additional manufacturing capacity will generate incremental revenues (and profits), which would be reinvested to generate even larger cash flows, an ongoing sequence of investment and sustainable growth. In view of this, we see the performance of the last two years as the start of a new phase with the Company having entered a new orbit.

The second point is related to the cash on the Company's books. Over the next few years, we see the Company drawing down more debt on its books, graduating from a net cash company to a completely zero-debt company. We believe that this will strengthen our competitiveness, enhance our capacity to resist market cycles and lead to enhanced shareholder value. Besides, the net corpus on our books will not only generate attractive annual treasury income but could lead the Company to reward shareholders more handsomely.

The third point is that this improvement in the Company's fundamentals was evident in enhanced liquidity, which has emerged as one of the most important measures by which companies are now appraised. Sarla's interest cover strengthened from 3.98 in FY 2019-20 to 4.10 in FY 2020-21 and 18.71 in FY 2021-22. The working capital sanction provided by banks remained undrawn to the extent of 60% in FY 2021-22, indicating that the Company was selecting to address its working capital needs from its earnings (and not short-term debt from banks).

The message that one needs to send out is that in the last couple of years, despite the prevailing sectorial challenges, the Company strengthened its liquidity and sustainability. By proceeding towards net cash, the Company will emerge among few such listed textile manufacturing companies in India – a validation of its 'Untextile' positioning.

Q | What were some of the highlights of the Company's performance that readers are likely to miss?

A: I would draw their attention to volumetric sales growth in the last few years. In FY 2019-20, the Company generated sales of 11510 Tons, which was followed by 10215 Tons in FY 2020-21 and 13200 Tons in FY 2021-22. For me this is a magic number – it indicates that despite the various challenges of the last couple of years, the Company enhanced its sales. Why this is important at our company is that this transpired because of multi-year relationships with our customers – there is a saying that 'Once a Sarla customer,

always a Sarla customer.' Given the nature of our technology-intensive product, which inevitably sits well on the customer's machines, there is a tendency to stay with a trusted supplier like Sarla for years. This generates annuity-like revenues; during the last financial year, the Company generated 65% of its revenues from customers of five years or more. The increased tonnage sales of the last financial year – 15% higher than the pre-pandemic year – was the result of a higher wallet share of existing customers and the engagement of new customers. We see these engagements only becoming stronger across the foreseeable future, assuring us of a higher tonnage offtake across the years.

Q | What is the other development, not easily evident from the financial numbers, that the Company like to highlight?

A: When the markets were locked down during the first quarter of FY 2020-21 and the Company could not ship products to service global clients, Sarla's management moved with speed to seek alternative markets. The Company turned its attention to India. In the past, the Company had not focused on India on account of a dearth of quality customers willing to pay higher prices for better products. However, in the last few years, a new Indian consumer has emerged: willing to look better and use better. As an extension, this customer is willing to pay a better price and graduate to premium products. The result is that the premium products category in India has emerged as one of the fastest growing – offering prospects of larger tonnage sale as well as wider value-addition.

In view of the prevailing situation, Sarla's management selected to shift the needle: from a predominant dependence on the global markets (64% of revenues in FY 2019-20) the Company went into the textile hubs of the country to prospect sales. The effectiveness of the Company's engagement – based on track record, products portfolio and product quality – resulted in timely market breakthroughs. What would have taken years to achieve was done in just two years. The bottomline is that the Company generated 48% of its revenues from India during the last financial year. The Company generates revenues based on engagements with large, medium-sized and small customers seeking to grow across the years, creating a growing base for Sarla. This, in turn, provided the Company with the optimism to expand its overall manufacturing capacity, which should come on stream during the current financial year.

Q | Shareholders would be keen to know whether the growth in the Company's performance was achieved while protecting its financial hygiene.

A: This is a good point. One must emphasise that the growth in the Company's performance was achieved while protecting its financial hygiene, a sign of its enhanced competitiveness. For instance, the proportion of working capital in the Company's total employed capital was maintained at around 21% during the last two years; the working capital cycle declined from 149 days of turnover equivalent (FY 2019-20) to 97 days (FY 2021-22); the receivables cycle moderated from 133 days of turnover equivalent to 86 days, strengthening our liquidity.

The Company anticipated to report an EBITDA margin in excess of 20% despite an unprecedented increase in raw material costs that needed to be absorbed from some time – estimated at Rs. 33 Crore in FY 2021-22 – before they could be passed on to customers. However, the bright side is that the Company did succeed in passing costs to customers and this was reflected in a rebound in average per kg realisations – from Rs. 244 in FY 2019-20 to Rs. 299 in FY 2020-21 to Rs. 316 in FY 2021-22. The increase in realisations was partly the result of the Company passing cost increases to customers and partly the result of an increase in the sales proportion of value-added yarns.

There is an addition point related to the operational hygiene that I must draw attention to. During the year under review, the Company invested Rs. 11.60 Crore in equipment modernisation (replacement of legacy assets with modern equivalents). During the last five years, the Company invested an aggregate Rs. 87.99 Crore in this regard. The result is that 30% of the Company's manufacturing equipment was 5 years or less as on March 31, 2022. This commitment generated attractive upsides: high input-output ratio, lower yarn breakage, high operating machine speed, consistent quality, superior per person productivity and a relatively high uptime. This foundation provides us with the technology framework to scale the business profitably and sustainably across the foreseeable future.

Q | When the Company has adequate cash why is it not expanding faster?

A: This is a pertinent question that the management has been asked on other occasions. It is important

to recognise the fundamental character of our company – not as much a manufacturing company as much as marketing-driven; not as much a make-and-sell company as much sell-and-make. The more geographies, product segments and customers we are able to open up, the bigger the incentive to commission manufacturing capacities. The result is that we commission incremental capacities only after we have established additional order book visibility. In view of this, our business is influenced more by the prospect of assured sales, which leads to timely capital expenditure. On the other hand, if we reversed the paradigm and commissioned capacities in anticipation of building our order book, there could be a time lag between the time of commissioning and achieving rated capacity utilisation, which would moderate the return on employed capital. As a result, Sarla has generally added capacity on an incremental basis, maximising capital efficiency.

Q | What can shareholders expect from the Company from FY 2022-23 onwards?

A: There are two things that shareholders can expect: one, the increased investments going to nylon (6 and 6.6 high tenacity flat and twisted) should translate into a higher proportion of revenues from these value-added products, strengthening our overall margins profile; two, on account of the capacity investments, we expect to generate larger increases in year-on-year revenues from this year onwards. We are optimistic that the combination of the two should enhance value for all those associated with our company.



NEHA JHUNJHUNWALA,
Director, explains Sarla's
marketing initiatives during the
last financial year

Q | What were some important things to have happened at the Company during the last financial year?

A: The most impactful was the passing away of Mr. Madhusudan Jhunjhunwala who was the leading light of the Company and whose influence reflects in the Company's DNA. His passing away was a shock to the Sarla family, partly because he had been active almost to the last working day. He held the back-end of the Company together, a kind of custodian so to speak. He gave the Company its safety-first orientation, which resulted in its net debt-free status and a commitment to make modular investments without risking the Balance Sheet. He was a 'line of sight' person, who preferred to manage and grow whatever was within his direct influence. In the Board room he questioned rigorously and was easily the Company's best check and balance. He left the Company with cash on the books, a robust business model and a growing business.

Q | How did the Company strengthen its service?

A: Sarla continued to focus on technical marketing. The result is that the Company continued to focus on reaching out to manufacturing heads and quality control professionals within customer organisations. The Company engaged in more technical conversations than commercial conversations. Each quarter we went back to customers with questions like 'How is our product doing?' or 'Can we do something more for you?' and even 'Can we do something that takes your business ahead?' The result is that on most occasions, 'price' was the last thing discussed; we sent out a message that we were specialists in a niche focused on strengthening the customer's business rather than being singularly focused on our own. The result was that one of our customers (featured in the last annual report) enhanced purchases from 90 Tons a month to 160 Tons a month during the last financial year.

Q | How did the management take the business ahead during the last financial year?

A: The Company stepped up its marketing and branding during the last financial year. **One**, we marketed more actively within India, enhancing our presence in exhibitions at Tiruppur and New Delhi, which are the hubs of socks and apparel manufacture. **Two**, we did not just seek to go out and sell; we understood prospective client products or application gaps, following which we went back to our drawing board to make something that would fit their business needs. **Three**, we focused on nurturing serious customers where we perceived a long-term opportunity (deepbasing over broadbasing) and room to enhance wallet share.

Q | What else did the Company achieve during the year under review?

A: We created a back-end sales team at the manufacturing plant to focus on customer service. The result was a distinctive techno-commercial insight that enhanced a customer's clarity. We provided information and insights in real-time without saying 'I will need to check with the office and get back.' The result of this solutions-driven approach was that most customers felt that the solution to their queries or challenges were just a phone call away. We responded with the urgency and proximity of someone sitting in the next room.

Q | How else did you take your business ahead?

A: We embarked on the exercise of building brands out of products. In the past, these products had been marketed generically with an alpha-numeric number. During the year under review, we began to evolve these products into problem-solving personalities. The result is that we were no longer just marketing 'yarn'; we were marketing something more and, in the process, enhancing recall, trust and premium. There is nobody within the country's yarn and fiber sector doing this and one is confident that this differentiated approach will play out positively across the foreseeable future.

During the year under review, we began to evolve these products into problem-solving personalities. The result is that we were no longer just marketing 'yarn'; we were marketing something more

Q | How else is the Company enhancing its market visibility?

A: The Company increased its presence across prominent global textile shows and exhibitions. In the last few months, the Company attended exhibitions in USA and Germany, attended by most yarn-buying decision makers. We are optimistic that our sustained presence will widen our exposure and visibility, increasing sales.

Q | What else provides you with optimism?

A: There is an increasing preference for quality coupled with the consumer's willingness to pay more for it. About 20 years ago, people still used socks that had lost their shape; socks would be folded from the top after the elastic had lost its strength. This reality has disappeared: most socks retain their elasticity and shape longer, consumers are willing to buy better quality socks

and, in turn, brands are turning to companies like Sarla for superior yarns.

Q | Can you narrate an anecdote that validates your optimism?

A: There was a customer who would buy yarn from us but dye in his plant. We supplied for some time and then one day asked him to test our dyed material. He agreed but unwillingly. After a few batches of dyed yarn, he stopped inspecting our quality and eventually came up with an even more evolved solution: he suggested we pack in his box and send him, which he now transships to whichever of his manufacturing units need that yarn.



MR. THILANKA MUNASINGHE,
Supply Chain Manager of
A&E, Sri Lanka, narrates how
Sarla reinforced his company's
competitiveness

Q | How long has your relationship been with Sarla?

A: Sarla has been one of our key suppliers for five years. We buy nylon and polyester yarn from them. The primary reason in buying from Sarla is geographic proximity. It is quicker and cheaper buying from Sarla than buying from Turkey. But there is one more reason that plays on the word 'proximity'. In the conventional world, proximity was supposed to mean physical proximity. In the modern world, it is beginning to refer to mindsets. We buy from Sarla because they are mentally 'next door' – not as much as in a physical sense as much as in a psychological form of speech. We know that if we ask them for something, they are likely to respond with 'Will be done right away!' In a world where markets are won or lost on the basis of whether our products are present on shelves or not, this proximity is proving to be a game-changer. Sarla doesn't just

provide yarn; it helps fill our shelves on time, putting us in a position where we never lose a customer. This explains why we never use the term 'vendor' for a company like Sarla but 'vendor-partner'.

Q | What are the other advantages that Sarla brings to your table?

A: Sarla's biggest value is in the area of new product development. When one seeks to develop a new product, one needs differentiating features. This is where Sarla steps in. I have seldom encountered Sarla telling me simply of its willingness to supply yarn or its interest in enhancing sales. Sarla has responded inevitably with questions like 'What specifically are you intending to make?' or 'What features will you seek in your product?' or 'Please explain the competitive landscape of your product so that we may see what your competitors do not have.' This approach is refreshing. Sarla does not

seek to maximise tonnage sales; it seeks to maximise tonnage sales in my marketplace instead.

Q | What do you like about Sarla's product quality?

A: When one works with Sarla, one gets a deep insight into the product – what it can functionally deliver, the tolerance limits of what it can deliver, its diverse applications and what we can do in terms of product creation. The result is that at some point our discussions with Sarla have graduated from the realm of realities to possibilities. We don't only discuss what is possible; we also discuss what would be probable. When a vendor-partner places its technical bandwidth beside our commercial and marketing personality, the outcome can be potentially staggering.

Q | What is different about Sarla's service?

A: Flexibility, flexibility, flexibility. Whenever we need to make order revisions – buying less than what we initially indented – Sarla accommodates without issues. The result is that Sarla holds inventory for us and whenever we need urgent replenishment, the Company sends us an immediate dispatch. This what I meant when I mentioned that Sarla makes for a reliable partner.

There is something else I would like to mention here: Sarla's sincerity.

There have been instances when the Managing Director has co-ordinated our orders. This is indicative of the kind of customer-facing company Sarla is. We have never faced any delays in shipment. Issues are resolved in minutes. Some time ago, our bulk order faced issues; the Company sent us a credit note and on other occasions it has actually flown someone down to work with our weaving professionals.

Q | Has your business grown after engagement with Sarla?

A: Our nylon and polyester requirements have doubled to 7000 MT and 30 MT/month respectively. This is what I mentioned when I said 'Sarla empowers us to grow our business' over simply being focused on how much more they could sell to us. Big difference.

A&E based in Sri Lanka is a manufacturer of sewing thread and industrial yarn products. The Company manufactures and merchandises sewing thread and industrial yarn products for garments. American & Efird (A&E), a portfolio company of Elevate Textiles, is the global leading manufacturer and distributor of premium quality industrial and consumer sewing thread, embroidery thread and technical textiles. As one of the world's foremost manufacturers of sewing threads and industrial yarns, A&E's worldwide existence has expanded from Asia to Europe and America. (Source: www.amefird.com)



MR. HASHAN SILVA,
Manager – Sourcing &
Supply Chain, MAS Fabrics,
Sri Lanka, explains why his
company's relationship with
Sarla has endured

Q How long have you been buying from Sarla?

A: Since we produce footwear for high-profile clients like Nike, we conduct a comprehensive appraisal of the capability of our prospective partners before we take them on. We did no different for Sarla two years ago. We conducted a comprehensive appraisal to derive an insight into the Company's products, capacity, clientele, service and financials to check if the Company was worthy of being enlisted. The one word that we kept coming back to during our appraisal was 'reliable'. Sarla proved reliable in every sense of the word.

Q What did you like about Sarla's quality?

A: When we first engaged with Sarla, we needed material for footwear that could be accessed from this part of the world. Gradually, we realised that Sarla could do far more: the Company could deliver a superior quality and innovative product. The result has been consistent sales growth. The Company did not just follow the latest trend but seeded the idea about creating trends. We

realised that we had a catalyst on our hands who could take our business ahead.

Q What do you like about Sarla's service?

A: Sarla is our '24-hour service' partner. If we send a query, we get a response within a day. After Sarla delivers a product, it seeks feedback. And if the product does not technically match our equipment configuration or quality expectation, it provides an alternative. I often get the feeling that Sarla was sent to us by an act of destiny to strengthen our business.

Q What impresses you most about Sarla?

A: Sarla is willing to extend beyond the normal call of duty. If we need a product developed with urgency, Sarla is willing to stretch to accommodate our need. We have never encountered a situation when Sarla has said 'This time it looks difficult'. It has always responded with 'Even though the production schedule appears tight at the moment, we are sure we will be able to manage something for you.' This

is the reason that I refer to Sarla as a 'Peace of mind.' When one engages with this company, one can focus on growing one's market-facing side of the business rather than worry about the supply chain.

MAS Fabrics is Sri Lanka's first independently owned texture comprehensive investment zone. It is a subsidiary company of MAS Holdings, the biggest garments exporter in the country. It is an organisation that has aided the employment of over 1759 people through investment possibilities. The key products and services of MAS Fabrics are Ceylon Tea, rubber based products, apparel & textiles, essential oils, food & beverages, diamonds, gems & jewellery, wellness tourism, logistics, electronics and others. With over USD 70 Million invested via multiple parties, MAS Fabrics continues to expand as an environmentally sustainable free trade park. (Source: www.srilankabusiness.com)



MR. MOHAMMED SHAKHAWAT HOSSAIN,
Chief Executive Officer of
Color City Ltd. (DBL Group,
Bangladesh), narrates how Sarla
has evolved into a trustworthy
vendor-partner

Q How long have you been buying from Sarla?

A: Some time back, we were purchasing multi-filament polyester from Portugal, but the selling price was proving expensive when it reached Bangladesh. We approached Sarla and the product was delivered at a cost 15-20% cheaper than the European source. The result is that we have been associated with Sarla for three years (even as my professional association goes back to 2007-08 when I served as Head of Supply Chain at Coats Bangladesh, the world's leading industrial sewing thread manufacturer). My current company Colour City Limited is a part of the prestigious DBL group. The Group intends to emerge as the number one sewing thread player in 5 years in Bangladesh. In last few years of commercial operation, have emerged in the top five. To achieve this challenging goal, we once needed a business partner with the right skills, machinery and process. We narrowed down on Sarla who was selected as our technology partner. We could not have done better; Sarla possesses excellent research and

development competence, which takes our R&D ahead. Sarla has played the role of our R&D partner engaged in the pursuit of innovation.

Q Has your business grown after engagement with Sarla?

A: We got Sarla to develop a one-of-a-kind polyester 'cross-stretch' (used in jackets, joggers, and hoodies). We are optimistic that demand for our end product will grow 15-20% each year.

Q Why do you buy from Sarla?

A: For one reason: consistency. In a world of variables, this is one stress we can do without. We don't want to worry about whether what we ordered was of the right quality and consistency batch after batch. Sarla has proved to be a peace of mind: we have tested its products on our labs and found that it has always delivered the same consistent products. There is another dimension to this consistency: Sarla's price list has generally been consistent for around three to six months; the Company informed us about

impending price rises. Besides, Sarla provides monthly forecasts, which help us assess risks of raw material shortage and price volatility leading to efficient inventory management. Few companies like Sarla will inform us well in advance regarding changes in product specifications or price, terms and conditions. The result is that it has been four years working with Sarla and there has not been any product complaint or replacement need. The result is that 70% raw material of our second largest selling product comes from Sarla.

Q What impresses you most about Sarla?

A: In other companies, senior managers assume the responsibility of product quality and service. In Sarla, the promoter/owners directors themselves take the responsibility. I have seldom seen something like this. This shows that even as this is a mid-sized listed company, the promoter plays a hands-on role when it comes to quality. The promoter engages with all customers and suggestions from him have proved helpful. Sarla has proved to be a partner in helping us grow our business.



SUNIL JHUNJHUNWALA,
Vice President, Exports, explains
Sarla's export performance

Q | How would you explain Sarla's export performance?

A: The Company grew its export revenues 44% in FY 2021-22 even as the proportion of export revenues within the overall revenue mix declined from 59% to 52%. This decline was partly attributed to logistical challenges coupled with a deeper exploration of the Indian market. There is a background: during the last few years, there has been an increase in China's yarn production costs that has enhanced India's competitiveness. During the last year, freight rates increased for shipments out of China, there was a challenge related to vessel availability and there was an extended closure of the Shanghai port. These had two important upsides: it made Sarla's global sales stronger especially where the buyers could not procure out of China; it made Sarla's India sales more competitive, strengthening its share of the Indian market and revenue mix. In a dynamic year when

realities changed with speed, we responded flexibly to strengthen our business model.

Q | What are some positive realities to have happened on the export side of the business?

A: The Company continued to market products across continents and adding customers. We strengthened our back-end functions like sampling and product customisation to strengthen our marketing credentials. The result was that we extended from sampling to commercial orders with a high strike rate. We entered Sri Lanka for the first time; our customers in that country explored product co-development and re-ordered material. I am happy that we retained 99% of our customers, validating what we have always maintained: that we engage not for the transaction but for the relationship. Besides, we strengthened our partnership credentials by sustaining

deliveries at a time of logistical challenges. This reinforced our recall as a vendor-partner that continued to be integrated into the operations of its customers.

Q Why is this increasingly relevant?

A: The one term that is getting increasing prominence the world over is 'supply chain'. In a world marked by extensive disruptions – as we saw during the last two years – there is now a premium on procuring the right quantity of the right material at the right time and the right cost. The result is that aberrations arising out of supply chain disruptions played the biggest role in profit declines than any other factor during the last two years. At Sarla, our focus during the last year was in protecting our position as a preferred yarn supplier. By anticipating customer needs in advance and by stocking products close to their consumption points, we protected the supply chains of our customers. In fact, by the close of the year under review, there was a respect for our ability to service on-time and in-full at a time when most global supply chains had been affected.

Q What is the basis of your optimism?

A: Physical engagement with prospective customers is returning. During the last two years, much of our business growth was derived from remote engagement. This year,

we attended the Frankfurt Fair for the first time. This is now providing us with an opportunity to showcase our products – colours, applications and attributes – and widen our market presence.

There is another basis of our optimism: the last two years validated the inelastic demand of our products. In our business, prices may change but demand is generally inelastic because our yarn is utilised in must-have products. Going ahead, we intend to increase the production of high tenacity nylon and other value-added yarns, strengthening our overall profitability. Nylon and polyester have emerged as stable foundations on which to build a range of products and applications. These products stand for stretchability and strength in everyday applications, their value enhanced by specialised treatments and finishes. Nylon possesses a range of properties comprising stretchability, low moisture and bacteria absorption in addition to a higher melting temperature with heat-resistance. The result is that most undergarments are made using nylon in conjunction with

The last two years validated the inelastic demand of our products. In our business, prices may change but demand is generally inelastic because our yarn is utilised in must-have products.

new manmade fibers and elastics. To achieve flexibility and speed, competitive swimsuits are often made with a mix of cotton, nylon, polyurethane and elastane-nylon in exchange for lightness and low water resistance. 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 while enhancing stretchability, coupled with the capacity to return the yarn to its original shape. The result is that the Company's hank dyed nylon is used in garments, swimwear, narrow fabrics & tapes, hosiery and undergarments.

Q Is the demand for products made with these materials sustainable?

A: We believe that demand is not just sustainable but will rise as incomes and aspirations grow. This could be for various reasons: superior colour retention, higher resistance to ultraviolet light, ability to withstand commercial laundering, enhanced softness, feel and lustre, aligned with baby wear requirements,

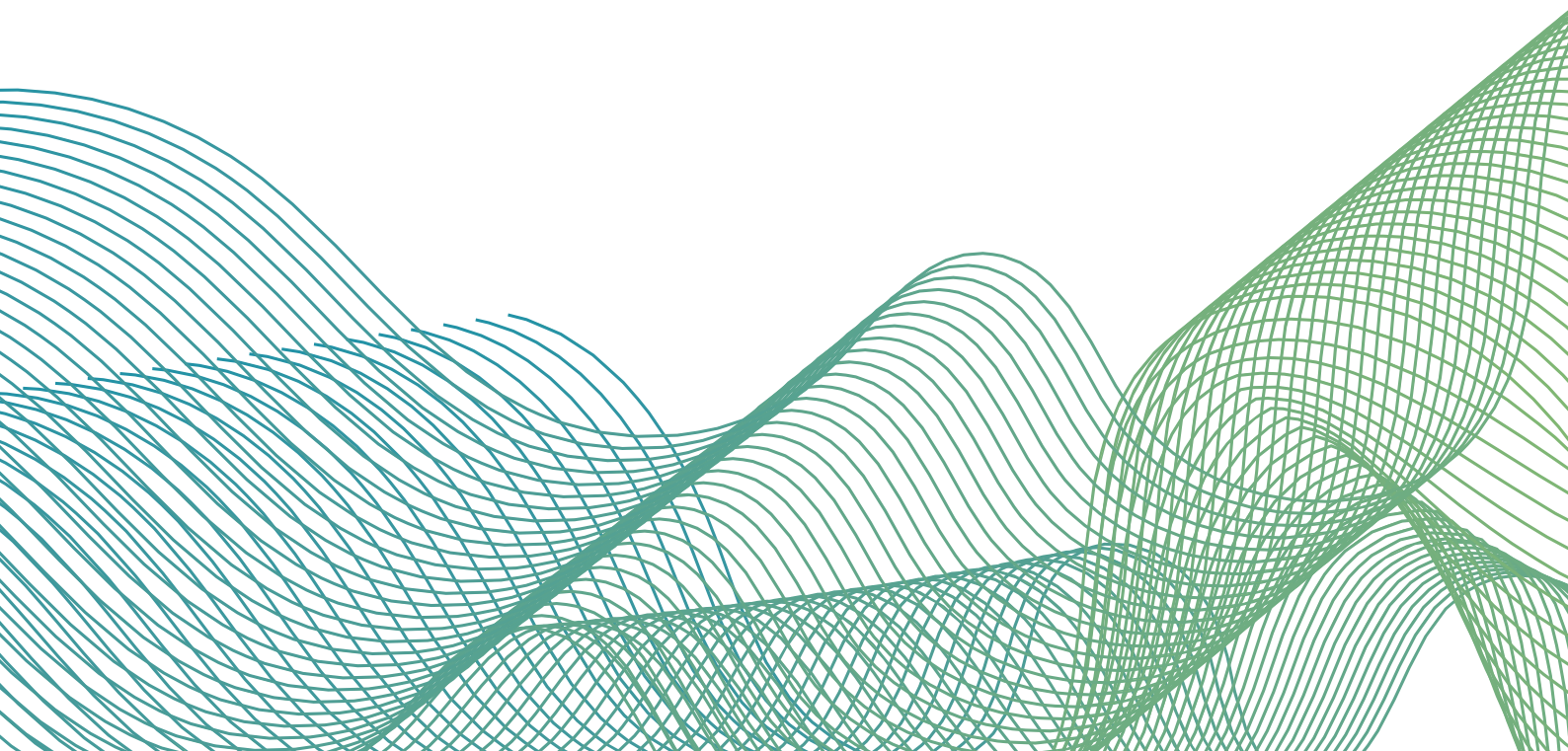
stretchability being retained across garment life, higher crimp rigidity, strong anti-abrasive properties for knitted and fabric products as well as the ability to sustain product 'whiteness' without 'yellowing'. This makes nylon a wonder yarn unlikely to be replaced across the foreseeable future.

High tenacity polyester yarn makes it possible for fabric to resist depreciation. It possesses a resistance to high heat, acid and alkali, coupled with the ability to deliver a strong seam. This yarn finds use in automotive seat belts and trims, automotive airbags, upholstery, dress, casual & athletic footwear, leather goods, soft luggage and saddlery.

Polyester stretch yarn (non-high tenacity) is used in sportswear or running socks, a superior choice on account of its softness, warmth and lightness, efficient moisture-wicking, quick dryness, longer colour retention, affordability and durability. A focused player like Sarla transformed these yarns into exacting end products.

Sarla addresses downstream customers who manufacture 'staples'. There are dozens of products where the performance of the yarn is integral to the 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. The more people earn, the greater the offtake of our specialty yarns.

Besides, the more people earn, the disproportionately they are likely to spend on conspicuous consumption. The proliferation of the social media has provided a window to vanity and a tailwind for garments offtake. The world is moving towards athleisure (different clothes for different places and different times). The wider the coverage of education, creation of schools, enhanced literacy, awareness of hygiene, higher incomes and the need for formal dressing, the greater will be the offtake of socks. Considering that India is moving towards 100 percent literacy and increased disposable incomes, we see an optimistic future for socks and the yarns used in them.



163

Rs. Crore, Sarla's
export revenues, FY
2019-20

139

Rs. Crore, Sarla's
export revenues, FY
2020-21

218

Rs. Crore, Sarla's
export revenues, FY
2021-22

64

% of Sarla's revenues
derived from exports,
FY 2019-20

59

% of Sarla's revenues
derived from exports,
FY 2020-21

52

% of Sarla's revenues
derived from exports,
FY 2021-22

60

Number of countries
to which Sarla
exported, FY 2020-21

60

Number of countries
to which Sarla
exported, FY 2021-22

SERVICING OUR INTERNATIONAL CLIENTS

Customise products



Permute products across denier,
colour, ply, quantity, packaging
put up and delivery capability



Assurance of a quality trust
mark



Small volumes



Frequent replenishment



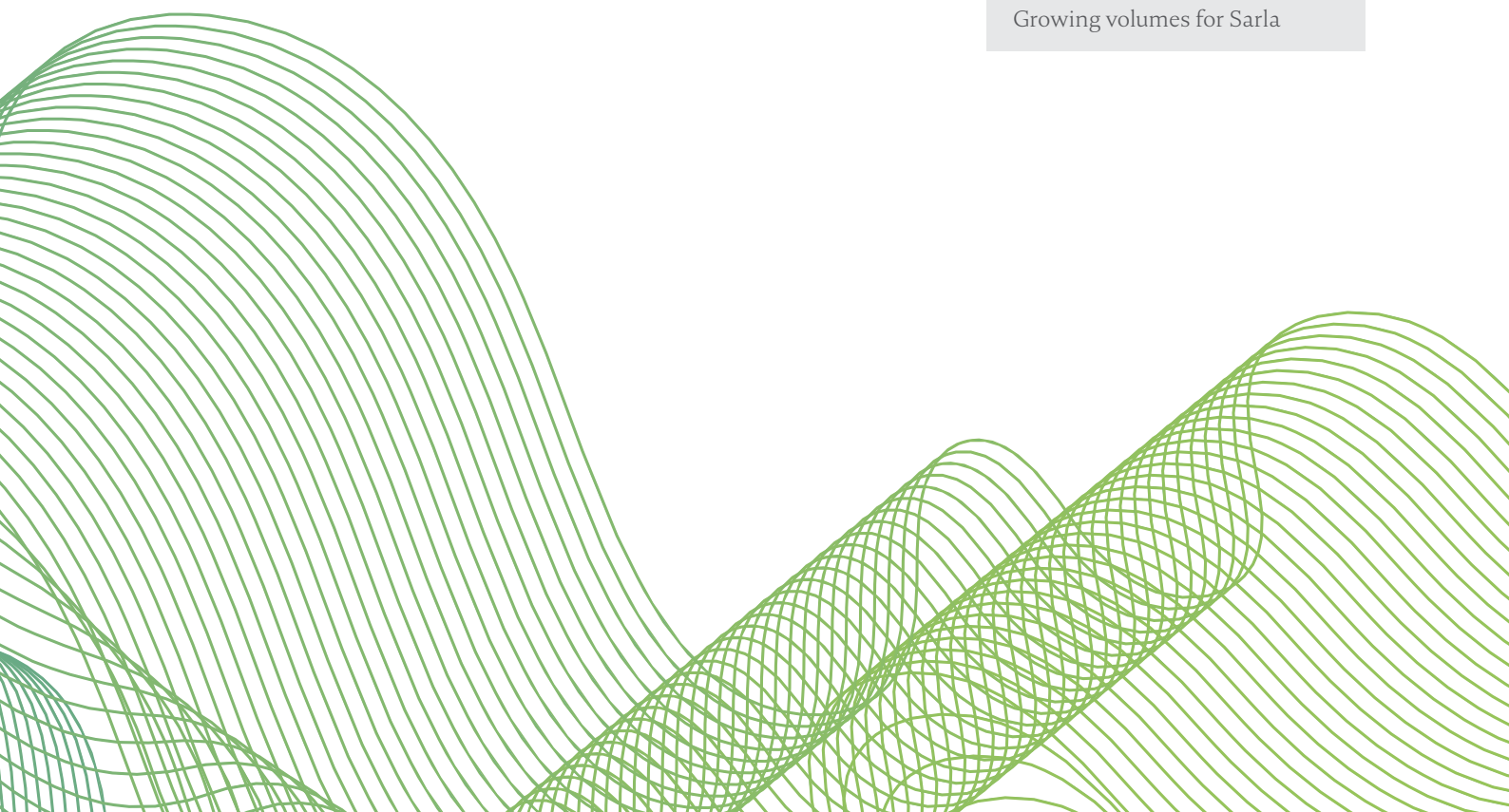
Lower working capital
deployment at the customer's
end

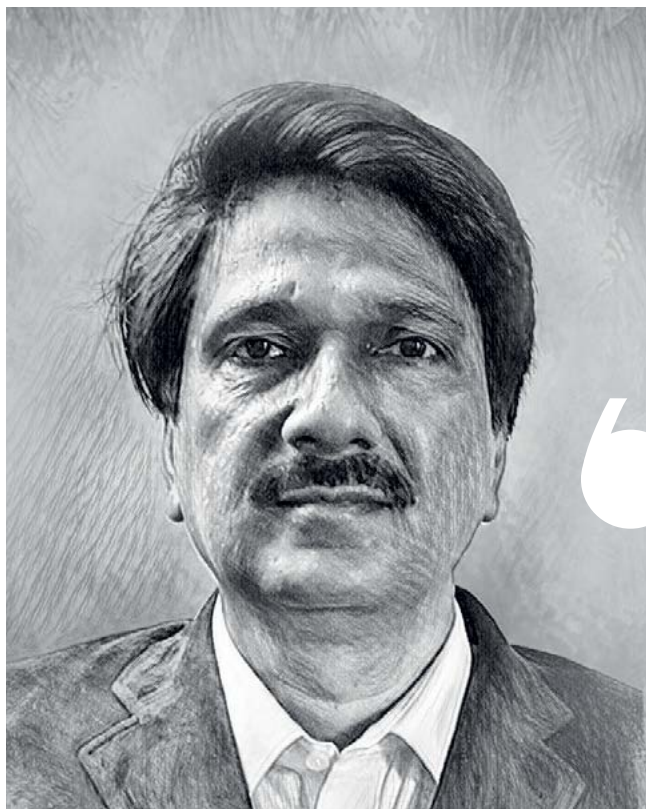


Higher customer profitability in
working with Sarla



Growing volumes for Sarla



**SATISH MALSARIA,**

Head - Domestic sales, explains the India growth story of Sarla Performance Fibers in 2021-22

Q | What is the big message that you wish to send out?

A: The big message is that a global-focused Sarla has begun to look within India. A brief background: for nearly two decades, the Company focused on creating an international clientele on the grounds that the market for its products did not quite exist in India. Besides, demand traction in the global markets was stronger, realisations better and the market larger. Then came the pandemic, when the global market slowed and logistical disruptions affected exports. The Company shifted its sales attention to India. This shift could not have come at a more opportune time. The introduction of GST some years ago started the process of formalisation within the sector in India; marginalised players began to yield ground to branded competitors; mid-sized hosiery players began widening this segment faster in the

country's innerwear sector. The result is that a company like Sarla was in the right place at the right time.

Q | What else have you begun to notice about today's India?

A: India is emerging as one of the most exciting retail-driven economies. During the last couple of years, the robustness of this consumption-driven economy was evident. When the lockdown was imposed, India's economy shrank the sharpest across major global economies; the moment the lockdown was lifted, India's economy rebounded sharpest among global economies. This was the most visible evidence of the country's millennial purchasing power at work.

India's media age of around 28 is lower than major global economies like USA, China and Japan. This indicates that India's economically

active population has the longest income runway, estimated at more than three decades. – and indicatively the largest economically active population in that age group in the world. This demographic advantage is translating into a preference for better clothes, higher priced apparel, athleisure preference, quicker wardrobe churn and a willingness to spend higher on clothes and other products of conspicuous consumption.

This is visible in the churn within India's innerwear sector where a number of prominent brands that once addressed the mass segment are progressively moving towards the premium end where our yarns are being increasingly used (replacing the use of rubber in innerwear elastic).

In view of this, our yarns are more than just products; they are emerging as proxies of a modernising India.

Q How did the Company perform with regard to sales within India in FY 2021-22?

A: The India proportion of revenues increased from 41% of overall revenues to 48%; India revenues increased 95% over the previous year. The Company added 24 customers following its presence in Tirupur and Delhi exhibitions. The Company deepened associations with prominent textile brands, which helped attract other textile customers. This improvement was the result of a new-found seriousness with regard to the modernising India story that one explained earlier and one needs to capitalise on: a deeper study of existing markets, periodic visits, engagement with prominent players and ongoing management reporting.

During the last financial year, the usually active months of April and May were affected by the pandemic. During this period, it was difficult for the Company's salespersons to engage physically with customers. The Company's sales team worked remotely but actively to promote the Sarla brand, which helped protect customer engagements despite lower prices offered by competitors.

Q What are Sarla's strengths in the domestic market?

A: Sarla is acknowledged as a thought leader among reputed elastic, socks and sewing thread makers. The Company possesses a track record of working with marquee Indian textile names, customising products round their needs. The Company comes with an impressive track record of being present in 60 countries, bringing this vast and rich experience for the benefit of the Indian consumer.

Q What is the Company's agenda for the Indian market in FY 2022-23?

A: A new Indian consumer has emerged. This Indian is economically independent, willing to try new products and is less price-sensitive. The result is that the premium and upper mid-priced segment is moving faster. The price differential between realisations in the international markets and in the Indian markets has narrowed. To address this maturing, the Company will deliver larger volumes of value-added yarns within India. The Company intends to grow its India sales force to 20 in two years; it intends to appoint more representatives in prominent markets. In view of this, we expect India sales to grow 20% a year for the next few years, accounting for 10% sales share on the overall.

POPULAR PRODUCTS IN INDIA THAT UTILISE OUR YARNS



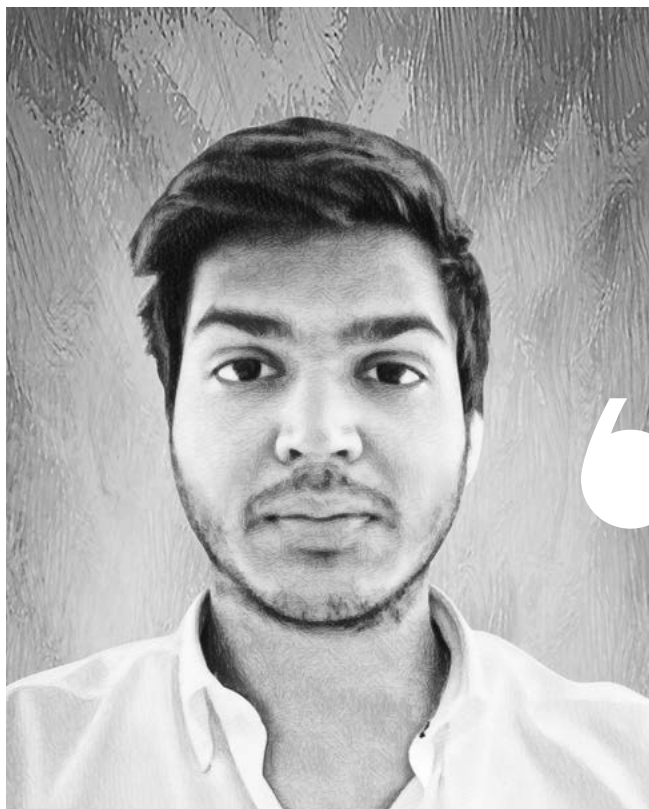
Sewing
threads

Innerwear
briefs

Socks

Industrial
fabrics

Fishing
nets



KANAV JHUNJHUNWALA,
next-generation member from
the promoter family, explains
Sarla's IT orientation

Q How would you explain Sarla's IT commitment?

A: Three years ago, the Company used the bare minimum when it came to its IT backbone, which was largely a recording mechanism and functional facilitator, no more. Thereafter, the Company invested in SAP to graduate to the next level. The objective was to inter-link and inter-connect, a kind of central nervous system that would empower the Company to aggregate and analyse data, resulting in a granular understanding of the Company's operations.

Q Why was this at all necessary?

A: Because the world was moving from decisions based on assumptions and gut-feel to decisions based on facts. In the past, there was a tendency to decide the selection of markets, prices and products based on an absence of data because

the systems were not configured to generate incisive numbers. As computer systems became faster and software products like SAP organisation-encompassing, it became easier to marry the two – mine more information from the business, present the data in a format that would make comparisons simpler and move the organisation to a point where everyone had the same data on which to make decisions.

Q How has this changed the way the business looks at things?

A: Let me give you an instance. There was a time in the past when the Company allocated a budget for spare parts. The result was that every year, a certain amount would be set aside based on the respective average or the quantum of gross block or the number of machines. This was a standard way of doing things – an assumption-based approach that outlined a budget because of an existing precedent.

SAP changed the way one looked at such realities. The system now captured machine breakdowns, their frequency, which machine had broken down when, which machine warranted what kind of spares and which machine warranted spares with what frequency. It was now possible to treat each machine as a standalone entity and derive a profit & loss account for that specific machine. Suddenly, we were not just talking profitability from a corporate perspective; we were talking profitability from machine and worker perspectives.

Our corresponding solution was more customised: we recognised precisely the machines where the problems lay. By addressing in a localised manner (as opposed to generalised), we were able to moderate machine downtime and enhance capacity utilisation. The outcome is in the numbers: capacity utilisation increased 1640 bps in the last three years.

Q | One presumes that this was the first phase of the Company's IT intervention. What was the next?

A: The second phase focused on leveraging SAP for better planning. At Sarla, we have three manufacturing facilities and around 300-400 machines (including about 40 long machines). There would be 100 orders concurrently being addressed. In the past, production planning was largely done in silos, as a result of which we brought and nursed large raw material inventory and encountered a longer lead time to fulfill customer requirements.

SAP aggregated the disparate planning; it put everyone on the same page. It highlighted what raw material was lying in which unit, which increased inter-unit transfers. The system was equipped with re-ordering alerts that moderated the need for gut feel-based assumptions. The result was enhanced systemic discipline and responsiveness; working capital intensity within the Company declined; resource productivity increased; the Company started doing more with less.

Q | How has SAP helped transform the Company?

A: The benefits of SAP have extended across the organisation.

One, SAP has provided the Company with a scalable foundation where an

increase in the Company's size will not necessarily increase operating costs.

Two, SAP has enhanced organisational transparency because virtually everyone is using the same numbers to discuss targets and performance – no ambiguity

Three, there has been a cultural change with more executives now seeking modern practices over legacy.

Four, there has been an attitudinal shift whereby the Company is more open to embracing the unknown.

Q | How do you intend to take the Company ahead through this function?

A: SAP is just one window that Sarla is presently using; a number of other windows – Machine Learning, for instance – remain un-exploited. There are manual interventions within the organisation that can be automated. My objective will be to champion long-term digitalisation where the outcome may not be immediately visible but where one will need to keep faith without measuring returns in annual profitability percentages.

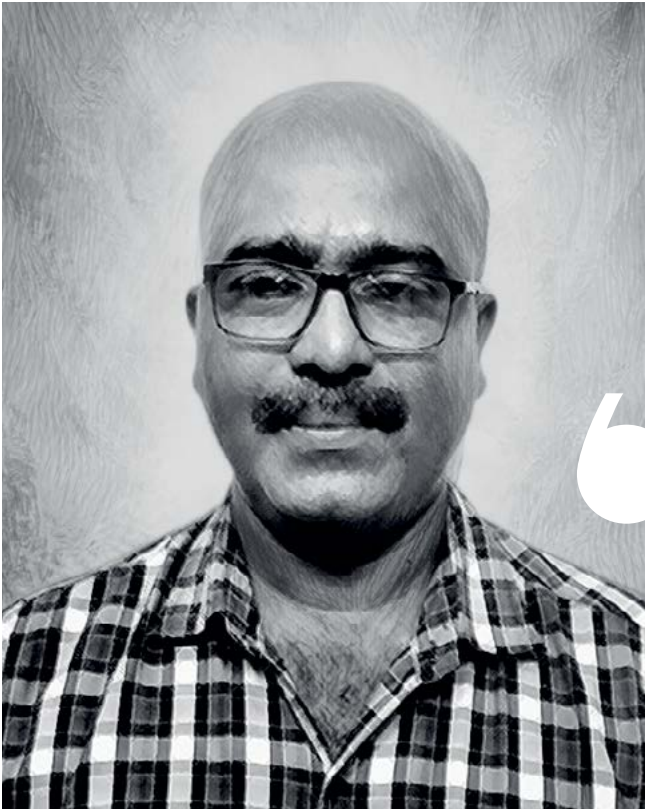
Q | What is your focus for the current financial year?

A: The objective will be to spin more SAP projects to explore the full value of this amazing software. One will

need to deepen product planning and costing through the system. One will need to graduate to the automatic dispensing of dyes and chemicals in the dyeing plant with the objective to moderate costs. We believe that the more we milk the system, the lower our inventories, lead time and machine inefficiency, strengthening our return on resources deployed.

Kanav Jhunjhunwala, Executive Director

Aged 25 years, Kanav has graduated with Economics, Finance and Entrepreneurship from Tufts University, Boston. He has an experience of three years in the Company and looks after operations, including team building, systems, efficiency and production planning. Being a next-generation member from the promoter family, he is strengthening the IT backbone and team to increase productivity.



ASHOK RANAGOL,
Head - Production, reviews
the progress made on the
manufacturing side during
FY 2021-22

Q | What were the biggest achievements of the manufacturing function in FY 2021-22?

A: The biggest achievement comprised the timely supply of material to customers at a time when shipping freight cost increased sharply and there was decline in the availability of shipping containers. Besides, process rethinking on the manufacturing side resulted in a significant improvement to over 85% capacity utilisation in 2020-21.

Q | Why do you think the achievement was creditable?

A: This achievement was creditable as it empowered the Company to achieve 100% customer retention. In 2021-22, we added 24 customers, apart from retaining most of our

existing ones. A high 90% of our existing customers generated repeat orders that prompted the management to enhance production capacity (effective from the current financial year).

Q | What were the challenges faced by the manufacturing function during the year under review?

A: At Sarla, there was a dearth in labour availability during the last couple of years due to the pandemic but the issue has been resolved. Resources and raw materials were available; machines were well maintained. The Company's various strengths came into play: the Company continued to enjoy access to experienced talent (25% working with Sarla for more than a decade). The Company continued to replace

legacy equipment with modern equivalents (10% replenishment during the last financial year). The Company leveraged its position as the largest elastic yarn manufacturer (4,000 Kg per day) in India and among the largest nylon yarn manufacturers.

Q | How did Sarla strengthen its brand?

A: The Company strengthened its capacity to service urgent customer requirements. The manufacturing team derived insights into customer expansion plans through conversations conducted by the marketing team. The Company continued to position itself around product customisation, responding to the diverse needs of customers and empowering them to succeed in competitive marketplaces.

Q | What were the highlights of the manufacturing function in 2021-22?

A: The Company added 30% capacity in its elastic yarn manufacturing capacity in 2021-22; it installed twisting, texturising and covered yarn machines for manufacturing elastic yarns. The Company produced an average 2,000 Tons of yarn (including all types of nylon, textile and polyester yarn) per month in 2021-22, a growth of 34% compared to 1,310 Tons of yarn per

month in 2020-21. The Company introduced varieties of products during 2021-22 to manufacture bandages and kneecaps. The application enjoys a large prospect among Indian and multi-national companies. Companies like Tylor, Dynami, FM Healthcare and KOB Medicals have emerged as some of our prominent customers.

Q | How would you encapsulate the discipline that went into the manufacturing function at Sarla?

A: The Company developed standard operating protocols and quality manuals at the commencement for all products. This disciplined approach was followed for each process, comprising testing, validation and production, resulting in desired outcomes. The Company continued to focus on value-added products. The Company continued to be engaged in the development of

The Company continued to be engaged in the development of specialty yarns for the manufacture of mops, labels or sewing thread that enhanced outcomes over competing alternatives where we continued to benchmark with the best standards of the world.

specialty yarns for the manufacture of mops, labels or sewing thread that enhanced outcomes over competing alternatives where we continued to benchmark with the best standards of the world.

Q | What is the agenda for FY 2022-23?

A: The Company plans to add 200-250 Tons of high tenacity nylon production capacity per month in FY 2022-23. The Company intends to accelerate new product development to address widening needs. The Company will continue to focus on consistency so that no Sarla customer comes 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 expects to deliver more than a product - a peace of mind to its customers.



SUNIL BHATTAD,
Plant Head, Silvassa plant,
explains how Sarla is
strengthening its fundamentals
to emerge stronger

Q | How is Sarla strengthening its business to graduate to the next level?

A: Let me start with a review of what the Company did during the last two years. Even as there was a sense of sectorial uncertainty, the Company invested Rs. 14 Crore in modernisation. The Company replaced 20% of its legacy equipment with modern equivalents, the benefit of which will be evident across the foreseeable future through superior productivity, enhanced machine uptime and better product quality.

Q | How did the Company strengthen its business during the year under review?

A: The Company replaced its legacy 11 KV power line with a

66 KV equivalent. In the past, the low capacity power line often translated into power outages that interrupted production, affected the manufacturing equipment and generated hidden losses. By moving to a power line of higher configuration, we will enjoy sustained supply, uninterrupted production and better planning control. The entire line was completed in just six months whereas such investments normally consume about 18 months. The impact of this upgraded line should become visible from the current financial year. The Company also invested in new compressors with a larger capacity of 1000 cfm, previous compressors of 750 cfm. This increased production to 3.5 Tons per day compared to 3 Tons per day of high tenacity nylon products. We invested in a texturising machine (capacity 6 Tons/day).

Q | Did the Company selectively invest in additional capacity?

A: The Company increased the capacity of Nylon 6 & 6.6 high tenacity fully drawn yarn from 4.50 TPD to 10-12 TPD, which became effective from the second quarter of the current financial year. This yarn is not manufactured by most companies. Nylon 6 is used for manufacturing socks, sportswear and swimwear, whereas Nylon 66, largely exported, is a high-tenacity material used to make army jackets, bulletproof jackets, parachute and sewing thread. The Company manufactures high tenacity yarn across 210 and 420 deniers, which is either sold the way it is manufactured or subsequently twisted (value-addition) at our Dadra plant.

The Company is also investing in new 6 TPD texturising machines, which will come on stream during the second quarter of the current financial year. The Company intends to manufacture fine deniers for the first time; this yarn will be used in the manufacture of towels, socks and shirts.

OUR WIDE AND DEEP PRODUCT MIX



Q | What are the strengths of the Company likely to take it ahead?

A: The production of Nylon 6 and Nylon 66 will play an effective role in taking the Company ahead due to its robust demand in the domestic and global markets.

SERVICING OUR INTERNATIONAL CLIENTS

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



V. S. BHATT,
Management Associate, Silvassa
plant, explains how Sarla intends
to emerge as a nylon segment
leader

Q Why is the Nylon 6 and 66 segment of growing importance to the Company?

A: There are two reasons for this. One, the segment provides attractive value-addition – a realisation of Rs. 354 per kg compared with the Rs. 299 per kg average across the Company's product mix. The second is that we foresee a growing demand for products manufactured from these yarns. At this point, nylon yarn accounts for 42% of the Company's production by volume and we foresee that in a couple of years, this should increase to around 60%. This increase in volume cum value per kg should enhance Sarla's capital efficiency.

Q What applications of Nylon 6 and Nylon 66 provide the optimism of sustainably improving offtake?

A: These products inspire the optimism that their demand will continue to grow. We see these yarns as proxies of a more prosperous world seeking to enhance lifestyle quality.

Nylon 6: Its application comprises socks, umbrellas, sportswear and swimwear. Nylon is fast emerging as the more durable, better quality and attractive-looking alternative to polyester with 8% moisture absorption capacity (polyester 0.4%). Nylon also has a higher crimp rigidity that makes it easier to maintain.

Nylon 66: Nylon 66 is a high-tenacity niche product with applications in military gear, parachutes, car seatbelts, bullet-proof vests and sewing thread. It is a durable yarn with no alternative.

Nylon 6's lower mould shrinkage facilitates accurate dimensions across all manufactured products. The higher mould shrinkage in Nylon 66 makes its material shape more susceptible to alteration after processing when exposed to cooler air. Nylon 6 has a higher water absorption and lower heat deflection temperature, making it less suited for applications where high-temperature water is present. There is a greater demand for Nylon 6 as it is used to make products of mass consumption while Nylon 66 attracts better realisations by the virtue of being a high-value niche product that is 100% exported.

Much of the demand is being derived for solution dyed nylon and hank dyed nylon. The former is colour-fast due to its non-porous synthetic nature and is used in materials subject to enhanced light coupled with low maintenance, durability, high insulation and waterproof properties. Hank dyed nylon colour penetration is maximised with the yarns retaining a softer and loftier feel, strengthening demand.

Sarla is one of the few companies to manufacture pure nylon and the only Indian company to manufacture Nylon 66.

Q Why is there an optimism related to the offtake of nylon in India?

A: Nylon is under-penetrated in India (~2% market share of man-made fibres) compared to the global average (15% market share). During the pandemic, we started marketing nylon – a product that was completely exported – within India and the response was favourable. We believe that India as at the cusp of a nylon boom, catalysed by higher disposable incomes, better living standards and a millennial population.

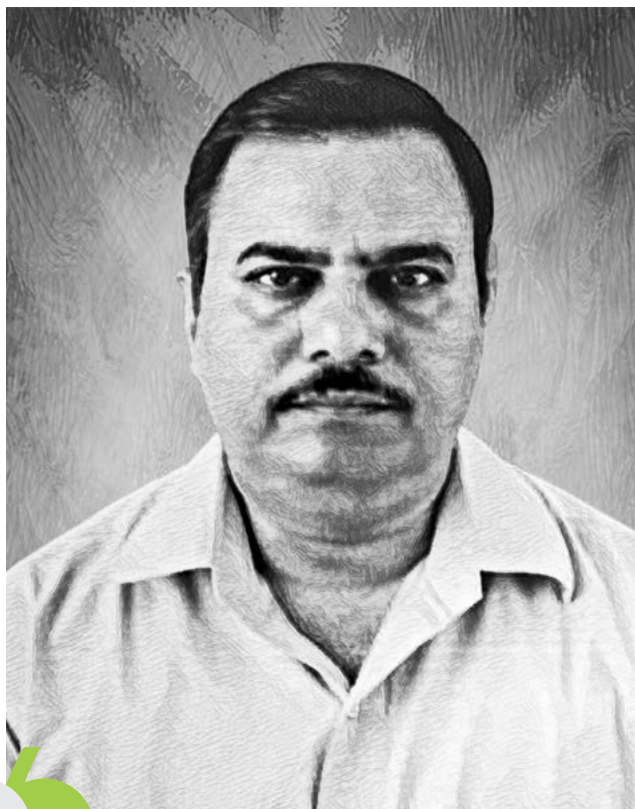
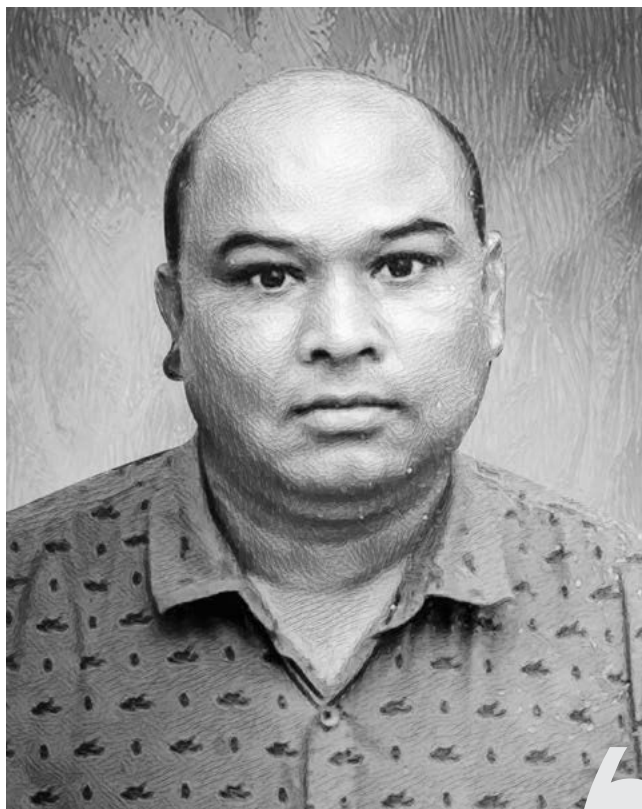
Q What are Sarla's competitive advantages in this space?

A: Sarla is one of the few companies to manufacture pure nylon and the only Indian company to manufacture Nylon 66. Unlike the polyester market that is dominated by large companies, Sarla is one of few organised players with a strong customer base and integrated nylon manufacturing process. We are not just leaders in this space; we carry

the responsibility of growing this space through adequate capacity growth and customised (make to sell) manufacture. The fact that this is a value-driven business (as opposed to volume-driven) deepens the Company's 'Untextile' positioning, enhancing stakeholder value.

Q How is Sarla responding to the optimism?

A: Sarla's existing nylon capacity is undergoing an expansion, expected to be complete in October 2022. Following this expansion, the Company's capacity is expected to grow from 5.5 Tons/day to 12 Tons/day. A higher production is expected to moderate per unit manufacturing costs. Besides, the Company will be the first in India to produce coloured Nylon 66, strengthening offtake. The Company is improving plant utilities (new chillers, air handling unit, cooling tower, air compressor, 66 KV substation and increased solar energy capacity), enhancing its holistic competitiveness.



**SUDHIR MASKE AND
RAJ KUMAR SHARMA,**
highlight the quality control
measures and quality movement
at Sarla

Q | What were the biggest achievements of the process and quality control function at the Company in FY 2021-22?

A: In one word: a culture of 'no rejection'. To appreciate what this challenging goal entails, remember that we get nearly 650 batches of incoming raw materials, we have 500 different machines, 7158 products, 8319 dispatches, three locations and 800 workers. Each of these realities represents a variable. The competence with which each variable is turned into a constant

represents our success. In view of this, the goal of 'no rejection' is large and never-ending.

Q | What is the assurance that these quality systems are robust?

A: At Sarla, we have established SOPs for each function, which builds on the raw material integrity that one described earlier. The SOP is really our building block of discipline. The SOP ensures that a certain product or process outcome will be secured by a functional discipline – done in one prescribed way and in no other

way. When you combine the resource procurement stability with the SOP discipline you eliminate variables and enhance process discipline, the basis of the highest operational standards. The Company invested in a quality control laboratory comprising an elongation tester and instruments to check quality. On top of this, you have our professionals conducting multi-stage checks at periodic intervals.

Q How did the Company respond to the need for variables management?

A: Through various interventions. The institution of standard operating protocols ensured virtually no deviation from the way a function was to be conducted. This SAP-driven approach was secured through documentation that was periodically checked to ascertain the level of process compliance.

The Company operated equipment at a high level through periodic maintenance programmes, audits, quality checks and the purchase of operating machines of a high engineering consistency whenever replacement was warranted.

The Company trained its workers, checkers, packers and supervisors on how to translate customer requirements into predictable end product characteristics.

The Company continued to engage with credible quality-driven raw

material providers – marked by certifications related to product and process consistency – that ensured that variables on this count would be eliminated.

The result of these initiatives was that issues raised by customers related to products halved across last year. More importantly, the Sarla brand was strengthened around the recall that 'If it is Sarla, then the quality must be consistently right.' This empowered shopfloor technicians of the Company's customers to work with our yarn with no worries of under-performance.

Q What strengths did the Company build on in FY 2021-22?

A: The Company built on an existing movement of process excellence. It was not something we did only last year that enhanced our product quality or process consistency; it is something that we have been doing for years – strengthening a process here, enhancing a parameter

there. It was about our operating culture of never being satisfied, always being engaged in pushing the frontier, asking ourselves the 'Why not?' question to counter limiting perceptions.

We sustained this culture during the year under review. We continued to celebrate improvements, reinforcing the perspective that no improvement was small. We encouraged team members to tweak machine parameters and see the impact on quality for a deeper understanding of cause and effect. We deepened the 'trial and error' culture that encouraged our workers to embrace risks (rather than shy from them). We encouraged customers to share their product or process challenges with us as a means of extending our learning. A small instance: A customer communicated that it required oil in its yarn; our team asked for the oil percentage that it needed and the result was that the customer was not only impressed but also got a first-rate product.

The SOP is really our building block of discipline. The SOP ensures that a certain product or process outcome will be secured by a functional discipline – done in one way and in no other way.

Q | What initiatives were taken by the Company to strengthen its excellence culture?

A: The danger in any manufacturing facility is to fall into a trap that the business is about process consistency and adherence to Standard Operating Protocols. At Sarla, it is different; we tell ourselves that our business is about flexibility and service. This comprises a need to customise, make changes wherever and whenever necessary and always recognise that we are in business to respond to evolving customer needs.

Even as we say this, there is another aspect of our operations that is completely about discipline, checks, balances and method. For instance, our quality management comprises a multi-step process examination from raw material to finished product. The result is that quality is not an end-of-the-pipe outcome but an ongoing in-pipe appraisal. Besides, the quality management parameters are not picked out of a textbook and adapted to a product; they are developed from the product outwards so that they are customised and relevant. For instance, the creation of anti-bacterial and anti-microbial products translated into adapted quality standards – and not the other way around.

Q | How have quality initiatives been incorporated into daily operations?

A: We recognise that in a process-driven business, the quality of the output can only be as good as the quality of the input. The Company works with vendors with corresponding quality standards. Thereafter, we subject the raw

material to stage-wise checks: once raw material quality has been verified, the material is transferred for dyeing; after this, colours and shades are checked. After conducting multiple tests, the product is subjected to checks for deviations from the mean. After conducting the five packages checking, the product is transferred to binding to measure hardness and moisture. After all processes have been completed, packing and checking are conducted, and the product is dispatched to the customer. At the time of dispatch, we randomly select cartons for yet another round of quality appraisal. The big point that one needs to emphasise is that the pursuit of quality excellence is never-ending: there is always one more check that needs to be conducted to ensure that what we send out is completely aligned with what the customer needs.

Q | How have these initiatives reflected in superior product acceptance, better cost management and superior market share?

A: The validation of the Company's quality commitment is reflected in the performance of the last two years. Even as most global markets were affected by consumer hesitation and slowdown in the wake of the pandemic, Sarla continued to generate orders on account of its quality emphasis. The proportion of revenues derived from customers of five years or more accounted for 65% of revenues in FY 2021-22. This, in turn, promoted the management to increase plant capacity and output.

Q | What were the other initiatives to protect quality standards?

A: The Company's 30-member process and quality team kept focusing on the relationships between resources, machines and output. The Company's ISO: 9001:2015 certification validated our commitment to the highest standards. The Company deepened its engagement with Bombay Textile Research Association in conducting third party testing for customers. The Company monitored machine repairs, maintenance and audit. The Company imported UNS tester machines from Japan and elongation cum strain tester machines from USA to ensure a checking uniformity in yarns extension.

The Company participated in international exhibitions to enhance its familiarity with prevailing quality trends. The Company replaced legacy equipment during the last quarter of FY 2021-22; the proportion of equipment less than five years old was a high 70% in FY 2021-22. The Company expects to commission a project comprising fully drawn yarn 6, nylon 6 and nylon 66 in FY 2022-23. The Company invested Rs. 90 Lakh in the process and quality control function in FY 2021-22. The Company reviewed its operating parameters as per the quality management system every six months.

Q | What is the agenda for FY 2022-23?

A: The Company intends to install another UNS tester and elongation tester machine in line with enhanced production capacity, which could increase testing frequency.

* Sudhir Maske, Head - Process Control & Quality at Silvassa unit and Raj Kumar Sharma, Head of Process Control & Quality at Sarla's dyeing unit



MR. HANMANTRAO KHADE,
Head of Sarla's Dyeing Plant
in Vapi, explains the growing
role of HSE (health-safety-
environment) in the Company's
business model

Q | How significant is the role of HSE at Sarla?

A: In the modern world, a business is considered successful only if it is environmentally responsible. At Sarla, our approach has been to decouple our financial growth from our carbon footprint, emphasising that it is possible to grow without compromising environment integrity. This approach is not just locally necessary; it is also aligned with the Indian Prime Minister's commitment that India will be a net zero carbon emissions country by 2070.

The relevance of this subject has become universal. Our yarn buyers are scrutinising our environment compliance, responsible resource use and investment in renewable energy. Correspondingly, the importance of this subject at our company has been underlined by the recognition that without environment integrity, operations would have been censured; without efficient technology, a higher cost would have made us uncompetitive. Over time, our HSE standards have deepened to the point of becoming mission-critical, supported by documentation, organisational priority, responsible targets and corresponding investments.

Q | What priorities went into the Company's HSE framework?

A: Our HSE framework comprises a zero liquid discharge (ZLD) policy across our plants. Our operations have been complemented by an effluent treatment plant (shared facility) to treat primary discharges. Our average waste control of 2-2.5% is lower than 10% for peers.

Q | What are some priorities of 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 installed our first 1.25 MW wind turbine generator in Gujarat in 2009, a second WTG (Maharashtra) in 2011 coupled with periodic investments. By the close of FY 2021-22, the Company had 8 turbines aggregating 12.75 MW of wind power generation, which accounted for 28% of the Company's power need. The Company also commissioned solar panels on the rooftops of all our plants across the three plants with a capacity of 1471 KWP.

The Company added colour to dope dyed nylon yarn without using water,

a significant step over the alternative process where water is added and wastewater generated. We are reducing water dyeing in Vapi and increasing dope dyeing in Silvassa. Besides, we graduated from the use of plastic in our final packaging material to eco-friendly alternatives. We replaced processing materials (paper-based and used one-time) to reusable and durable materials. We embarked on the journey to track carbon emissions and power consumption with a live tracker across units, empowering responsible target setting towards carbon neutrality. The Company replaced conventional lighting with energy-efficient alternatives; we invested in energy-efficient motors; we recycled cardboard cartons, manufacturing process waste (polyester and nylon) and damaged plastic products (cones and tubes).

Q | How does the Company intend to take its HSE responsibility ahead?

A: We are now planning to take our ZLD commitment one step ahead. The Company is evaluating technologies to enhance the in-house effectiveness and proportion of recycled water use (around 98%) with minimal controlled discharge, deepening our responsibility.

PART 3

VALUE CREATION AT SARLA





INTEGRATED
VALUE - CREATION
REPORT

AT SARLA, WE
HAVE BEEN
STRUCTURED
TO ENHANCE
STAKEHOLDER
VALUE IN A
SUSTAINABLE
WAY

Overview

In the modern world, it is no longer enough to enhance shareholder value. The operative term that is being increasingly used is 'stakeholder value'.

By the very nature of the term, 'stakeholder' does not merely refer to the interest group that owns shares in the Company. It refers to every single individual or sentient being that is likely to be influenced by the Company's brand, product or operations. In short, it refers to

everyone and everything, living or not.

This represents an understanding of how the value sought to be created needs to be integrated across all stakeholders, the measure by which all companies are appraised. This Integrated Value-Creation Report is being increasingly respected for its appraisal of 'hard' and 'soft' initiatives in its reporting format. The report draws on diverse strands (financial, management commentary,

governance, remuneration and sustainability reporting) in explaining an organisation's ability to create, enhance and sustain value.

Interestingly, the influence of an Integrated Report enhances an understanding across diverse stakeholders (employees, customers, suppliers, business partners, local communities, legislators, regulators and policy makers), underlining the need for an organisation to enhance value in a sustainable manner.

The coming together of 5P's to enhance holistic value

At Sarla, our commitment to enhance value has been centred round the 5 P's: People, Product, Process, Profit and Planet. The 5P's represent our platform for business sustainability and commitment to enhance value for all stakeholders.



A preferred employer among speciality yarn companies in India
Intensive on-the-job training; higher shopfloor productivity
Recognised as a 'university' of capabilities within its niche segment
Driven by passion, youthfulness, delegation and stretch target-setting



Pioneered new yarns in India
Products the launch of manufactured around the highest quality and environment standards
Products taking comfort and convenience ahead
An integrated solution (spinning-texturising-winding-dyeing-packaging)



Focus on maximising productivity - more out of less
Machine average age less than 5 years old
Focus on the best operational standards of the world
Progressively automated and digitalised approach



Multi-year engagement with customers; revenue visibility
Focus on the value-added segment
Superior working capital management
Net cash company



Moderated carbon footprint
Investments in 5 R's (recycling, reuse, replacement, renewables and reduction)
Use of cutting-edge technologies; enhanced manufacturing efficiency
Preference for cleaner fuels, efficient machines and sustainable resources

The value-creation journey at Sarla

OUR RESOURCES



Financial capital

The financial resources that we seek are based on the funds Sarla mobilises from investors, promoters, banks and financial institutions in the form of debt, net worth or accruals. The Company had Rs. 525.54 Crore of employed capital as on March 31, 2022; net worth accounted for 75% of the Company's employed capital.



Manufactured capital

Our manufacturing infrastructure, technologies and equipment constitute our manufactured capital. The logistics for the transfer of raw materials and finished products are integral to our manufacturing competence. The Company had Rs. 370.11 Crore gross block on its books as on March 31, 2022.



Human capital

Our management, employees and contract workers form a part of our workforce, their experience and competence enhancing value. The Company's total workforce (including contractual) were 1,155 as on March 31, 2022.



Natural capital

We consume raw materials indirectly sourced from nature (crude oil leading to naphtha leading to the manufacture of polyester), indicating a moderate impact on the natural environment; 70% of our energy is sourced from non-renewable sources that derive their origin from coal



Intellectual capital

We possess proprietary knowledge aggregated across 28 years of being in business across 259 customers and 60 countries (as on March 31, 2022) that enhances our operational excellence and competitive advantage.



Social and Relationship capital

Our relationships with communities and partners (vendors, suppliers and customers) define our role as a responsible corporate citizen. The Company comprised 15 equipment vendors, 90 raw material suppliers and around 259 customers as on March 31, 2022).

OUR STRATEGY

Strategic focus	Key enablers	Material issues addressed	Capitals impacted
First-recall position with respect to customer needs; commitment to focus on evolving customer requirements; focus on carving away sizable market share	Investment in research, SAP, data analytics and product development Nurturing a culture of pioneering product launches Integration of market understanding with business development	Ability to ascertain competing influences Ability to ascertain whether the timing is right for business development Ability to establish a superior price-value proposition Ability to fund new investments with speed	Manufactured, Intellectual, Financial
Cost leadership; widen the market and the Company's share; enhance the price-value proposition; create an effective market entry barrier	Mobilise growth capital at a low cost Maximise the use of patient capital (net worth) Leverage existing marketing foundation Invest in process automation Maximise asset utilisation Leverage economies of scale	Ability to leverage the power of a strong Balance Sheet and credit rating to mobilise low-cost funds (if needed) Ability to engage in disciplined capital allocation, maximising the role of net worth in capex Invest in superior technologies that moderate per unit production costs	Financial, Intellectual, Natural, Social and Relationship
Supplier of choice; preferred brand; driving the customer's business; trusted across countries, regions, customers and market cycles; stands for a peace of mind	Launch superior products that enhance efficiency on the customer's machines Superior price-value proposition for customers Brand assurance of product durability and replacement (in the event of issues) Proximate wholesale presence and always in stock	Ongoing engagements with quality assurance teams in the customer's company Leaving enough value on the table for trade partners or customers Supporting trade partners through incentives	Intellectual, Manufactured Social and Relationship
Robust people practices; need to enhance talent productivity; need to generate rising revenues and profits per person employed; focus on remaining employer of choice	People-centric policies Industry-benchmarked remuneration Work-life balance for employees High retention, renewal, motivation and outperformance	Creating a professional and outperforming culture Retaining people across levels Creating a customer-centric culture	Intellectual, Human Relationship, Natural
Responsible citizenship; addressing the unmet needs of communities; focus on making measurable improvements	Sarla allocated Rs. 3.02 Crore for CSR activities in FY 2021-22 These activities covered enunciated priorities The engagements were carried out through a complement of NGOs	Need to ascertain unmet community needs Need to create the right CSR team and work with the right NGOs Need to derive measurable outcomes to establish credibility	Social
Stakeholder value-creation; need to perpetually enhance credibility as a well-rounded organisation	Addressing the needs of all stakeholders (customers, employees, vendors, government, lenders and shareholders)	Need for a holistic understanding of stakeholder requirements Need to invest in governance, resulting in strategic stability, coupled with investments in business automation and systems	Intellectual, Manufactured, Social and Relationship

Value shared with

At Sarla, we define success at the ability to enhance value for all stakeholders. This commitment makes us integral to their business. The value we derived from each stakeholder segment helps enlarge our central value pool, which is the basis of our sustainability.

The employees who work with us are trained to become subject matter experts, resulting in their career growth and our knowledge-driven growth.

The vendors who work with us develop an insight into our evolving products and process needs that makes it possible for them to develop customised raw materials and manufacturing equipment.

The customers who work with us benefit through customised solutions (as opposed to merely product delivery) that help enhance the competitiveness of their downstream products.

The shareholders on our books benefit through a dividend payout and probable capital appreciation arising out of a better understanding of our business.

The government benefits through a complement of factors like employment, compliances and tax payments.

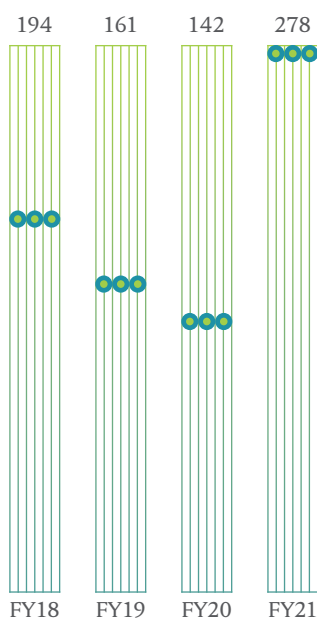
Employee value

Year	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Salaries and wages (Rs. Crore)	13	15	12	17
Talent retention %	90	80	80	80

Customer value

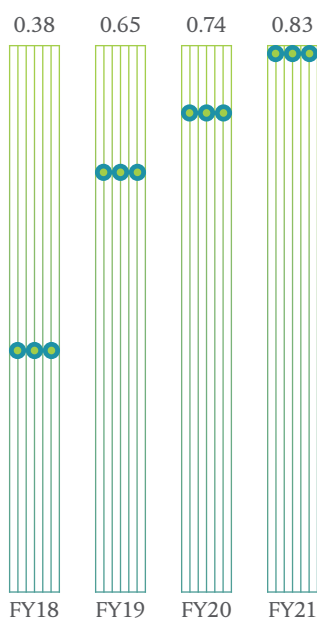
Year	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Unique customers	251	249	235	259
% of revenues from customers of five years or more	59	57	63	65
Export as a % of overall revenues	62	64	59	52

VENDOR VALUE



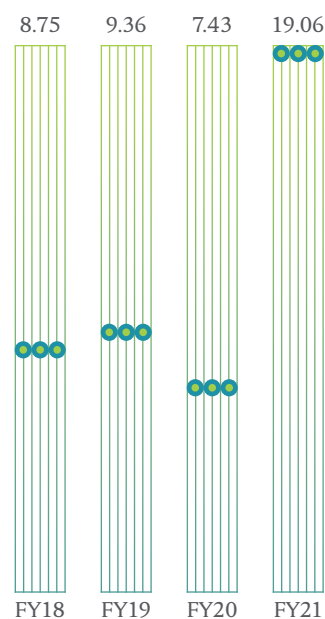
PROCUREMENT (RS. CRORE)

COMMUNITY



CSR SPENDING (RS. CRORE)

GOVERNMENT



TAXES PAID (RS. CRORE)

HOW WE INTEND TO ENHANCE SHAREHOLDER VALUE AT SARLA

Our value-creation matrix

Customer tenures

Seek multi-year relationships
Service the needs of QA teams within customers
Graduate beyond commercials to quality-driven service
Enhance customer wallet share

Net worth- driven growth

Become a net cash company
Draw down any long-term debt
Achieve cash profit critical mass
Become self-sufficient for investment ploughback

Technology rejuvenation

Reinvest in modern technologies
Phase old technology machines out
Enhance overall efficiency average
Average machine age less than 5 years old (March 31, 2022)

SAP coverage

Widen the coverage of SAP across more functions
Launch more SAP-driven projects
Leverage the power of data analytics
Engage in informed procurement and cost management

Reinvestment programme

Reinvest to the extent of cash profit generated (or less)
Enhance manufacturing capacity (existing and new areas)
Focus on manufacture of value-added products
Reinvest without stretching bandwidth (managerial / financial)

Sarla brand recall

Focus on enhancing the brand recall
Recall focus on 'specialist'
Brand reinforced by niche presence
Consistent position as turn-to solution provider

Footprint

Presence across more than 60 countries
Increased focus on sales within India
No country (except India) accounting for > 9% of revenues
20% of revenues from Europe

Responsibility

Commitment to governance
Compliance with effluents and emissions management
Investment in advanced technologies to enhance resource efficiency
Growing the business without debt

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

What makes Sarla different is that the Company can manufacture certain yarns that are either specialised or nobody in the country can manufacture. All the Company's nylon POY machines are equipped to produce dope dyed yarns, the only company in India to have this facility."

V S Bhat, Head - Technical consulting

Last year, when an employee passed away, the Sarla management provided a job to the child of the deceased. When my father faced a lung issue, the management proposed to bring him from Rajasthan for treatment. I have had the experience of working with large companies where it was impossible to communicate with any Director. At Sarla, the promoters are easily accessible, which makes all the difference."

Rajkumar Sharma, Head of process control & quality, dyeing plant

Despite market uncertainties, the Company has seen growth of nearly 70% in sales and PBT increased by 66%. To ensure no target deviations, regular monitoring is done coupled with solutions for eliminating blockers."

Pawan Padiya, Chartered Accountant (Finance team)

The most remarkable thing about Sarla is the support it provides to employees (financially and morally). This is the main reason I have been with the Company for 25 years."

Ashok Ranagol, Production Manager, Sarla



What makes Sarla different? The fact that it keeps asking about our family wellbeing. I was tested Covid positive last year. Neha called to enquire about my health, providing assurance, two meals a day and sought regular health updates."

Sudhir Maske, Head of process control and quality

At Sarla, the objective is to become a largely automated company – for processes and decisions – with the objective to enhance resource optimisation and decision-making consistency, which is the basis of governance. This framework will empower the Company to deepen market penetration."

Mukesh Deopura, Chief Financial Officer

Sarla creates leaders at every level. When I joined the Vapi plant it was struggling to get orders, but the Company believed in me and gave me the space to make decisions that ultimately turned the plant around."

Hanumant Khade – Head of SPFL dyeing plant, Vapi

Sarla provides each employee the opportunity to grow. One of the most unique features of Sarla is 'Yeh kabhi rukti nahi hain'. Sarla modifies with speed to adapt to the need of the client. Because we have a wide range of products, we don't excessively depend on specific products. Our objective is to search for large and long standing customers for specialty products."

Satish Malsaria, Domestic Marketing Head, Sarla

During Covid outbreak, when other companies left their workers to fend for themselves, Babuji and Krishnaji ensured that weekly rations were sent to worker homes in addition to financial or medical assistance. This helped us retain all our workers and resume operations with full attendance in just 15 days, when it took our peers three months to rehire workers."

Sunil Bhattad, Plant Head Silvassa

The Company demonstrated the foresight to invest in Italian and Taiwan machines running with high operational accuracy. Besides, we are operating the latest Ring doubler Technology, which few companies in India possess for twisting yarns."

Ami Daru, Head - High tenacity twisting plant, Dadra



BOARD OF DIRECTORS



Mr. Krishna Jhunjhunwala
Managing Director

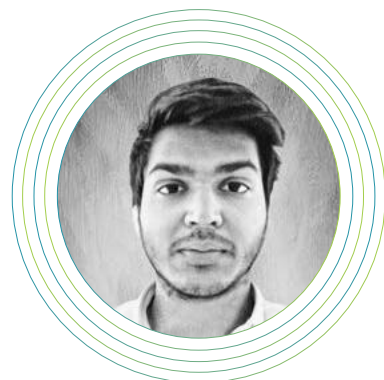
Mr. Krishna Jhunjhunwala is a commerce graduate from Sydenham college of Commerce. He entered the business of textiles at the age of 21. He has a sharp commercial acumen and possesses in-depth knowledge of various segments of business in the textile industry. His vision of value added yarn sale to global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



Ms. Neha Jhunjhunwala
Executive Director

With a Bachelor's degree in Management Studies from the University of Mumbai, Neha brings a rich 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 the Company in 2010. Neha's flair for multitasking spans functions: plant operations to Human Resources and Marketing to Sales. She brings enthusiasm to her role with a blend of experience and knowledge.



Mr. Kanav Jhunjhunwala
Executive Director

Mr. Kanav Jhunjhunwala joined the Company in 2019 with his first project being SAP implementation. Currently he is working on streamlining back end operations and systems of the Company and looking after production and inventory side.

He has done a major in Economics and a minor in Finance and Entrepreneurship from Tufts University, Boston, MA.



Mr. Paulo Moura
Independent Director

Paulo Moura de Castro was born in Porto, Portugal on December 7, 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 markets has helped the Company grow its global footprint.



Mr. Parantap Dave
Independent 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.

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 NINTH ANNUAL GENERAL MEETING**

NOTICE is hereby given that the **Twenty Ninth (29th) Annual General Meeting** of the Members of **Sarla Performance Fibers Limited** will be held on Wednesday, September 28, 2022, at 01:00 p.m. (IST) through Video Conferencing ('VC') or Other Audio-Visual Means ('OAVM') to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt:
 - a. Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2022 together with the Reports of the Board of Directors and Auditors thereon; and
 - b. Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2022 and the Report of Auditors thereon.
2. To declare final dividend on equity shares for the financial year ended March 31, 2022.
3. To appoint a Director in place of Ms. Neha Jhunjhunwala [DIN: 07144529], who retires by rotation in terms of Section 152 (6) of the Companies Act, 2013, and being eligible, offers herself for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 139, 142, 144 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) and recommendation of Audit Committee and approval of the Board of Director in their meetings held on September 06, 2022, the consent of member be and is hereby accorded for re-appointment of M/s. CNK & Associates LLP, Chartered Accountants (Firm Registration No: 101961W) as the Statutory Auditors to hold office for a second term of five (5) years from conclusion of this 29th Annual General Meeting till the conclusion of 34th Annual General Meeting of the Company to be held to consider the approval of Financial Statements for the FY. 2026-27 at such remuneration as may be recommended

by the Audit Committee and approved by Board of Directors of the Company in addition to applicable taxes and reimbursement of out of pocket expenses incurred by them."

SPECIAL BUSINESS:

5. **Re-appointment of Mrs. Shreya Desai (DIN: 08041995), as an Independent Director of the Company for a second term:**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), as amended from time to time, and the Articles of Association of the Company as well as based on the recommendation of the Nomination and Remuneration Committee, Mrs. Shreya Desai (DIN: 08041995), who was appointed as an Independent Director for a period of five years, i.e., from December 12, 2017 to December 11, 2022, and who is eligible for re-appointment and who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1) (b) of the SEBI Listing Regulations and who has submitted a declaration to that effect and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for the second consecutive term of five years, i.e., from December 12, 2022 to December 11, 2027 (both days inclusive).

RESOLVED FURTHER THAT the Board of Directors and/or Key Managerial Personnel be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. Ratification of the remuneration of Cost Auditors for the Financial Year ending March 31, 2023

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

“RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force), and other applicable acts, rules and regulations, if any and pursuant to the recommendation of Audit Committee, the remuneration payable to M/s. V.B. Modi & Associates, Cost Accountants, Vapi

(Membership Number: 49992), appointed by the Board of Directors of the Company as the Cost Auditors at its Meeting dated May 25, 2022, to conduct the audit of the cost records of the Company for the Financial Year 2022-23, amounting to Rs. 90,000/- (Rupees Ninety Thousand Only) plus taxes and reimbursement of out of pocket expenses that may be incurred during the course of audit, be and is hereby ratified and confirmed.

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

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

Neha Somani
(Company Secretary & Compliance Officer)

Place: Mumbai
Date: September 06, 2022

Registered Office:

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 Instructions:

- In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') and Securities and Exchange Board of India ('SEBI') allowed the Companies to hold Annual General Meeting ('AGM') through VC/OAVM, without physical presence of members at the venue vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020, General Circular No. 02/2021 dated January 13, 2021 and Circular No.02/2022 dated May 5, 2022 (collectively referred as 'MCA Circulars') and SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 (collectively referred as 'Circulars') respectively. Accordingly, in compliance with the aforesaid Circulars, the AGM of the Company is being held through VC/OAVM. The registered office of the Company shall be deemed to be the venue for the AGM.
- Pursuant to the MCA Circulars and the SEBI Circular, the facility to appoint proxy to attend and cast vote for the Members is not available for this General Meeting. However, the Corporate Members are entitled to appoint authorized representatives to attend the General Meeting through VC/OAVM and participate thereat and cast their votes through e-voting.
- Explanatory statement pursuant to Section 102 of the Act and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India, stating all material facts and reasons for businesses as set out in the Item no. 5 & Item no. 6 is annexed hereto and forms a part of the Notice.
- Information required pursuant to Regulation 36(3) of the SEBI Listing Regulations read with the applicable provisions of Secretarial Standard-2 on General Meetings, in respect of the Directors seeking appointment/re-appointment or variation in terms of remuneration, is provided as part of this Notice. The Company has received the requisite consents/declarations for the re-appointment under the Act and the rules made thereunder.

5. Since the AGM is being held through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and route map are not annexed to this Notice.
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 cs@mayankarora.co.in with a copy marked to the Company on investors@sarlafibers.com and evoting@nsdl.co.in
7. Facility of joining the AGM through VC /OAVM shall open Fifteen (15) minutes before the time scheduled for the AGM and the Members can join the AGM by following the procedure mentioned in this Notice. The facility of participation at the AGM through VC/OAVM will be made available on first come first serve basis.
8. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
9. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
10. In compliance with the aforesaid Circulars, the Notice of the AGM along with the Annual Report for the FY. 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may please note that the Notice and Annual Report for the FY. 2021-22 will also be available on the Company's website at www.sarlafibers.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also available on the website of NSDL at www.evoting.nsdl.com.
11. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, September 22, 2022 to Wednesday, September 28, 2022, (both days inclusive) for the purpose of payment of dividend and AGM for FY. 2021-22. The Final Dividend for the FY. 2021-22, as recommended by the Board of Directors, if approved at the AGM, would be paid on or before Thursday, October 27, 2022, subject to deduction of tax at source (TDS), to the Members or their mandates:
 - i. to all the Beneficial Owners, in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited ('NSDL') and the Central Depository Services (India) Limited ('CDSL') (both collectively referred to as 'Depositories'), as of the close of business hours on Wednesday, September 21, 2022; and
 - ii. to all the members in respect of shares held in physical form at the close of business hours on Wednesday, September 21, 2022.
12. Pursuant to the Finance Act, 2020, dividend income is taxable in the hands of the Members w.e.f. April 1, 2020 and the Company is required to deduct TDS from dividend paid to the Members at rates prescribed in the Income-tax Act, 1961 ('the IT Act'). In general, to enable compliance with TDS requirements, Members are requested to complete and/or update their Residential Status, Permanent Account Number (PAN), Category as per the IT Act with their Depository Participants ('DPs') or in case shares are held in physical form, with the Company/ the Registrar & Transfer Agent, M/s. Link Intime India Private Limited ('RTA').

A resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by email to Registrar address rnt.helpdesk@linkintime.co.in or investors@sarlafibers.com latest by September 21, 2022. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents, i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an e-mail to rnt.helpdesk@linkintime.co.in or investors@sarlafibers.com latest by September 21, 2022.
13. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc.,
14. Members holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 72 of the Act, are requested to submit details to Link Intime India Private Limited, in the prescribed Form SH-13 for this purpose.
15. SEBI vide circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 3, 2021 has made it mandatory for all shareholders holding shares in physical form to furnish nomination details to the Company/ RTA. Shareholders can register their nomination details in Form SH-13 or they can choose

to give declaration to opt out of Nomination by filing Form ISR-3. In case of shareholder holding shares in physical form wishes to change the nominee or cancel the nomination then Form SH-14 needs to be filled. The forms mentioned above are available on the website of the Company as well as on the website of RTA.

16. SEBI vide its Circular no. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 3, 2021, has made it mandatory for all holders holding shares in physical form to furnish the following documents / details to the RTA:

- a) PAN;
- b) Contact details, Postal address with PIN, Mobile number, E-mail address;
- c) Bank account details (bank name and branch, bank account number, IFS code);
- d) Specimen signature;

For furnishing the above-mentioned details, shareholder must submit Form ISR-1 and/or ISR-2 in hard copy form to the Company/ RTA. The forms are available on the website of the Company as well as on the website of RTA.

17. In accordance with SEBI vide its circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166 dated September 7, 2020, all share transfers shall be carried out compulsorily in the dematerialised form with effect from April 1, 2021.

Hence no transfer of shares in physical form are allowed. Further, in compliance with SEBI vide its circular SEBI / HO/ MIRSD/ MIRSD _RTAMB/ P/ CIR/2022/8 dated January 25, 2022, the following requests received by the Company in physical form will be processed and the shares will be issued in dematerialization form only:-

- i. Issue of duplicate share certificate
- ii. Claim from unclaimed suspense account
- iii. Renewal/Exchange of securities certificate
- iv. Endorsement
- v. Sub-division / splitting of securities certificate
- vi. Consolidation of securities certificates/folios
- vii. Transmission
- viii. Transposition

For this purpose, the securities holder/claimant shall submit a duly filled up Form ISR-4 which is hosted on the website of the Company as well as on the website of RTA. The aforementioned form shall be furnished in hard copy form.

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

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

Sr. No.	Financial Year	Date of Declaration of Dividend	Due Date to transfer of IEPF
1.	2014-15 Final Dividend	28-09-2015	02-11-2022
2.	2015-16 Interim Dividend	12-03-2016	16-04-2023
3.	2015-16 Final Dividend	30-09-2016	04-11-2023
4.	2016-17 Final Dividend	29-09-2017	03-11-2024
5.	2017-18 Final Dividend	28-09-2018	02-11-2025
6.	2018-19 Final Dividend	27-09-2019	01-11-2026

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

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

19. Members are requested to:
 - a) intimate to RTA, changes, if any, in their registered address, in case of shares in physical form;
 - b) intimate to the respective DP, changes, if any, in their registered addresses, in case of shares held in dematerialized form;
 - c) quote their folio number/Client ID/ DP ID in all correspondence;
 - d) consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names;
 - e) Register their PAN with DPs, in case of shares held in demat form and in case of shares held in physical form, as directed by SEBI.
20. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to M/s. Link Intime India Pvt. Ltd., for doing the needful.
21. Members seeking any information with regard to Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, Register of Contracts or Arrangements in which directors are interested under Section 189 of the Act, and relevant documents referred to in the accompanying Notice and in the Explanatory Statements are requested to write to the Company on or before Thursday, September 22, 2022, through email on investors@sarlafibers.com. The same will be replied by the Company suitably.
22. Members requiring information on the Audited Financial Statement for the year ended March 31, 2022 are requested to write to the Company on email address investors@sarlafibers.com at least seven (7) days before the date of the AGM to enable the Company to furnish the information in suitable manner.
24. The Board of Directors has appointed CS Mayank Arora - Proprietor of M/s. Mayank Arora & Co., Company Secretaries in Practice (Membership No.: F10378 / COP: 13609) as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.
25. The Members who have cast their vote by remote E-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again during the AGM. Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to cast their vote through e-voting during the AGM. Members holding shares in physical form are requested to access the remote e-voting facility provided by the Company through NSDL e-voting system at <https://www.evoting.nsdl.com/>.
26. Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
27. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. Wednesday, September 21, 2022, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being September 21, 2022.

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

VOTING THROUGH ELECTRONIC MEANS

23. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), read with MCA Circulars and SEBI Circular, Company is providing facility of remote e-voting to its Members to cast their vote electronically, through the E-voting services provided by National Securities and Depositories Limited (NSDL) on all the resolutions set forth in this Notice. The facility of casting votes by a member using remote e-voting system as well as e-voting on the date of the AGM will be provided by NSDL.
1. The remote e-voting period commences on **Sunday, September 25, 2022 at 10.00 A.M (IST)** and ends on **Tuesday, September 27, 2022 at 05.00 P.M. (IST)**. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. on **Wednesday, September 21, 2022**, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being Wednesday, September 21, 2022.
2. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
3. **The details of the process and manner for remote E-voting using NSDL e-Voting system are explained herein below:**

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

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

Step 1: Access to NSDL e-Voting system

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

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

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

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are 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 i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience. <p>NSDL Mobile App is available on</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  <p>App Store</p> </div> <div style="text-align: center;">  <p>Google Play</p> </div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 10px;">   </div>

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users 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. Click on NSDL 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 i.e. NSDL where the e-Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
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 022- 23058542-43

B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

- 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, your Password/OTP and a Verification Code as shown on the screen.

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

4. Your User ID details are given below :

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

5. Password details for shareholders other than Individual shareholders are given below:

- If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- How to retrieve your 'initial password'?
 - If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

- After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
- Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
- Now you are ready for e-Voting as the Voting page opens.
- Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
- Upon confirmation, the message "Vote cast successfully" will be displayed.
- You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to cs@mayankarora.co.in with a copy marked to evoting@nsdl.co.in. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on **"Upload Board Resolution / Authority Letter"** displayed under **"e-Voting"** tab in their login.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the **"Forgot User Details/Password?"** or **"Physical User Reset Password?"** option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Mr. Amit Vishal at evoting@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email investors@sarlafibers.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investors@sarlafibers.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

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

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

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

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

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM i.e. 12.45 p.m. (IST) and shall be closed after the expiry of 15 minutes from the end of the AGM. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. During the AGM, the Chairman will announce the start of voting through e-voting facility provided at the AGM.
6. Members who need assistance before or during the AGM, can contact Mr. Amit Vishal, Assistant Vice President or Ms. Pallavi Mhatre, Manager, NSDL on email ID: evoting@nsdl.co.in or call on Toll-free Nos.: 1800 1020 990 and 1800 224 430.
7. Members who would like to express their views or ask questions during the AGM may post their queries in the window 'Ask Your Question' by mentioning their name and demat account number/folio number.
8. Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name, demat account number/ folio number, email id, mobile number at investors@sarlafibers.com. The same will be replied by the company suitably.

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

1. Members who would like to express their views/ ask questions during the meeting must may register themselves as a speaker by sending their request mentioning their name, demat account number/ folio number, e-mail id, mobile number at investors@sarlafibers.com from September 21, 2022 (9:00 a.m. IST) to September 25, 2022 (5:00 p.m. IST).
2. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the Meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the Annual General Meeting.
3. Members should allow to use camera and are required to use Internet with a good speed to avoid any disturbance during the Meeting.
4. Members are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

Note:

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

OTHER INSTRUCTIONS:

1. The Scrutinizer shall immediately after the conclusion of voting at the annual general meeting, would first unblock the e-voting at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the company and make within a period not exceeding two (2) days from the conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any and submit forth with to the Chairman of the Company or a person authorized by him in writing who shall countersign the same.
2. The results declared along with the Scrutinizer's Report shall be placed on the Company's website <https://www.sarlafibers.com/> and on the website of NSDL immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') where the shares of the Company are listed.
3. The Resolution shall be deemed to be passed on the date of AGM i.e. September 28, 2022 subject to receipt of sufficient votes.

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

ITEM NO. 5

At the 25th Annual General Meeting held on September 28, 2018, the Members of the Company had appointed Mrs. Shreya Desai (DIN: 08041995) as an Independent Director of the Company, to hold office up to December 11, 2022 ('first term').

The Nomination and Remuneration Committee ('the Committee') of the Board of Directors, on the basis of the report of performance evaluation, has recommended re-appointment of Mrs. Shreya Desai as an Independent Director, for a second term of five (5) consecutive years, i.e. from December 12, 2022 to December 11, 2027 (both days inclusive), on the Board of the Company.

The Board, based on the performance evaluation and as per the recommendation of the Committee, considers that, given her professional background and experience and

contributions made by her during her tenure, the continued association of Mrs. Shreya Desai would be beneficial to the Company and it is desirable to continue to avail her services as an Independent Director. Accordingly, it is proposed to re-appoint Mrs. Shreya Desai as an Independent Director of the Company, not liable to retire by rotation, for a second term of five (5) consecutive years on the Board of the Company.

Mrs. Shreya Desai is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 ('the Act'), and has given her consent to act as a director.

The Company has also received declaration from Mrs. Shreya Desai that she meets the criteria of independence as prescribed, both, under Section 149(6) of the Act and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

In the opinion of the Board, Mrs. Shreya Desai fulfils the conditions for appointment as an Independent Director as specified in the Act and the SEBI Listing Regulations. Mrs. Shreya Desai is independent of the management.

Details of Mrs. Shreya Desai are provided in the "Annexure" to the Notice, pursuant to the provisions of (i) SEBI Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Mrs. Shreya Desai is interested in the resolution set out at Item No. 5 of the Notice with regard to her re-appointment. Relatives of Mrs. Shreya Desai may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company.

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

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

The Board commends the Special Resolution set out at Item No. 5 of the accompanying Notice for the approval of the members.

ITEM NO. 6

The Board of Directors of the Company, based on the recommendation of the Audit Committee, has approved the appointment of M/s. V.B. Modi & Associates, Cost Accountants, Vapi (Membership Number: 49992) as Cost Auditor for auditing the cost records of the Company for the FY 2022-23 at a remuneration of Rs. 90,000/- (Rupees Ninety Thousand Only) plus applicable taxes and reimbursement of out-of-pocket expenses.

The Company has received the consent letter and eligibility certificate from M/s. V.B. Modi & Associates, Cost Accountants, to act as Cost Auditors of the Company for the year ending March 31, 2023 along with a confirmation that, their appointment, if made, would be within the limits prescribed under the Companies Act, 2013. The said eligibility certificate and consent letter will be available for inspection of the Members at the Registered/Corporate Office.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration to the Cost Auditors as recommended by the Audit Committee and approved by Board of Directors, has to be ratified by the Members of the Company. Accordingly, ratification by the Members is sought, as referred to in the resolution at Item No. 6 of the accompanying Notice, for the payment of the remuneration amounting to Rs. 90,000/- (Rupees Ninety Thousand only) for cost audit plus applicable taxes and out-of-pocket expenses to the Cost Auditor for Financial Year ending March 31, 2023.

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

The Board of Directors recommends the Ordinary Resolution set out at Item No. 6 of the accompanying Notice for the approval of the members.

ANNEXURE TO THE NOTICE

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

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

Name of the Director	Ms. Neha Jhunhunwala	Mrs. Shreya Desai
Director Identification Number	07144529	08041995
Nationality	Indian	Indian
Date of Birth and Age	22/02/1989 (33 years)	01/01/1985 (37 years)
Qualifications	Bachelor's degree in Management Studies from the University of Mumbai and Master's degree in Marketing & Strategy, from the University of Warwick, London.	Bachelor of Business Administration and Bachelor of Law from Symbiosis International University, Pune and enrolled as an advocate with the Bar Council of Maharashtra & Goa.
Experience and Expertise	Ms. Neha Jhunhunwala brings a great deal of experience to the table. She has been associated with the Company since 2010. Neha's flair for multitasking spans across various functions in the organization: from plant operations to Human Resources and Marketing to Sales.	Mrs. Shreya Desai is an advocate specialising in the field of corporate law. Her areas of expertise involve various significant arenas of corporate legal practice including foreign investments, mergers and acquisitions, private equity and other investment transactions. She handles corporate matters across the country and has represented a wide range of clients from start-ups to conglomerates across various sectors.
Terms and Conditions of Re-appointment	Ms. Neha Jhunhunwala is reappointed as a Director of the Company liable to retire by rotation.	Mrs. Shreya Desai is proposed to be re-appointed as an Independent Director for five (5) consecutive years effective from December 12, 2022 upto and including December 27, 2027, not liable to retire by rotation. Independent directors are entitled to sitting fees for attending meetings of the Board & Committees.
Date of first appointment on the Board	31/03/2015	12/12/2017
Shareholding in the Company as on 31/03/2022	4,000 Equity shares	Nil
Relationship with other Directors / Key Managerial Personnel	Daughter of Mr. Krishnakumar Jhunhunwala, Managing Director and sister of Mr. Kanav Jhunhunwala, Executive Director and belongs to Promoter group.	Not related to any Director / Key Managerial Personnel.
*Directorships/ Chairmanship of other Boards	Nil	Nil
**Memberships/Chairmanship in other Companies	Nil	Nil

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

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

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

Neha Somani
(Company Secretary & Compliance Officer)

Place: Mumbai

Date: September 06, 2022

Registered Office:

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

Board's Report

Dear members

The Board of Directors takes immense pleasure in presenting the 29th (Twenty Ninth) Annual Report together with its Audited Financial Statements for the financial year ended March 31, 2022 ("year ender review").

1. Financial Performance

The Company's financial performance for the year ended March 31, 2022 is summarized below:

(Rs in Lakhs)

Particulars	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Revenue from Operations	42,354.15	25,136.30	42,571.84	25,780.91
Other Income	1,738.67	1,283.14	1,747.22	1,633.12
Total Income	44,092.82	26,419.44	44,319.06	27,414.03
Profit Before Interest, Depreciation & Tax	9,302.10	6,682.93	9,557.63	7,259.06
Finance Cost	368.78	635.81	368.78	1,142.18
Depreciation & amortization expenses	1,862.90	1,785.97	2,652.82	2,572.68
Profit before Tax & Exceptional Items	7,070.42	4,261.15	6,536.02	3,544.20
Exceptional Items- Income / (Expenses)	-	(2,436.59)	-	-
Profit before Tax	7,070.42	1,824.56	6,536.02	3,544.20
Less: Provision for Tax				
- Current Tax	1,909.69	1,146.17	1,914.74	1,155.61
-Deferred Tax	(113.98)	(618.81)	(113.98)	(267.10)
Net Profit for the year	5,274.71	1,297.20	1,800.76	887.51
Other Comprehensive Income	(1.63)	43.02	79.18	(46.40)
Total Comprehensive Income	5,273.08	1,340.22	4,814.44	2,610.29
Earning per share	6.32	4.47	5.67	3.14

2. Business Performance

Operations:

During the financial year under review, the sales of the Company on standalone basis were Rs. 42,354.15 Lakhs as against Rs. 25,136.30 Lakhs in the FY 2020-21 witnessing an increasing of 68.50%. The value of exports stood at Rs. 21,804.99 Lakhs compared to Rs. 14,619.39 Lakhs in 2020-21. The domestic sales have also increased considerably from Rs. 9,922.04 Lakhs in FY 2020-21 to Rs. 19,926.20 Lakhs in FY 2021-22.

The Consolidated Sales of the Company for the FY 2021-22 was Rs. 42,571.84 Lakhs as against Rs. 25,780.91 Lakhs in the previous year i.e. 2020-21, thereby registering a positive growth of 65.13%.

Profitability:

The profit before Interest, Depreciation & Tax was Rs. 9,302.10 Lakhs as compared to Rs. 6,682.93 Lakhs in the previous year, after providing for depreciation of Rs. 1,862.90 Lakhs (Previous Year Rs. 1,785.97 Lakhs)

& provision for taxation of Rs. 1,795.71 Lakhs (Previous Year Rs. 527.36 Lakhs), there was a net profit of Rs. 5,274.71 Lakhs as compared to Rs. 1,297.20 Lakhs in the Previous Year.

3. Dividend

The Directors are pleased to recommend for approval of the Members at the ensuing 29th Annual General Meeting (AGM), a payment of dividend of Rs. 2.00/- (Rupees Two Only) (i.e. @ 200%) per share of face value of Re. 1/- each on the Share Capital of the Company for the financial year ended March 31, 2022 to the equity shareholders.

The dividend, if approved by the Members, would involve total cash outflow on account of dividend of Rs. 16.70 Crores resulting into a pay-out of 31.66% of the profit after taxes of the Company for the FY 2021-22. The dividend as approved shall be paid within the statutory period to those Members whose names appear in the register of Members, holding shares

either in physical form or in dematerialized form on the close of Wednesday, September 21, 2022.

4. Reserves

There is no amount proposed to be transferred to Reserves out of profits of the financial year 2021 -22.

5. Share Capital

There has been no change in the share capital of the Company during the year under review. As on March 31, 2022, the paid-up share capital of your Company stood at Rs. 835.03 Lakhs comprising of 83,503,000 Equity shares of Re. 1/- each fully paid.

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

6. Deposits:

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

7. Consolidated Financial Statement:

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

8. Subsidiaries, Joint Ventures and Associate Companies:

The Company does not have any Indian Company as Subsidiary. There are two wholly owned overseas subsidiaries viz. Sarla Overseas Holdings Ltd (BVI) and Sarlaflex Inc. (USA) and one Step down subsidiary viz. Sarla Europe (LDA) as on March 31, 2022 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 Report on the performance and statement containing salient feature of Financial Statements of the aforesaid Subsidiary Companies in terms of Section 129 of the Act is separately attached in Form No. AOC-1 which forms part of this Report as "Annexure - I".

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

9. Particulars of Loans, Guarantees and Investments

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

10. Directors and Key Managerial Personnel

As of March 31, 2022, your Company had 6 (Six) Directors, which included 3 (Three) Independent Directors and 3 (Three) Executive Directors.

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

Change in Directors

- (i) On July 19, 2021, Shri. Madhusudan Jhunjunwala (DIN: 00097254) ceased to be Chairman and Whole-time Director of the Company due to his sudden demise. Your Directors would like to place on record their highest gratitude and appreciation for the guidance provided by Shri. Madhusudan Jhunjunwala during his tenure;
- (ii) Mr. Kanav Jhunjunwala (DIN: 09507192), was appointed as an Additional Director (Executive) w.e.f. February 12, 2022, liable to retire by rotation. His appointment was approved by the Members at the Extra-ordinary General Meeting held on Tuesday, May 10, 2022,;
- (iii) Ms. Neha Jhunjunwala (DIN: 07144529) who was holding the position of Non-Executive Director was re-designated as Executive Director of the Company w.e.f. February 12, 2022, liable to retire by rotation;
- (iv) The existing tenure of Mrs. Shreya Desai (DIN: 08041995) as an Independent (Non-Executive) Director ends on December 11, 2022 and therefore based on the recommendations of the Nomination and Remuneration Committee, your Directors approved re-appointment of Mrs. Shreya Desai, for a second term of five (5) years effective from

December 12, 2022 upto December 11, 2027 (both days inclusive), not liable to retire by rotation, subject to approval of Members by way of Special Resolution at the ensuing Annual General Meeting of the Company;

Retirement by Rotation

As per provisions of the Companies Act, 2013 and the Articles of Association of the Company, Ms. Neha Jhunjunwala (DIN: 07144529), Director of the Company, is liable to retire by rotation in the ensuing AGM. Ms. Neha Jhunjunwala being eligible seeks her re-appointment. Accordingly, the Board of Directors recommend the re-appointment of Ms. Neha Jhunjunwala to the Members of the Company and her brief profile has been provided in the Notice convening the said 29th AGM of the Company.

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

Changes in Key Managerial Personnel

- (i) Mr. Mahendra Sheth resigned from the post of Chief Financial Officer and Company Secretary w.e.f. November 01, 2021;
- (ii) Mr. Mukesh Deopura was appointed as Chief Financial Officer of the Company w.e.f. November 03, 2021;
- (iii) Ms. Neha Somani was appointed as Company Secretary and Compliance Officer of the Company w.e.f. February 12, 2022.

Composition of Key Managerial Personnel (KMP)

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

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

Declaration from Independent Directors:

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

Performance evaluation of the Board

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

11. Meetings of the Board

During the FY 2021-22, four (4) Meetings of Board of Directors were convened and held. The details of the said meetings are mentioned in the report on Corporate Governance forming part of this Annual Report.

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

12. Committees of Board

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

13. Familiarisation Programme for the Independent Directors

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

14. Particulars of Employees and related Disclosures

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

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

15. Whistle Blower / Vigil Mechanism Policy

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

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

16. Compliance of Secretarial Standards

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

17. Directors' Responsibility Statement

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

- a. that in the preparation of annual accounts for the financial year ended March 31, 2022, the applicable accounting standards had been followed along with proper explanation relating to material departures for the same;
- b. appropriate accounting policies have been selected and applied consistently and judgments and estimates are made reasonably and prudently so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the profit of the Company for the year ended on that date;
- c. proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts have been prepared for the financial year ended March 31, 2022 on a 'going concern' basis;
- e. proper internal financial controls are devised to ensure compliance with all the provisions of the applicable laws and that such internal

financial controls are adequate and are operating effectively; and

- f. proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

18. Extract of the Annual Return

In accordance with the provisions of Section 92(3) read with section 134(3)(a) of the Companies Act, 2013 and Rules framed thereunder, an annual return in the prescribed format for the financial year 2021-22 is available on the website of the Company at <https://www.sarlafibers.com/investors/>.

19. Conservation of Energy, Technology Absorption and Foreign Exchange earnings & outgo

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

20. Particulars of contracts or arrangements with Related Party Transactions

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

Pursuant to the provision of applicable SEBI Listing Regulations, all related party transactions are placed before the Audit Committee for approval including the transaction under section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI Listing Regulations. Prior omnibus approval of the Audit Committee has been obtained for transactions which are foreseen and repetitive in nature and where the need for related party transaction cannot be foreseen, Audit Committee granted omnibus approval for such transactions having value upto rupees one crore per transaction.

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

The Policy on materiality of related party transactions and dealing with related party transactions as

approved by the Board may be accessed on the Company's website at the link: www.sarlafibers.com

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

21. Corporate Social Responsibility:

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

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

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

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

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

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

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

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

The Company's Internal Audit Department also monitors and evaluates the internal control system

and submits Quarterly Reports which are placed before the Audit Committee of the Board.

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

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

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

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

26. Auditors and Auditors' Report

a) Statutory Auditors:

M/s. CNK & Associates LLP, Chartered Accountants, Mumbai (FRN: 101961W) were appointed as the Statutory Auditors of the Company for a term of five (5) consecutive years, at the 24th AGM of the Company held on September 29, 2017 to hold office up to the conclusion of 29th AGM, therefore their term is getting completed in the ensuing AGM.

Therefore, the Board on recommendation of Audit Committee and pursuant to Section 139, 142, 144 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), at their Meeting held on September 06, 2022, considered and approved re-appointment of M/s. CNK & Associates LLP, Chartered Accountants, Mumbai (Firm Registration No. 101961W), as a Statutory Auditors of the Company, for a second term of five (5) consecutive years to hold office from the conclusion of this 29th Annual General Meeting till the conclusion of the 34th Annual General Meeting of the Company, subject to approval of Members at the ensuing AGM.

M/s. CNK & Associates LLP have confirmed their eligibility and submitted the certificate in writing that they are not disqualified to act as the Statutory Auditor of the Company. Further, in terms of the SEBI Listing Regulations, the Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the ICAI and have given their consent to be appointed as the Statutory Auditors of the Company.

The Statutory Auditors, M/s CNK & Associates LLP, Chartered Accountants have issued their reports on Financial Statements for the financial year ended March 31, 2022. There are no adverse remarks or qualifications in the said report. The Notes on Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Members are therefore requested to approve the Auditors' Report.

b) Cost Auditor:

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

The Company has received a certificate from M/s. V.B. Modi & Associates, Cost Accountants, that they are eligible to be appointed as Cost Auditors under Section 141 of the Act and Rules framed thereunder. A resolution seeking members' ratification for the remuneration payable to the

Cost Auditors for the FY 2022-23 forms part of the Notice of the 29th AGM of the Company.

During the year under review, the Cost Auditor had not reported any fraud under Section 143(12) of the Act and therefore, no details are required to be disclosed under Section 134(3)(ca) of the Act. The Cost Audit Report for FY 2020-21 has been duly filed with the Ministry of Corporate Affairs.

c) Secretarial Auditor:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed CS Mayank Arora - Proprietor of M/s. Mayank Arora & Co., Company Secretaries in Practice (Membership No.: F10378 / COP: 13609) to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2022.

The Report of Secretarial Audit in Form MR-3 in accordance to Section 204 of Companies Act, 2013 and Secretarial Compliance Report in accordance with Regulation 24A of the SEBI Listing Requirements for the financial year ended March 31, 2022 is annexed herewith and marked as '**Annexure -VI**' to this Report.

The qualifications / adverse remarks made by the Secretarial Auditor and the reply by the Board is as follows:

Sr. No.	Observations/ Qualification	Board's reply
1.	<i>Pursuant to Regulation 17(1)(c) of SEBI (LODR) Regulations, 2015 the numbers of Directors were less than six from July 19, 2021 till February 12, 2022. However, the Company was able to appoint the Director on February 12, 2022</i>	The non-compliance with Regulation 17(1)(c) was attributed to the fact that due to the vacancy caused by the sudden demise of the Chairman & Whole-time Director of the Company, Mr. Madhusudan Jhunjhunwala on July 19, 2021. Since Mr. Madhusudan Jhunjhunwala was the key decision maker of the Company, his sudden demise has led to hinderance to various internal processes of the Company. The Board made all diligent efforts to find a suitable candidate to hold the Directorship in the Company as the appointment was to be made for the post of Executive Director. After various deliberations, Mr. Kanav Jhunjhunwala was appointed as Director w.e.f. February 12, 2022.
2.	<i>Pursuant to Regulation 23(9) of SEBI (LODR) Regulations, 2015; the Company failed to upload disclosures regarding Related Party Transactions within fifteen days from the date of publication of financials. For the quarter ended March 31, 2021, the Audited Financials were published on 25/06/2021; however disclosure regarding Related Party Transactions was uploaded on Stock Exchange on 31/07/2021. Further, for the quarter ended 30th September, 2021, the Financials were published on 30/10/2021; however disclosure regarding Related Party Transactions was uploaded on Stock Exchange on 12/01/2022</i>	The delay caused in submission of Related Party Transactions for the half year ended March 31, 2021 and September 30, 2021, in terms of Regulation 23(9) was due to the change in the positions of the Key Managerial Personnel (KMPs) of the Company which led to inadvertent missing of the due dates of the said disclosures.

Sr. No.	Observations/ Qualification	Board's reply
3.	<i>Pursuant to Regulation 7(3) of SEBI (LODR) Regulations, 2015, the Compliance Certificate is not being found on National Stock Exchange for the Financial Year ended 2020-21. However the said Certificate was uploaded on the BSE Ltd website.</i>	The Company generally submits all the necessary reports/ disclosures at the same time on both the Exchanges, viz. BSE Limited (BSE) and National Stock Exchange of India Ltd (NSE). However, in this instance the same is not visible. Your Company is trying to co-ordinate with the NSE to get the same available on Exchange's website.
4.	<i>Pursuant to Regulation 40(9) of SEBI (LODR) Regulations, 2015 the Compliance Certificate is not being found on National Stock Exchange for the Financial Year ended 2020-21</i>	The Company is trying to co-ordinate with the NSE to get the same available on Exchange's website.
5.	<i>Pursuant to Regulation 31(4) of SEBI (SAST) Regulations, 2011 the promoter of every target company shall declare on a yearly basis that he, along with persons acting in concert, has not made any encumbrance, directly or indirectly, other than those already disclosed during the financial year within 7 working days of end of the Financial Year to the Stock Exchange. However, there are no disclosures being done on the Stock Exchanges for the same</i>	The Board was informed that the necessary filing of the disclosure under Regulation 31(4) of SEBI (SAST) Regulations, 2011 is the responsibility of the Promoters but they inadvertently failed to submit the same. The Company had informed the Promoters to rectify the error caused and make the submission at the earliest.
6.	<i>Pursuant to SEBI (PIT) Regulations, 2015 the Company has delayed in intimating the Trading Window Closure for the Quarter ended December 31, 2021.</i>	Your Directors admits that there was inadvertent error on the part of the Company to miss the compliance of the said intimation. However, on becoming aware, the said intimation was immediately submitted with the Exchanges.

27. Corporate Governance

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

28. Management Discussion & Analysis Report

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

29. Credit Rating

Acute Ratings and Research Ltd (Formerly Known as SMERA Ratings Limited) have reaffirmed the Company's long-term borrowings rating to 'ACUTE A' and reaffirmed the short-term borrowing rating as 'ACUTE A1' for the FY 2021-22.

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

30. Reporting of Frauds

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

31. Cost Records

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

32. Change in the Nature of Business

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

33. Code of Conduct for Prohibition of Insider Trading

Your Company has in place a Code of Conduct for Prohibition of Insider Trading, which lays down the process of trading in securities of the Company by the Designated Persons and to regulate, monitor and report trading by the employees of the Company either on his/her own behalf or on behalf of any other person, on the basis of Unpublished Price Sensitive Information. Also it lays down the procedure for Inquiry in case of leak of Unpublished Price Sensitive Information including Code of Practices and Procedures for Fair

Disclosure of Unpublished Price Sensitive Information. The aforementioned amended Code is available on the website of the Company at <https://www.sarlafibers.com/investors/>.

34. Investor Education and Protection Fund (IEPF)

The Company transferred an amount of Rs. 9,79,829/- to the IEPF Authority on February 07, 2022 towards balance lying in respect of final dividend of the FY 2013-14, and thereafter, had transferred underlying 8,580 Equity Shares to the IEPF Authority.

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

Further, the Company shall be transferring the unclaimed Dividend for the financial year 2014-15 to the IEPF Account on or before December 01, 2022. The Company shall also be transferring the shares, on which the dividend has remained unclaimed for a period of seven (7) consecutive years, to the IEPF Account simultaneously on the same date.

35. Insurance

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

36. Other Disclosures

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

- b) The Equity shares of your Company continues to be listed on BSE Limited and the National Stock Exchange of India Limited. The applicable listing fees for the FY. 2021-22 have been duly paid to the Exchanges.
- c) Pursuant to SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/144 dated November 26, 2018, your Directors confirm that the Company is not defined as a "Large Corporate" as per the framework provided in the said Circular. Moreover, your Company has not raised any fund by issuance of debt securities.

37. Acknowledgement:

The Board takes this opportunity to thank the Company's Members, Customers, Vendors and all other Stakeholders for their continued support throughout the FY 2021-22. The Directors also thank the Stock Exchanges, Banks, Ministry of Corporate Affairs, State Governments, Government of India, and all other Government agencies and Regulatory authorities for the support extended by them and also look forward to their continued support in future.

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

For and on behalf of the Board of Directors

Place: Mumbai Date: September 06, 2022	Krishnakumar Jhunjhunwala Chairman & Managing Director (DIN: 00097175)
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Annexure - I

Form AOC-I

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

Part "A": Subsidiaries

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

Particulars	Sarla Overseas Holdings Limited	Sarlaflex Inc.
1. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 01, 2021 to March 31, 2022	April 01, 2021 to March 31, 2022
2. Reporting currency	USD (\$)	USD (\$)
3. Exchange rate as on the last date of the relevant Financial year	75.80	75.80
4. Share capital	435,000	989,000
5. Reserves & surplus	(628,534)	(5,204,782)
6. Total Assets	364,651	5,503,067
7. Total Liabilities	558,186	9,718,848
8. Investments	4,296	-
9. Turnover	355,350	-
10. Profit before taxation	279,593	(1,121,960)
11. Provision for taxation	-	-
12. Profit after taxation	279,593	(1,121,960)
13. Proposed Dividend	-	-
14. % of shareholding	100.00	100.00

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

Notes:

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: September 06, 2022

Krishnakumar Jhunjunwala
Chairman & Managing Director
(DIN: 00097175)

Annexure - II

Particulars of Employees and Related Disclosures

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

1. The Ratio of the remuneration paid to each Director to the median remuneration of the employees of the Company for the FY 2021-22:

Name of Director	Ratio
Mr. Krishnakumar Jhunjhunwala (Managing Director)	90.25
Ms. Neha Jhunjhunwala (Executive Director – w.e.f. February 12, 2022)	9.02
Mr. Kanav Jhunjhunwala (Executive Director – w.e.f. February 12, 2022)	6.02

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

2. The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary or Manager, if any, in the FY 2021-22 as compared to FY 2020-21:

Name of Director/ Key Managerial Personnel	% Increase/ (Decrease) in remuneration as compared to FY 2021-22
Mr. Krishnakumar Jhunjhunwala (Managing Director)	No change
*Ms. Neha Jhunjhunwala (Executive Director – w.e.f. February 12, 2022)	NA
*Mr. Kanav Jhunjhunwala (Executive Director – w.e.f. February 12, 2022)	NA
*Mr. Mukesh Deopura (Chief Financial Officer – w.e.f. November 03, 2021)	NA
*Ms. Neha Somani (Company Secretary & Compliance Officer)	NA

**Since the appointments have been carried out in FY 2021-22, hence there is no comparison from the last period.*

3. The percentage increase in the median remuneration of employees in the FY 2021-22, was an increase of 12.36% in the median remuneration of employees.
4. As on March 31, 2022, there were 327 permanent employees on the rolls of Company.
5. The Average percentage increase made in the salaries of employees other than the managerial personnel for the FY 2021-22 was 22.31% whereas the decrease in the managerial remuneration for the FY 2021-22 was 41.62%. This is due to the demise of Mr. Madhusudan Jhunjhunwala, Whole-time Director whose remuneration no longer forms part of the managerial remuneration.
6. The Company affirms that the remuneration paid is as per the Nomination and Remuneration Policy of the Company.
7. Neither Managing Director nor Whole-time Director of the Company receives any remuneration or commission from any Subsidiary of the Company.

For and on behalf of the Board of Directors

Krishnakumar Jhunjhunwala
Chairman & Managing Director
(DIN: 00097175)

Place: Mumbai
Date: September 06, 2022

Annexure - III

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

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

(A) Conservation of Energy:

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

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

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

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

The Company have wind turbine generators of 1.25 MW capacity installed at Baradiya, Gujarat, and the Company have also installed Rooftop Solar of 1.12MW at Plants. Energy generated from the said turbine and Solar Plant is captively used by the Company.

(iii) Capital investment on energy conservation equipment:

During the year under review, the Company has invested Rs. 97.40 Lacs on energy conservation equipment.

(B) Technology Absorption:

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

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

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

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

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

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

Particulars	Current Year (Rs. In Lakhs)	Previous Year (Rs. In Lakhs)
Foreign Exchange Earnings	22,068.81	15,055.00
Foreign Exchange Outgo	13,054.52	6,602.00

For and on behalf of the Board of Directors

(Krishnakumar Jhunhunwala)
Chairman & Managing Director
(DIN: 00097175)

Place: Mumbai
Date: September 06, 2022

Annexure - II

Form No. AOC – 2

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

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

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

During the FY 2021-22, the Company has not entered into any contracts or arrangements or transactions with its related parties which are not on arm's length basis.

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

a	Name of the Related Party and Nature of Relationship	Sarlaflex Inc, USA, (Wholly Owned Subsidiary)	Sarla Europe LDA, Portugal, (Step Down Subsidiary)
b	Nature of contracts/ arrangements/ transactions	Payment of Purchase of Plant & Machinery	Payment of commission
c	Duration of contracts/ arrangements/ transactions	One-time	Ongoing
d	Salient terms of the contracts or arrangements or transactions including the value, if any	Purchase of Plant & Machinery worth Rs. 4.57 Lakhs	Payment of Commission of Rs. 194.32 Lakhs
e	Date(s) of approval by the Board, if any	30.10.2021	25.06.2021
f	Amount paid as advance, if any	NA	NA

For and on behalf of the Board of Directors

(Krishnakumar Jhunhunwala)
Chairman & Managing Director
(DIN: 00097175)

Place: Mumbai
Date: September 06, 2022

Annexure - V

Annual Report on Corporate Social Responsibility (CSR) Activities

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

1. Brief outline on CSR Policy of the Company:

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

The following are the thrust areas under CSR:

- Promoting health care including preventive health care
- Eradicating hunger, poverty and malnutrition and sanitation;
- Promoting education;
- Ensuring environmental sustainability, ecological balance;
- Rural development projects;
- National Heritage and Culture;
- Gender Equality and Empowerment of Women;
- Participating & Promoting Swatch Bharat Abhiyaan.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation	Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Late Madhusudan Jhunjhunwala * (upto July 19, 2021)	Chairman	Whole-time Director	1	1
2	Mr. Krishnakumar Jhunjhunwala* (w.e.f. August 10, 2021)	Chairman	Executive Director	NA	NA
3	Mr. Parantap Dave	Member	Non-Executive Independent Director	1	1
4	Ms. Shreya Desai	Member	Non-Executive Independent Director	1	1

* Ceased to be Chairman of the Committee w.e.f. July 19, 2021 due to his sad and sudden demise.

**Appointed as Chairman of the Committee in place of Late Madhusudan Jhunjhunwala w.e.f. August 10, 2022.

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

Web-link of Composition of CSR Committee:

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

Web-link of CSR Policy:

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

4. The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable

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

(Rs. In Lakhs)

Sr. No.	Financial Year	Amount available for set-off from preceding financial years	Amount required to be set-off for the financial year, if any
1	FY 2020-21	6.00	6.00

6. Average net profit of the company as per section 135(5): Rs. 4,053.32 Lakhs

7. (a) Two percent of average net profit of the company as per section 135(5): Rs. 81.07 Lakhs

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any: Rs. 6.00 Lakhs

(d) Total CSR obligation for the financial year (7a+7b-7c): Rs. 75.07 Lakhs

8. (a) CSR amount spent or unspent for the financial year:

(Rs. In Lakhs)

Total Amount Spent for the FY 2021-22	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
82.83	Not Applicable		Not Applicable		

- (b) Details of CSR amount spent against ongoing projects for the FY 2021-22: Not Applicable

- (c) Details of CSR amount spent against other than ongoing projects for the financial year:

(Rs. In Lakhs)

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number
1	Shri Rani Sati Eye Hospital	Promoting health care including preventive health care	No	Maharashtra	Amravati	291.00	No	Shree Narayani Seva Sansthan	CSR00013417
2	Shri Rani Sati Eye Hospital	Promoting health care including preventive health care	No	Maharashtra	Amravati	10.00	No	Shivchandrai Jhunjhunwala Charitable Trust	CSR00012376
3	Water Tank provided to Tribal People	Eradicating hunger, poverty and malnutrition and making available safe drinking water	No	Maharashtra	Amravati	0.25	Direct	NA	NA
4	Water Coolers provided to Tribal People	Eradicating hunger, poverty and malnutrition and making available safe drinking water	No	Maharashtra	Amravati	0.58	Direct	NA	NA
Total						301.83			

(d) Amount spent in Administrative overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 301.83 Lakhs

(g) Excess amount for set off, if any:

(Rs. In Lakhs)

Sr. No.	Particular	Amount
(i)	Two percent of average net profit of the Company as per section 135(5)	81.07
(ii)	Total amount spent for the Financial Year	301.83
(iii)	Excess amount spent for the financial year [(ii)-(i)]	225.00
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.00
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	225.00

9. Details of Unspent CSR amount for the preceding three financial years: Not applicable

10. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not applicable

11. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details):

(a) Date of creation or acquisition of the capital asset(s): Not Applicable

(b) Amount of CSR spent for creation or acquisition of capital asset: Not Applicable

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: Not Applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

12. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

For and on behalf of the Board of Directors

Krishnakumar Jhunjhunwala
Chairman & Managing Director
(DIN: 00097175)

Place: Mumbai
Date: September 06, 2022

Annexure - VI

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

[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, Amla 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 / statutory compliance and expressing our opinion thereon.

Based on my verification of the Company, books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit and subject to letter annexed herewith, We hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment; (not applicable to the Company during the Audit period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (not applicable during the Audit period);
- d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Regulations, 2009, and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October 2014 (not applicable to the Company during the Audit period);
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (not applicable to the Company during the Audit period);
- f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 (not applicable to the Company during the Audit period) and
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable to the Company during the Audit period); and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (not applicable to the Company during the Audit period);
- (vi) Other Laws specifically applicable to the Company as per the representations made by the Company are listed in Annexure A and forms an integral part of this report.

In case of Direct and Indirect Tax Laws like Income Tax Act, Service Tax Act, Excise & Custom Acts we have relied

on the Reports given by the Statutory Auditors of the Company.

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

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

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

1. *Pursuant to Regulation 17(1)(c) of SEBI (LODR) Regulations, 2015 the numbers of Directors were less than six from 19th July 2021 till 12th February 2022. However, the Company was able to appoint the Director on 12th February, 2022;*
2. *Pursuant to Regulation 23(9) of SEBI (LODR) Regulations, 2015; the Company failed to upload disclosures regarding Related Party Transactions within fifteen days from the date of publication of financials. For the quarter ended 31st March, 2021, the Audited Financials were published on 25/06/2021; however disclosure regarding Related Party Transactions was uploaded on Stock Exchange on 31/07/2021. Further, for the quarter ended 30th September, 2021, the Financials were published on 30/10/2021; however disclosure regarding Related Party Transactions was uploaded on Stock Exchange on 12/01/2022;*
3. *Pursuant to Regulation 7(3) of SEBI (LODR) Regulations, 2015, the Compliance Certificate is not being found on National Stock Exchange for the Financial Year ended 2020-21. However the said Certificate was uploaded on the BSE Ltd website.*
4. *Pursuant to Regulation 40(9) of SEBI (LODR) Regulations, 2015 the Compliance Certificate is not being found on National Stock Exchange for the Financial Year ended 2020-21;*
5. *Pursuant to Regulation 31(4) of SEBI (SAST) Regulations, 2011 the promoter of every target company shall declare on a yearly basis that he, along with persons acting in concert, has not made any encumbrance, directly or indirectly, other than those already disclosed during the financial year within 7 working days of end of the Financial Year to the Stock Exchange. However, there are no disclosures being done on the Stock Exchanges for the same.*
6. *Pursuant to SEBI (PIT) Regulations, 2015 the Company has delayed in intimating the Trading Window Closure for the Quarter ended December 31, 2021.*

Further note that, pursuant to rule 5(1) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company was required to credit Rs. 9,79,829/- to Investor Education and Protection Fund by 02/11/2021, however the same was credited on 08/02/2022. Also, Corporate Action for transfer of shares in IEPF Account was delayed.

We further report that:

The Board of Directors of the Company was not duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors for the period starting from 19th July 2021 till 12th February 2022. The changes in the composition of the Board of Directors, that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

For Mayank Arora & Co.,
Company Secretaries

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

Place: Mumbai
Date: 25/05/2022
UDIN number:
F010378D000390505

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

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

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

(B) Others

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

For Mayank Arora & Co.,
Company Secretaries

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

Place: Mumbai
Date: 25/05/2022
UDIN number: F010378D000390505

Annexure B

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

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

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

For Mayank Arora & Co.,
Company Secretaries

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

Place: Mumbai
Date: 25/05/2022
UDIN number: F010378D000390505

ANNEXURE VII

CORPORATE GOVERNANCE REPORT

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

In terms of the SEBI Listing Regulations, the details of compliance for the year ended March 31, 2022 are as follows:

INTRODUCTION

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

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the Company. At SPFL, Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. Your Company takes Corporate Governance as a critical tool to enhance trust of its Customers, Employees, Investors, Government and the Community at large and achieve its goal of maximizing value for its stakeholders while also being a positive influence in communities, by operating through responsible business practices.

Your Company ensures adequate, timely and accurate disclosure of all material matters including the financial situation, performance, ownership and governance of the Company to the stock exchanges and the investors. Information is prepared and disclosed in accordance with the prescribed standards and is disseminated in an equal, timely and cost-efficient manner for access by users.

2. BOARD OF DIRECTORS:

(a) Composition and Category of Directors:

As on March 31, 2022, the Composition of the Board of your Company is a fair mix of Executive, Non- Executive, and Independent Directors, which is appropriate for the size and operations of your Company and is compliant with the applicable rules and guidelines. The Board comprises of six (6) Directors, of which three (3) are Executive Directors and remaining three (3) are Non-Executive Independent Directors. As on March 31, 2022, the composition of the Board is in conformity with Regulation 17 of the Listing Regulations read with Section 149 of the Companies Act, 2013.

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

The relevant details of Composition, Category, Directorship and Committee Membership in other Companies held on March 31, 2022 by each Member of Board are as follows:

Name of the Directors	Nature of Directorship	No. of Shares held	No. of outside Directorship@		No. of Committees Chairpersonship / Membership held including SPFL#		List of Directorship held in other listed companies and category of directorship	Inter-se Relationship between Directors
			Public	Private	Chairperson	Member		
Late Madhusudan Jhunjhunwala* (DIN: 00097254)	Promoter, Chairman and Whole-Time Director (upto July 19, 2021)	19,55,000	Nil	Nil	Nil	Nil	Nil	Father of Mr. Krishnakumar Jhunjhunwala and Grandfather of Ms. Neha Jhunjhunwala and Mr. Kanav Jhunjhunwala

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

* Mr. Madhusudan Jhunjhunwala, ceased to be Chairman and Whole-time Director of the Company w.e.f. July 19, 2021 due to his sad and sudden demise.

**The category of Directorship of Ms. Neha Jhunjhunwala was changed from Non-executive Director to Executive Director w.e.f. February 12, 2022.

***Mr. Kanav Jhunjhunwala was appointed as an Additional (Executive) Director of the Company w.e.f. February 12, 2022.

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

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

Further, none of the Directors on the Board is a Member in more than ten (10) Committees or Chairman of five (5) Committees (committees being Audit Committee and Stakeholders Relationship Committee) across all the Indian Public Companies in which he/she is a Director. Necessary disclosures regarding their Committee positions have been made by all the Directors.

None of the Directors hold office in more than ten (10) Public Companies. None of the Independent Directors of the Company serve as an Independent Director in more than seven listed companies. All Directors are also in compliance with the limit on Independent Directorships of listed companies as prescribed under Regulation 17A of the SEBI Listing Regulations.

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

During the FY 2021-2022, the Board met on four (4) occasions virtually/physical Meeting i.e. June 25, 2021, August 10, 2021, October 30, 2021 and February 12, 2022. The gap between any two meetings is not more than 120 days.

The aforesaid Meetings were convened in accordance with the applicable provisions of Companies Act, 2013 and Secretarial Standards. The required quorum was present at all the above Board Meetings and all Resolutions were approved unanimously/ with requisite majority and recorded in the minutes. There was no instance of adjournment of any of the said Meetings. The Board periodically reviews and discussed the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.

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

Name of the Director	Date of Board Meetings				Date of Last AGM
	25/06/2021	10/08/2021	30/10/2021	12/02/2022	29/09/2021
Late Madhusudan Jhunjunwala* (DIN: 00097254)	✓	NA	NA	NA	NA
Mr. Krishnakumar Jhunjunwala (DIN: 00097175)	✓	✓	✓	✓	✗
Mr. Parantap Dave (DIN: 00019472)	✓	✓	✓	✓	✓
Mrs. Shreya Desai (DIN: 08041995)	✓	✓	✓	✓	✗
Mr. Paulo Manuel Castro** (DIN: 08459844)	✓	✓	✓	✗	✗
Ms. Neha Jhunjunwala (DIN: 07144529)	✓	✓	✓	✓	✓
Mr. Kanav Jhunjunwala*** (DIN: 09507192)	NA	NA	NA	✓	NA

* Late Mr. Madhusudan Jhunjunwala, ceased to be Chairman and Whole-time Director of the Company w.e.f. July 19, 2021 due to his sad and sudden demise.

** Leave of absence was granted to Mr. Paulo Manual Castro on his request.

*** Mr. Kanav Jhunjunwala was present at the Board Meeting as an Invitee.

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

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

Competency	Description
Experience of crafting Business Strategies	Understanding of global business dynamics, across various geographical markets and industry verticals. Experience in developing long-term strategies to grow consumer business, consistently, profitably, competitively and in a sustainable manner.
Finance and Accounting experience	Comprehensive understanding of financial accounting, reporting and controls and analysis
Governance and Regulatory framework knowledge	Knowledge and experience in regulatory and governance requirements and ability to identify key risks affecting the governance of the Company.
Building High Performance Teams	Build and nurture talent to create strong and competent future business leaders.
Risk Management	Identifying various risk and providing guidance towards mitigation of the same
Sales, Marketing & Brand building	Experience in developing strategies to grow sales and market share, build brand awareness and equity and enhance enterprise reputation.

Details of the skills/ expertise/ competencies possessed by the Directors who were part of the Board as on March 31, 2022, are as follows:

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

(d) 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 2021-22 of the Company. The code has been posted on the website of the Company at <https://www.sarlafibers.com/>.

(e) Evaluation of Board:

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

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

(f) Independent Directors:

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

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

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

(g) Familiarization Programme for Independent Directors:

The Company has a structured Familiarization framework for the Independent Directors. It takes due steps for familiarizing the Independent Directors with the Company's procedures and practices, by providing them the necessary documents, reports and internal policies. Through the Familiarization Programme, the Independent Directors are briefed about their roles, responsibilities, duties, and obligations as a member of the Board and matters relating to Corporate Governance, Code of Business Conduct, Risk Management, Compliance Programs, Internal Audit, etc.

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

by the Management w.r.t. business strategy, marketing and other segments.

Your Company has put in place a system to familiarize the Independent Directors about the Company, its business and the on-going events relating to the Company. The familiarization programme formulated for Board along with A detailed description of the familiarization programs extended to the Independent Directors during the FY 2021-22 is placed on the website of the Company www.sarlafibers.com.

(h) Independent Directors Meeting:

In Compliance with the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Independent Directors Meeting of the Company was held on March 28, 2022. In the Meeting, the Independent Directors considered and discussed the performance of Non-Independent Directors and Board as whole, reviewed the performance of Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board.

Mr. Parantap Dave was selected as the Chairman of Independent Directors Meeting.

Attendance of Independent Directors in Independent Directors Meeting:

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

(i) Confirmation of Board regarding Independent Directors:

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

(j) Confirmations by the Independent Directors

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

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

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

Not Applicable, as none of the Independent Directors of the Company resigned before the expiry of his/ her tenure during the FY 2021-22.

(l) Directors seeking appointments / re-appointments:

The details of directors seeking appointments / re-appointments forms part of the Notice of the 29th Annual General Meeting of the Company.

3. COMMITTEES OF THE BOARD

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

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

i) AUDIT COMMITTEE:

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

a) Composition of Committee, Meetings and Attendance

The present composition of the Audit Committee is in accordance with the provisions of the Act and rules made thereunder and SEBI Listing Regulations. The Committee consists of three (3) Directors of whom two (2) are Independent Directors. The Chairperson of the Audit Committee is an Independent Director. Further, the

Chairperson of the Committee attends the Annual General Meeting of the Company to answer shareholder's queries, if any.

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

During the FY 2021-22, the Committee was reconstituted due to sad demise of Mr. Madhusudan Jhunhunwala. Mr. Krishnakumar Jhunhunwala was inducted in the Committee as Member in the place of the deceased.

During the FY 2021-22, four (4) Meetings of the Audit Committee were held on June 25, 2021, August 10, 2021, October 30, 2021 and February 12, 2022.

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

Sr. No.	Name of the Director	Designation	Category of Directorship	Attendance at Committee Meeting during FY 2021-22	
				Number of Meetings held	Number of Meetings attended
1	Mr. Parantap Dave	Chairperson	Non-Executive Independent Director	4	4
2	Ms. Shreya Desai	Member	Non-Executive Independent Director	4	4
3	Late Mr. Madhusudan Jhunhunwala*	Member	Whole-time Director	1	1
4	Mr. Krishnakumar Jhunhunwala**	Member	Executive Director	2	2

* Ceased to be Member of the Committee w.e.f. July 19, 2021 due to his sad and sudden demise.

** Appointed as Member of the Committee w.e.f. August 10, 2021

b) Terms of reference:

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

Powers of the Audit Committee:

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

Terms of reference / role of the Audit Committee:

- (i) Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

- (iv) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

- (a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
- (b) changes, if any, in accounting policies and practices and reasons for the same;
- (c) major accounting entries involving estimates based on the exercise of judgment by management;
- (d) significant adjustments made in the financial statements arising out of audit findings;
- (e) compliance with listing and other legal requirements relating to financial statements;
- (f) disclosure of any related party transactions;
- (g) modified opinion(s) in the draft audit report;

- (v) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;

- (vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
 - (vii) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 - (viii) Approval or any subsequent modification of transactions of the listed entity with related parties;
 - (ix) Scrutiny of inter-corporate loans and investments;
 - (x) Valuation of undertakings or assets of the listed entity, wherever it is necessary;
 - (xi) Evaluation of internal financial controls and risk management systems;
 - (xii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - (xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - (xiv) Discussion with internal auditors of any significant findings and follow up there on;
 - (xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 - (xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - (xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - (xviii) To review the functioning of the whistle blower mechanism;
 - (xix) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
 - (xx) Carrying out any other function as is mentioned in the terms of reference of the audit committee.
 - (xxi) Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
 - (xxii) Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- Review of information by Audit Committee:**
- The Audit Committee shall mandatorily review the following information:
- i. Management discussion and analysis of financial condition and results of operations;
 - ii. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - iii. Management letters/letters of internal control weaknesses issued by the statutory auditors;
 - iv. Internal audit reports relating to internal control weaknesses;
 - v. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the committee; and
 - vi. Statement of deviations:
 - a) Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
 - b) Annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).
- ii) NOMINATION AND REMUNERATION COMMITTEE:**
- The Nomination & Remuneration Committee has been constituted in accordance with the provisions of Section 178(1) of the Companies Act, 2013 and Regulation 19(4) read with Part-D(A) of Schedule-II of SEBI Listing Regulations.
- a) Composition of Committee, Meetings and Attendance**
- The composition of the Committee is in line with the provisions the Act, and the rules made thereunder and SEBI

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

During the FY 2021-22, the Committee was re-constituted due to the change of category of Directorship of Ms. Neha Jhunjhunwala from Non-Executive Director to Executive Director w.e.f February 12, 2022 after which

the composition of the Committee was not in accordance with the applicable provisions of Act and SEBI Listing Regulation and therefore, she ceased to be Member and Mr. Paulo Manuel Castro was inducted in the Committee as Member. The Company Secretary acts as a Secretary to the Committee.

During the FY 2021-22, two (2) Meetings of the Committee were held on November 01, 2021 and February 12, 2022.

The composition of the Committee and attendance of each member at the Nomination and Remuneration Committee meetings held during the FY 2021.22 is as below:

Sr. No.	Name of the Director	Designation	Category of Directorship	Attendance at Committee Meeting during FY 2021-22	
				Number of Meetings held	Number of Meetings attended
1	Mr. Parantap Dave	Chairperson	Non-Executive Independent Director	2	2
2	Mrs. Shreya Desai	Member	Non-Executive Independent Director	2	2
3	*Ms. Neha Jhunjhunwala	Member	Executive Director	2	2
4	**Mr. Paulo Manuel Castro	Member	Non-Executive Director	NA	NA

* Ceased to be Member of the Committee w.e.f. February 12, 2022 due to change of her category of directorship from Non-Executive to Executive Director.

** Appointed as Member of the Committee effective February 12, 2022.

b) Terms of reference:

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

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- For every appointment of an independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director;
- Periodically reviewing the composition of the Board with the objective of achieving an optimum balance of size, skills, Independence, knowledge, age, gender and experience.
- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- Devising a policy on diversity of Board of Directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down,

and recommending to the board their appointment and removal;

- whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- recommend to the board, all remuneration, in whatever form, payable to senior management.

(b) Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the applicable provisions of the SEBI Listing Regulations, the Annual Performance Evaluation was carried out for the FY 2021 -22 by the Board in respect of its own performance and its Committees, the Directors individually as well as the Chairman. A structured questionnaire covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance was prepared and circulated.

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

Similarly, the Board evaluates the performance of its Committees and the Independent Directors, excluding the

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

Criteria for Performance Evaluation of Independent Directors

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

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

(c) Nomination and Remuneration Policy:

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

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

(d) Criteria of Selection of Independent Directors:

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

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

In case of appointment of Independent Directors, the Nomination and Remuneration Committee satisfies itself about the independence of the Directors vis-à-vis the

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

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

(e) Remuneration to Directors:

i. Remuneration to Executive Directors

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

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

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

As on March 31, 2021, there are three (3) Executive Directors of the Company, i.e., one (1) Managing Director and two (2) Executive Directors. Payment of remuneration to the Managing Director and the Executive Directors are as per the provisions of Section 197 and Schedule V to the Companies Act, 2013 and is governed by the recommendation of the Nomination and Remuneration Committee and duly approved by the Members of the Company. Terms of the service and the notice period are as per the terms of agreement entered into by them with the Company.

Details of remuneration paid to the Managing Director and the Executive Directors during the FY 2021-22 as mentioned in this Report.

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

ii. Remuneration to Non-Executive Directors

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

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

iii. Details of Directors' Remuneration paid in FY 2021-22

Details of the remuneration of Directors for the FY 2021-22 are as under:

(Rs. in Lakhs)				
Name of the Directors	Nature of Directorship	Salary & Perquisites (Rs.)	Sitting Fees	Total
Late Madhusudan Jhunjunwala*	Promoter, Chairman and Whole-Time Director (upto July 19, 2021)	267.00	Nil	267.00
Mr. Krishnakumar Jhunjunwala	Promoter, Chairman and Managing Director	180.00	Nil	180.00
Mr. Parantap Dave	Non-executive Independent Director	Nil	0.90	0.90
Mrs. Shreya Desai	Non-executive Independent Director	Nil	0.90	0.90
Mr. Paulo Manuel Castro	Non-executive Independent Director	Nil	Nil	Nil
Ms. Neha Jhunjunwala**	Executive Director	2.41	0.60	3.00
Mr. Kanav Jhunjunwala ***	Executive Director	1.61	Nil	1.61

* Ceased to be Chairman and Whole-time Director of the Company w.e.f. July 19, 2021 due to his sad and sudden demise.

** The category of Directorship of Ms. Neha Jhunjunwala was changed from Non-executive Director to Executive Director w.e.f. February 12, 2022.

*** Appointed as an Additional (Executive) Director of the Company w.e.f. February 12, 2022.

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

iii) STAKEHOLDERS' RELATIONSHIP COMMITTEE:

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

a) Composition of Committee, Meetings and Attendance

The composition of the Committee is in line with the provisions the Act, and the rules made thereunder and SEBI Listing Regulations. The Committee consists of three (3) Directors. The Chairperson of the Committee is a Non-

Executive Independent Director. The Company Secretary acts as a Secretary to the Committee.

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

During the FY 2021-22, the Committee was reconstituted due to sad demise of Mr. Madhusudan Jhunjunwala. Mr. Krishnakumar Jhunjunwala was inducted in the Committee as Member in the place of the deceased.

During the FY 2021-22, one (1) Meeting of the Committee was held on October 30, 2021.

The composition of the Committee and attendance of each member at the Stakeholders' Relationship Committee meetings held during the FY 2021-22 is as below:

Name of the Director	Designation	Category of Directorship	Attendance at Committee Meeting during FY 2021-22	
			Number of Meetings held	Number of Meetings attended
Mr. Parantap Dave	Chairperson	Non-Executive Independent Director	1	1
Mrs. Shreya Desai	Member	Non-Executive Independent Director	1	1
*Mr. Madhusudan Jhunjunwala	Member	Whole-time Director	1	NA
**Mr. Krishnakumar Jhunjunwala	Member	Executive Director	1	1

* Ceased to be Member of the Committee w.e.f. July 19, 2021 due to his sad and sudden demise.

** Appointed as Member of the Committee w.e.f. August 10, 2021

b) Terms of reference:

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

- i) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
- ii) Review of measures taken for effective exercise of voting rights by shareholders;
- iii) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent;
- iv) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company;
- v) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
- vi) Carry out any other function as is referred by the Board from time to time and/or enforced by any statutory notification/amendment or modification as may be applicable.
- vii) Overseeing the performance of the Company's Registrar and Share Transfer Agent.

Details of Compliance Officer:

Mr. Mahendra Sheth acted as the Company Secretary and Compliance Officer of the Company upto the closing of business hours of November 01, 2021. The Board of Directors, thereafter appointed Ms. Neha Somani as Company Secretary and Compliance Officer in terms of the provisions under Section 203 of the Companies Act, 2013 and Regulation 6(1) of the Listing Regulations w.e.f. February 12, 2022.

The communication details of the Compliance Officer are as follows:

Ms. Neha Somani
Company Secretary and Compliance Officer
Sarla Performance Fibers Limited
304, Arcadia, 195 Nariman Point,
Mumbai – 400021
Tel: 2283 4116
E-mail: investors@sarlafibers.com

Details of Investors Complaints/ Grievances [including SEBI Complaints Redress System (SCORES) complaints] received by the Company and Resolved during the year 2021-22

The details of Shareholders' Complaints/ Grievances received and resolved during the Financial Year 2021-22 are mentioned as follows:

No. of complaints pending as on April 01, 2021	No. of complaints received during the financial year	No. of complaints disposed during the financial year	No. of complaints pending as on March 31, 2022
0	1	1	0

Number of Complaints not solved to the satisfaction of shareholders

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

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (CSR) Committee has been constituted in accordance with the provisions of Section 135 of the Companies Act, 2013 and Rules framed thereunder. The CSR Committee is entrusted with the responsibility of formulating and monitoring the Corporate Social Responsibility (CSR) Policy of the Company. The CSR Policy has been disclosed on the website of the Company at <http://sarlafibers.com/images/csr-policy.pdf>

a) Composition of Committee, Meetings and Attendance

As on March 31, 2022, the CSR comprises of three (3) Members, out of which One (1) Member is Executive Director and Two (2) Members are Non-Executive Independent Directors. The Chairperson of the Committee is an Executive Director. The Company Secretary acts as a Secretary to the Committee.

During the FY 2021-22, the Committee was reconstituted due to sad demise of Mr. Madhusudan Jhunjhunwala. Mr. Krishnakumar Jhunjhunwala was inducted in the Committee as Chairman in the place of the deceased.

During the FY 2021-22, one (1) Meeting of the CSR Committee was held on June 25, 2021.

The Composition of the Committee as on March 31, 2022 and Members' attendance at the Meeting during the FY 2021-22 are mentioned as follows:

Name of the Director	Designation	Category of Directorship	Attendance at Committee Meeting during FY 2021-22	
			Number of Meetings held	Number of Meetings attended
*Late Madhusudan Jhunjhunwala	Chairperson	Whole-time Director	1	1
**Mr. Krishnakumar Jhunjhunwala	Chairperson	Managing Director	NA	NA
Mr. Parantap Dave	Member	Non-Executive Independent Director	1	1
Mrs. Shreya Desai	Member	Non-Executive Independent Director	1	1

* Ceased to be Chairman of the Committee w.e.f. July 19, 2021 due to his sad and sudden demise.

** Appointed as Chairman of the Committee w.e.f. August 10, 2021

c) Terms of reference

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

- Formulating and recommending to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII.
- Recommending the amount of expenditure to be incurred on the activities referred to in clause (i);
- Deciding the CSR Projects or Programs to be taken up by the Company either directly or through registered trust or registered society or a Company established by the Company or its holding or subsidiary or associate Company under Section 8 of the Act or otherwise;
- Monitoring the Corporate Social Responsibility Policy of the Company from time to time;
- Overseeing the progress of the CSR Projects or Programs rolled out under CSR Policy as may be required;
- Submission of Report to the Board on all CSR Activities undertaken during the year; and monitoring and reviewing the implementation of the CSR Policy.

Details of CSR Expenditure undertaken during FY 2021-22

The details of CSR initiatives undertaken by the Company for the FY 2021-22 are mentioned in the CSR Report which forms part as "Annexure V" of the Board's Report.

GENERAL BODY MEETINGS:

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

AGM	FY	Day, Date and Time of AGM	Location of AGM
28 th	2020-21	Wednesday, September 29, 2021 at 10.30 a.m.	Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa – 396230, Union Territory of Dadra & Nagar Haveli
27 th	2019-20	Wednesday, September 30, 2020 at 10.00 a.m.	Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa – 396230, Union Territory of Dadra & Nagar Haveli
26 th	2018-19	Friday, September 27, 2019 at 10.00 a.m.	Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa – 396230, Union Territory of Dadra & Nagar Haveli

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

Date of AGM	No. of Special Resolution Passed	Details of Special Resolution passed
September 29, 2021	Nil	No Special Resolution was passed
September 30, 2020	Nil	No Special Resolution was passed
September 27, 2019	4	i. Re-Appointment of Mr. Madhusudan Jhunjunwala (DIN: 00097254) as a Chairman and Whole-Time Director of the Company for a period of Five years. ii. Re-Appointment of Mr. Krishnakumar Jhunjunwala (DIN: 00097175) as Managing Director of the Company for a period of Five years. iii. Re-Appointment of Mr. Parantap Dave (DIN: 00019472) as an Independent Director of the Company for a second term of Five consecutive years. iv. Appointment of Mr. Paulo Castro (DIN: 08459844) as an Independent Director of the Company.

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

Extraordinary general meeting

No Extra Ordinary General Meeting of Members or Meetings of Creditors was held during last three (3) years and there was no instance of Court convened meeting during last three (3) years.

Resolution passed through postal ballot and details of voting pattern

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

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

As at March 31, 2022, no Special Resolution is proposed to be conducted through Postal Ballot. Postal Ballot whenever conducted will be carried out as per the procedure mentioned in Rule 22 of Companies (Management and Administration) Rules, 2014, including any amendment thereof.

GENERAL SHAREHOLDER INFORMATION

a)	29th Annual General Meeting- Date, Time and Venue:	: Wednesday, September 28, 2022 at 01.00 p.m. (IST) through Video Conference or Other Audio-Visual Means (OAVM). The Registered Office of the Company will be the deemed venue of the Annual General Meeting.
b)	Financial Year	: April 01, 2021 to March 31, 2022
c)	Financial Calendar	
	Financial reporting for	Tentative Board / Annual General Meeting schedule
	Quarter ended June 30, 2022	: On or before August 14, 2022
	Half Year ending September 30, 2022	: On or before November 14, 2022
	Quarter ending December 31, 2022	: On or before February 14, 2023
	Year ending March 31, 2023	: On or before May 30, 2023
	Annual General Meeting for the year ending March 31, 2023	: On or before September 30, 2023
d)	Book Closure Dates	: September 22, 2022 (Thursday) to September 28, 2022 (Wednesday) (Both days inclusive)
e)	Record date for determining the entitlements of shareholders to receive dividend for FY 2021-22	: September 21, 2022 (Wednesday)
f)	Dividend Payment Date	: On or before October 27, 2022, if approved by Members in AGM
g)	Registered Office	: Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa – 396230, Union Territory of Dadra & Nagar Haveli
h)	CIN	: L31909DN1993PLC000056

i)	Listing on Stock Exchanges	: 1) BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.
		2) National Stock Exchange of India Ltd Exchange Plaza, Plot No. C/1 G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051
j)	Stock Code	: BSE Limited – 526885 National Stock Exchange of India Ltd - SARLAPOLY
k)	ISIN	: INE453D01025
l)	Listing Fees	: The Annual Listing Fees has been paid to each of the above Stock Exchanges, for the FY 2022-23.

MARKET PRICE DATA:

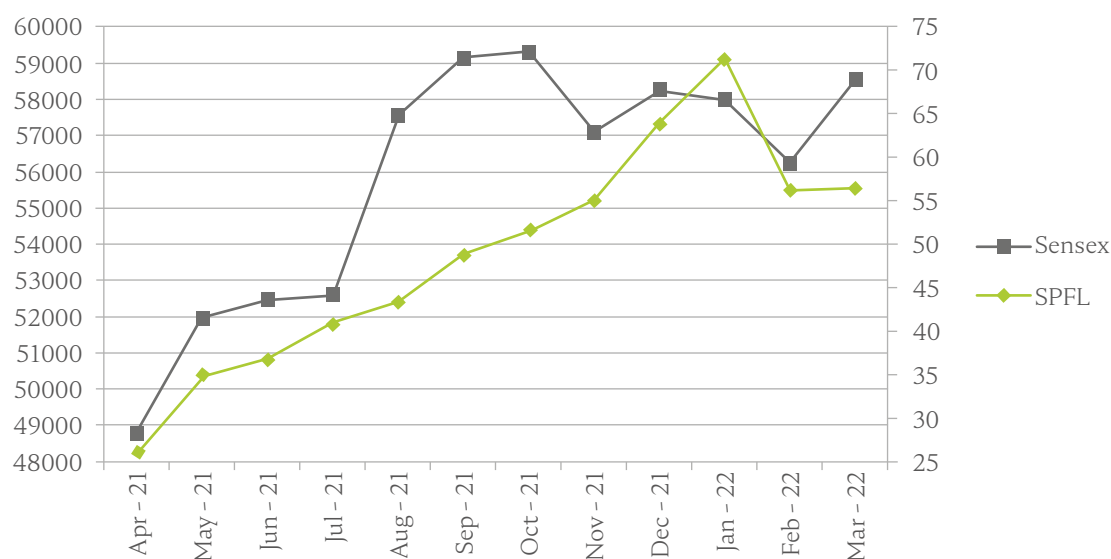
Monthly High/Low/Close Prices of Equity Shares of the Company on BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE') for the Financial Year 2021-22 are given below:

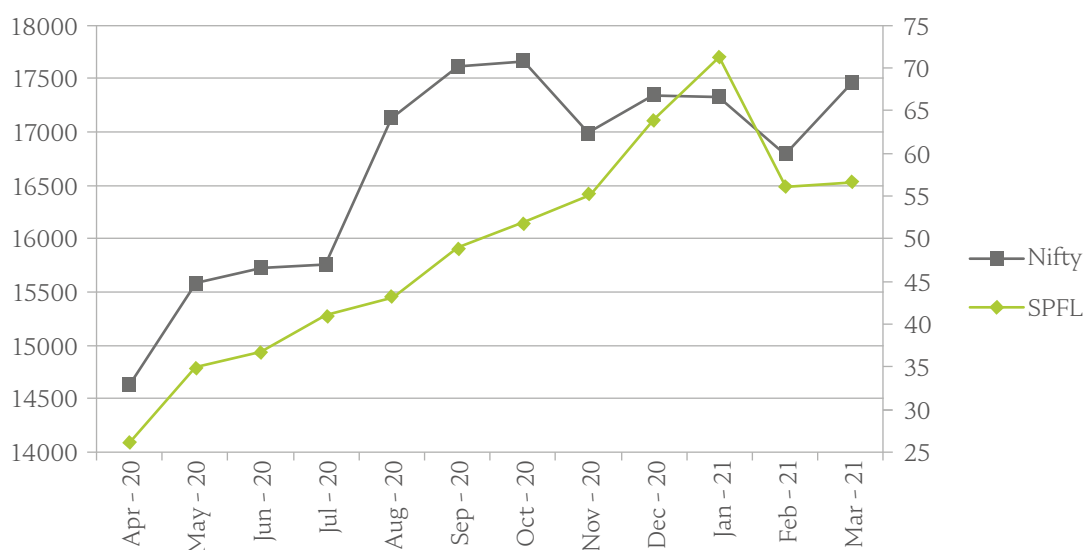
Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Close (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)
April, 2021	28.30	23.25	25.85	26.25	25.10	25.95
May, 2021	40.40	25.00	34.8	35.55	33.80	34.90
June, 2021	41.60	32.50	36.8	38.10	35.95	36.85
July, 2021	45.35	36.20	40.95	42.55	40.70	40.95
August, 2021	51.00	37.50	43.3	45.35	43.15	43.35
September, 2021	54.25	41.40	48.85	51.00	47.95	48.85
October, 2021	58.80	47.90	51.7	52.90	50.40	51.70
November, 2021	63.45	51.85	55.05	57.60	54.10	55.20
December, 2021	67.70	54.60	63.9	66.50	63.05	63.80
January, 2022	78.30	62.00	71.2	76.30	70.00	71.30
February, 2022	73.05	53.05	56.15	56.80	54.10	56.00
March, 2022	63.50	51.25	56.65	58.15	56.40	56.65

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

Performance of share price in comparison to broad-based indices, namely BSE Sensex and NSE Nifty:

STOCK PERFORMANCE RELATIVE TO BSE SENSEX INDEX



STOCK PERFORMANCE RELATIVE TO NSE NIFTY50 INDEX**Registrar and Share Transfer Agent****Link Intime India Private Limited**

C-101, 247 Park, L. B. S. Marg,

Vikhroli (West), Mumbai 400 083

Tel.: 022 - 4918 6000

Fax: 022 - 4918 6060

E-mail: rnt.helpdesk@linkintime.co.inWebsite: www.linkintime.co.in**Disclosure for securities that are suspended from trading**

None of the securities of the Company are suspended from trading during the FY 2021-22.

Share Transfer System

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

The Stakeholders' Relationship Committee has been authorized to oversee and review all matters connected with

transfer of Company's securities. The Company ensures that the Compliance Certificate pursuant to Regulations 40(9) and 40(10) of the SEBI Listing Regulations are filed with the Stock Exchanges within the prescribed timeline. As mandated by SEBI, requests for effecting transfer of securities (except in case of transmission or transposition of securities) cannot be processed from April 01, 2022 unless the securities are held in the dematerialized form with the depositories. Therefore, Members holding shares in physical form were requested to take necessary action to dematerialize their holdings.

Share Capital Audit

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

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

DISTRIBUTION OF SHAREHOLDING

Shares of Nominal Value (Rs.)		Shareholders		Total Amount (Rs.)	
From	To	Number	% of Total	Amount	% of Total
1	5000	24309	97.16	11,133,304	13.33
5001	10000	349	1.39	2,694,341	3.23
10001	20000	171	0.68	2,503,178	3.00
20001	30000	67	0.27	1,736,898	2.08
30001	40000	26	0.10	907,390	1.09
40001	50000	22	0.09	1,009,344	1.21
50001	100000	33	0.13	2,412,895	2.89
100001 & above		43	0.17	61,105,650	73.18
TOTAL		25,020	100.00	83,503,000	100.00

SHAREHOLDING PATTERN AS ON MARCH 31, 2022

	Particulars	No. of Holders	No. of Shares held	% of Shareholding
A	Promoters' Holdings:			
	Individuals	9	22,283,106	26.69
	Bodies Corporate	3	24,312,854	29.12
	Sub Total	12	46,595,960	55.80
B	Non Promoters' Holdings:			
	Foreign Portfolio Investors	2	707,318	0.85
	Individuals/ HUFs	24,047	31,035,528	37.16
	Bodies Corporate	136	2,918,124	3.49
	Non Resident Indians	358	1,415,950	1.70
	Clearing Members	46	120,010	0.14
	IEPF	1	710,110	0.85
	Sub Total	24,590	36,907,040	44.20
	Grand Total	24,602	83,503,000	100.00

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

Dematerialization of Shares and Liquidity

As on March 31, 2022, 8,23,63,340 Equity Shares aggregating to 98.64% of the issued, subscribed and paid-up Equity Share Capital of the Company were held in dematerialized form with National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). The break-up of Equity Shares held in Physical and dematerialized form as on March 31, 2022, is given below:

Category	No. of Shares	% of total Issued Capital
NSDL	2,18,17,600	26.13
CDSL	6,05,45,740	72.51
Physical	11,39,660	1.37
Total	8,35,03,000	100.00

Outstanding GDRs/ ADRs/ Warrants/ any Convertible Instruments, conversion date and likely impact on equity

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

Commodity price risk or foreign exchange risk and hedging activities

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

Plant Location

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

Address for correspondence:

Investors can communicate at the following addresses:

Company's Corporate Office:

304, Arcadia,
195 Nariman Point,
Mumbai – 400 021
Tel.: 022 - 2283 4116
E-mail: investors@sarlafibers.com

Registrar and Share Transfer Agent:

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

Credit Rating

The credit ratings ascribed by Acuite Rating & Research on the bank loan of the Company as on March 31, 2022 is as below:

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

MEANS OF COMMUNICATION:

(a) Financial Results

The Company's Quarterly/ Half Yearly/ Annual Financial Results (Standalone and Consolidated), in prescribed format are approved by the Board of the Company and the same are regularly submitted to the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE'), where the shares of the Company are listed.

The Financial Results are generally published in one (1) English daily newspaper circulated all over India/ substantially all over India, viz. Financial Express (all India edition) and in one Gujarati daily newspaper having regional circulation, viz. Gujarat Guardian (Gujarati) and are also posted on the website of the Company www.sarlafibers.com.

(b) Website & News Release

In compliance with Regulation 46 of the SEBI Listing Regulations, a separate dedicated section under 'For

Investors' is available on the Company's website - www.sarlafibers.com wherein all relevant information pertaining to the Company including but not limited to annual reports, quarterly results, shareholding patterns, corporate governance reports, various notices, details related to IEPF along with the applicable policies of the Company are posted shortly after its submission to the Stock Exchange and are updated from time to time.

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

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

(d) Whether it also displays official news releases

The Company has not made any official news release during the FY 2021-22. Hence, there is no question of displaying the same.

(e) Stock Exchanges

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

(f) Annual Report

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

OTHER DISCLOSURES:

(a) Materially significant related party transactions

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

course of its business have been disclosed in the notes forming part of the financial statements.

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

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

During the FY 2021-22, the Company has received the following notices imposing penalties for non-compliance of certain provisions of SEBI Listing Regulations:

- i) Both the Stock Exchanges, i.e., BSE and NSE vide their letter levied a penalty of Rs. 29,500/- each (inclusive of GST) for delay in submission of related party transactions as required under Regulation 23 (9) for the half year ended March 31, 2021 by five (5) days. The Company had made application for waiver of the said penalty which was rejected by both the exchanges and the Company thereafter, paid the said fine to both the exchanges.
- ii) Notices dated January 15, 2022 and January 14, 2022 were received from BSE and NSE respectively imposing penalty of Rs. 2,59,600/- each (inclusive of GST) for delay in submission of related party transactions as required under Regulation 23 (9) for the half year ended September 30, 2021 by forty-four (44) days. The Company had made application for waiver of the said penalty, which is under review by both the exchanges and the decision is awaited.
- iii) Notices dated February 21, 2022 and May 20, 2022 were received from BSE and February 21, 2022 and May 20, 2022 were received from NSE respectively imposing an aggregate penalty of Rs. 6,84,400/- each (inclusive of GST) for non-compliance with the requirements pertaining to the composition of the Board in terms of Regulation 17 (1) of SEBI Listing Regulations whereby the number of Directors on the Board were below the minimum requirement of six (6) Directors. An overall delay of one hundred and sixteen (116) days was recorded till the date of appointment of Mr. Kanav Jhunjhunwala as Director on the Board w.e.f. February 12, 2022. The Company had made application for waiver of the said penalty, which is under review by both the exchanges and the decision is awaited.

Apart for the above, there was no non-compliance by the Company nor any penalties or strictures were imposed on the Company by the Stock Exchanges or Securities and

Exchange Board of India (SEBI), or any statutory authority on any matter related to the capital markets during the FY 2021-22.

(c) Vigil Mechanism/ Whistle Blower Policy

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

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

(d) Material Subsidiaries

During the FY 2021-22, the Company does not have any material listed/unlisted subsidiary companies as defined in Regulation 16 of the SEBI Listing Regulations. However, the Company has framed the policy for determining material subsidiary as required and the same is disclosed on the website of the Company at the link - <http://sarlafibers.com/images/material-subsidary-policy.pdf>.

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

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

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

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

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

During the FY 2021-22, the Board has accepted all the recommendations of its Committee.

(h) Remuneration of Statutory Auditor

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

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

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

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

Sr. No.	Particulars	No. of Complaints
1.	Number of complaints filed during the FY 2021-22	Nil
2.	Number of complaints disposed of during the FY 2021-22	Nil
3.	Number of complaints pending as on end of the FY 2021-22	Nil

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

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

(k) Accounting Treatment

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

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

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

i. The Board

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

ii. Shareholders' Rights:

The Company ensures that the disclosure of all the information is disseminated on a non-discretionary basis to all the Members. During the year, the Company's quarterly/half yearly/yearly results were published in one English daily newspaper circulated all over India/substantially all over India, viz. Financial Express (all India Editions) and in one Gujarati daily newspaper having regional circulation, viz. Gujarat Guardian and on the website of the Stock Exchange. The same are uploaded on the website of the Company - www.sarlafibers.com and are not circulated separately to the Shareholders.

iii. Modified opinion in Audit Report:

There is no audit qualification in the Company's financial statements for the year ended on March 31, 2022. The Company continues to adopt best practices to ensure the regime of unqualified financial statements.

iv. Reporting of Internal Auditors:

Internal Auditors directly report to the Audit Committee.

(m) Compliance Reports of applicable laws

The Board periodically reviews Compliance Reports, pertaining to all laws applicable to the Company, received from the respective departments, from time to time, as well as steps taken by it to rectify instances of non-compliances, if any.

(n) Compliance with Corporate Governance requirements specified in regulations 17 to 27 and 46(2) of SEBI Listing Regulations

The Company has complied with all the requirements of Corporate Governance specified in regulations 17 to 27 and

46(2) of SEBI Listing Regulations, except Regulation 17 (1) (c) and Regulation 23 (9).

The non-compliance with Regulation 17(1)(c) was attributed to the fact that due to the vacancy caused by the sudden demise of the Chairman & Whole-time Director of the Company, Mr. Madhusudan Jhunjhunwala on July 19, 2021. Since Late Madhusudan Jhunjhunwala were the key decision maker of the Company, his sudden demise has led to hinderance to various internal processes of the Company. The Board made all diligent efforts to find a suitable candidate to hold the Directorship in the Company as the appointment was to be made for the post of Executive Director. After various deliberations, Mr. Kanav Jhunjhunwala was appointed as Director w.e.f. February 12, 2022.

In another instance, the delay caused in submission of Related Party Transactions for the half year ended March 31, 2021 and September 30, 2021, in terms of Regulation 23(9) was due to the change in the positions of the Key Managerial Personnel (KMPs) of the Company which led to inadvertent missing of the due dates of the said disclosures.

The Company is now making all necessary efforts to ensure that such kind of error is not repeated in future.

(o) Compliance with Secretarial Standards:

During the FY 2021-22, the Company has complied with the Secretarial Standards issued by Institute of Company Secretaries of India and notified by MCA.

(p) Details of Demat/ Unclaimed Suspense Account

The disclosures with respect to demat suspense account/ unclaimed suspense account is not applicable to the Company for FY 2021-22.

PREVENTION OF INSIDER TRADING

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Company has adopted the Code of Conduct for Prevention of Insider Trading to regulate the dealing in securities by the Directors and Employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of the Company's shares by the Directors and Employees while in possession of unpublished price sensitive information in relation to the Company or its securities.

The Company has appointed the Company Secretary as the Compliance Officer to ensure compliance of the said Code by all the directors and employees likely to have access to unpublished price sensitive information.

CODE OF CONDUCT

The Board has adopted the Code of Conduct for Members of the Board and Senior Management personnel of the Company. The Code lays down, in detail, the standards of business conduct, ethics and governance.

It is the responsibility of all Directors and employees to familiarize themselves with this Code and comply with its standards. The Board and the senior management of the Company annually affirm compliance with the Code.

A certificate of the Chairman, Managing Director and CEO to this effect is annexed to this report. The Code of Conduct has also been posted on the Company's website at <http://sarlafibers.com/images/code-of-conduct-for-all-board-members-and-senior-management.pdf>.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, if the dividend transferred to the Unpaid Dividend Account of the Company remains unpaid or unclaimed for a period of Seven (7) years from the date of such transfer then such unpaid or unclaimed dividend shall be transferred by the Company along with interest accrued, if any, to the Investor Education and Protection Fund ('the IEPF'), a fund established under sub-section (1) of section 125 of the Act. The details of unclaimed/unpaid dividend are available on the website of the Company viz. <https://www.sarlafibers.com/shares-in-iepf/>

TRANSFER OF SHARES TO IEPF

Pursuant to the provisions of the Act, read with the Rules, the Company is required to transfer equity shares in respect of which dividends have not been claimed for a period of seven consecutive years to IEPF. During the FY 2021-22, no shares have been transferred to IEPF, however the process with respect to the same was initiated. Details of shares to be transferred/ transferred to IEPF are available on the Company's website at <https://www.sarlafibers.com/shares-in-iepf/>.

Further, shares in respect of which dividend will remain unclaimed progressively for seven consecutive years, will be reviewed for transfer to the IEPF as required by law.

The underlying shares w.r.t. Unpaid Dividend for FY 2014-15 will be transferred by the Company to IEPF, after sending an intimation of the proposed transfer in advance to the concerned shareholders, as well as publish a public notice in this regard. Names of such transferees will be available on the Company's website.

Reminder letters are periodically sent by the Company to the concerned shareholders advising them to claim their dividends. Shareholders may note that both the unclaimed dividend and underlying shares transferred to IEPF including all benefits accruing on such shares, if any, can be claimed back from IEPF Authority by following the procedure prescribed in the Rules.

CEO/CFO CERTIFICATION

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have issued certificate pursuant to the provisions of Regulation 17(8) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed to this Report.

CERTIFICATE FROM A COMPANY SECRETARY IN PRACTICE

As required under Clause 10 (i) of Part C under Schedule V of the SEBI Listing Regulations, the Company has received a certificate from M/s. Mayank Arora & Co., Practicing Company Secretaries, (Membership No: F10378) certifying that none of the Directors have been debarred or disqualified from being appointed or continuing as Directors of the Company, by SEBI or Ministry of Corporate Affairs or such other statutory authority.

The certificate forms part of this Annual Report and is attached as Annexure VII (B) to this Report on Corporate Governance.

MANAGING DIRECTOR'S DECLARATION

Compliance with the Company's Code of Conduct

(Regulation 34(3) read with Schedule V of SEBI Listing Regulations)

This is to confirm that the Members of Board of Directors and Senior Management Personnel (including Chief Financial Officer, Company Secretary and other Senior level Employees) of the Company have affirmed compliance with the Code of Conduct of Sarla Performance Fibers Limited, as applicable to them, for the financial year ended March 31, 2022.

For and on behalf of the Board of Directors

Place: Mumbai
Date: July 29, 2022

Krishnakumar Jhunjunwala
Chairman & Managing Director
(DIN: 00097175)

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

To,
The Board of Directors
Sarla Performance Fibers Limited

We, the undersigned, in our respective capacities as the Chairman and Managing Director and Chief Financial Officer of Sarla Performance Fibers Limited ("the Company") to the best of our knowledge and belief hereby certify that:

- (a) We have reviewed the financial statements and cash flow statement of Sarla Performance Fibers Limited for the year ended March 31, 2022 and to the best of our knowledge and information we certify that:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain the statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We hereby declare that all the Members of the Board of Directors and Executive Committee have confirmed compliance with the Code of Conduct as adopted by the Company.

- (d) We accept the responsibility for establishing and maintaining internal controls for financial reporting for the Company and we have
 - (i) evaluated the effectiveness of internal control systems of the Company;
 - (ii) disclosed to the Auditors and the Audit Committee of the Board, deficiencies in the design or operation of such internal controls, if any, of which we are aware; and
 - (iii) necessary steps taken or propose to be taken to ratify these deficiencies.
- (e) We have indicated to the Auditors and the Audit Committee that there have been:
 - (i) No significant changes in internal control over financial reporting during the FY 2021-22;
 - (ii) No significant changes in Accounting Policies during the FY 2021-22; and
 - (iii) No instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

For Sarla Performance Fibers Limited

Place: Mumbai
Date: July 29, 2022

Krishnakumar Jhunjhunwala
Managing Director
DIN: 00097175

Mukesh Deopura
Chief Financial Officer

Annexure VII (A)

Certificate on Corporate Governance

To,
The Board of Directors
SARLA PERFORMANCE FIBERS LIMITED
Survey Mo 59/1/4, Amli Piparia Industrial Estate,
Silvassa – 396 230

I have examined all the relevant records of **SARLA PERFORMANCE FIBERS LIMITED** ('the Company') for the purpose of certifying compliance with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 of Chapter IV to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the financial year ended March 31, 2022.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation process adopted by the Company for ensuring compliance with the conditions of Corporate Governance. This certificate is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In my opinion and to the best of my information and according to the explanations and information furnished to me, I certify that the Company has complied with all the conditions of Corporate Governance as stipulated in the said Listing Regulations except to the following:

- a. Pursuant to Regulation 17(1)(c) of SEBI (LODR) Regulations, 2015 the number of Directors were less

than six from July 19, 2021 till February 12, 2022. The Company was in constant search for the prospective candidate for the position of Director during such period and the Company was able to appoint the Director on February 12, 2022;

- b. Pursuant to Regulation 23(9) of SEBI (LODR) Regulations, 2015; the Company failed to upload disclosures regarding Related Party Transactions within fifteen days from the date of publication of financials. For the quarter ended March 31, 2021, the Audited Financials were published on 25/06/2021; however disclosure regarding Related Party Transactions was uploaded on Stock Exchange on 31/07/2021. Further, for the quarter ended September 30, 2021, the Financials were published on 30/10/2021; however disclosure regarding Related Party Transactions was uploaded on Stock Exchange on 12/01/2022.

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

For Mayank Arora & Co.,
Company Secretaries
(ICSI Unique Code S2014MH267200)

Mayank Arora
(Proprietor)
C.P. No.: 13609
M. No.: F10378
PR No. 679/2020

Date: 25/05/2022
Place: Mumbai
UDIN: F010378D000477988

Annexure VII (B)

Certificate of Non-Disqualification of Directors

(Pursuant To Regulation 34(3) And Schedule V Para C Clause (10)(I) Of The Securities And Exchange Board Of India
(Listing Obligations And Disclosure Requirements) Regulations, 2015

To,
The Members of
Sarla Performance Fibers Limited,
Survey No 59/1/4, Amla Piparia Industrial Estate,
Silvassa – 396 230

In my opinion and to the best of my information, verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) and according to our examination of the relevant records and information provided by **Sarla Performance Fibers Limited** ('the Company') and based on representation made by the Management of the Company for the period from April 01, 2021 to March 31, 2022 for the purpose of issuing a Certificate as per Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the LODR Regulations') read with Part C of Schedule V of the LODR Regulations, I hereby certify that NONE of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or Ministry of Corporate Affairs or any such statutory authority for the period as on March 31, 2022.

Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Mayank Arora & Co.,
Company Secretaries

Mayank Arora
(Proprietor)
Membership No.: F10378
COP No.: 13609
PR No. 679/2020

Place: Mumbai
Date: 25/05/2022
UDIN number: F010378D000477977

Management Discussion and Analysis

The Management Discussion and Analysis Report has been prepared in accordance with the provisions of Regulation 34(2)(e) of Listing Regulations, read with Schedule V(B) thereto, with a view to provide an analysis of the business and Financial Statement of the Company for FY 2021-22 and should be read in conjunction with the respective Financial Statements and notes thereon.

ECONOMIC OVERVIEW

GLOBAL ECONOMY & OUTLOOK

The war in Ukraine has triggered a costly humanitarian crisis that demands a peaceful resolution. Economic damage from the conflict will contribute to a significant slowdown in global growth in 2022. The war in Ukraine is leading to high commodity prices, adding to supply disruptions, increasing food insecurity and poverty, exacerbating inflation, contributing to tighter financial conditions, magnifying financial vulnerability, and heightening policy uncertainty. Growth in emerging market and developing economies (EMDEs) this year has been downgraded to 3.4 percent, as negative spillovers from the invasion of Ukraine more than offset any near-term boost to some commodity exporters from higher energy prices. Elevated inflation due to the war, will complicate the trade-offs, central banks face between containing price pressures and safeguarding growth. Interest rates are expected to rise as central banks tighten policy, exerting pressure on emerging market and developing economies. Moreover, many countries have limited fiscal policy space to cushion the impact of the war on their economies. The invasion has contributed to economic fragmentation as a significant number of countries sever commercial ties with Russia and risks derailing the post-pandemic recovery. In addition, the conflict adds to the economic strains brought by the pandemic. Moreover, recent lockdowns in key manufacturing and trade hubs in China will likely compound supply disruptions elsewhere.

International Monetary Fund (IMF) in its publication has projected the global economy to slow from an estimated 6.1 per cent in 2021 to 3.2 per cent in 2022 with a further decline of global growth to about 2.6 percent and 2.0 percent in 2022 and 2023, respectively.

The war in Ukraine could lead to a sudden stop of European gas imports from Russia; inflation could be harder to bring down than anticipated either if labor markets are tighter than expected or inflation expectations unanchored; tighter global financial conditions could induce debt distress in emerging market and developing economies.

Despite weakening growth prospects across multiple economies, the global economy is currently not in recession. Jobs in many economies are plentiful and

business dynamics are encouraging. Despite quarterly GDP contractions in China and the US, GDP reports elsewhere continue to beat expectations.

INDIAN ECONOMY AND OUTLOOK

Despite the third wave of COVID-19, overall economic activity remained stable, indicating that India has learned to cope with virus-related restrictions. Several high frequency indicators, such as electricity consumption, PMI manufacturing, exports, and e-way bill creation, reflected this. The economy's confidence has been bolstered even more by the rapid pace of immunisation. In addition, the Union Budget commitment to asset creation (public infrastructure development) in 2022-23 will re-energize the virtuous cycle of investment and crowd in private investment with huge multiplier effects, boosting inclusive and sustainable growth. Consumption will rise up once the uncertainty and worry caused by the Covid-19 virus has passed, and the demand rebound will allow the private sector to step in with investments to boost production to satisfy the rising demand.

IMF recently forecasted India's growth for FY 2022-23 to 7.4% which has been reduced by 80 basis points from earlier forecast of 8.2%. The reason cited for the same was less favourable external conditions and rapid policy tightening by RBI. The rising inflation has been concern in the growth prospects of the country.

FICCI in its Economic Outlook Survey of July, 2022 puts forth an annual median GDP growth forecast for FY 2022-23 at 7.0%. The growth forecast has been downgraded from 7.4% estimate owing to geopolitical uncertainty and its repercussions for the Indian economy.

The results of growth-enhancing policies and schemes (such as production-linked incentives and government's push toward self-reliance) and increased infrastructure spending will start kicking in from 2023, leading to a stronger multiplier effect on jobs and income, higher productivity, and more efficiency, all leading to accelerated economic growth.

INDUSTRY STRUCTURE AND DEVELOPMENT

Global Textile Industry

The outbreak of the Coronavirus disease (COVID-19) has acted as a massive restraint on the textile manufacturing market in 2021 as supply chains were disrupted due to trade restrictions and consumption declined due to lockdowns imposed by governments globally. However, with end of the pandemic, the textile manufacturing market is expected to recover from the shock across the forecast period.

The global textile market size is expected to grow from \$530.97 billion in 2021 to \$575.06 billion in 2022 at a compound annual growth rate (CAGR) of 8.3%. The textile market is expected to grow to \$760.21 billion in 2026 at a CAGR of 7.2%.

The increasing demand for online shopping is expected to drive the textile manufacturing market. Especially for country like India, e-commerce portals have boosted the sales of traditional garments by giving larger exposure to producers who were confined to one geography.

Indian Textile Industry

India's textiles sector is one of the oldest industries in the Indian economy, dating back to several centuries.

India's textiles industry has around 4.5 crore employed workers including 35.22 lakh handloom workers across the country. The Indian textile and apparel industry is expected to grow at 10% CAGR from 2019-20 to reach US\$ 190 billion by 2025-26. Production of fibre in India reached 2.40 MT in FY21 (till January 2021), while for yarn, the production stood at 4,762 million kgs during same period.

India is also significant textiles fiber and yarn manufacturer on the world scene, taking on its own a 12% share of the world's production volume. India ranks on the second place as regards in production of silk and cellulose fiber and yarn whilst standing on the fifth position when it comes to synthetic fiber and yarn. Many manufacturing companies in India are rushing towards expansion and modernization options. Business collaborations with foreign players, creation of buying offices and Government's effort to enhance quality production and export are many visible signs of Indians coming into force on the global market.

Therefore, even though the global environment looks challenging, the markets in India look poised to fare much better. The industry-specific support provided by the government, favourable geopolitical equations and the resilience of Indian entrepreneurs will likely hold the Indian economy and the Textiles and Apparel sector in good stead.

ABOUT THE COMPANY

Your Company is in the business of manufacturing and export of polyester and nylon textured, twisted and dyed yarns, covered yarns, high tenacity yarns and sewing thread. The yarn manufactured by the company is used in the manufacturing of automotive seat belts and trims, airbags, upholstery, dress, casual & athletic footwear, leather goods, soft luggage, lingerie, swimwear and sportswear. The company has two yarn manufacturing unit located in Silvassa, one dyeing unit at Vapi and one HT twisting unit at Dadra. The Company also has Partially Oriented Yarn (POY) manufacturing unit in USA through its subsidiary; however same has been shut since December 2017 due to local issues resulting continuing losses. The Company has two wholly owned subsidiaries under the name of Sarla

Overseas Holdings Limited (SOHL) in the British Virgin Islands and Sarla Flex Incorporated, in the United States of America and one step down subsidiary Sarla Europe LDA at Portugal. The Company caters to the North and Central American market through its US based subsidiary, SOHL and caters to Europe and South American markets through Portugal based step-down subsidiaries.

Opportunities and Threats

With the collective global sentiment against China, there has been a shift to other countries for sourcing raw materials. The first alternatives were Bangladesh and Vietnam, which have now become saturated. For the last few seasons, many programs have migrated their sourcing to India, and have stayed that way, indicating a permanent shift. This has proved an opportunity for your Company to expand its horizon in various countries.

Your Company is working towards expanding and increasing its focus on the dyeing division. However, the same come with its own challenges like the accuracy to be maintained in the colour and deviation, if any to be borne by the Company. But your Company is hopeful that the same can be overcome within a reasonable time.

Risks and concerns

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

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

Internal Control Systems and their Adequacy

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

The Company has appropriate and adequate insurance cover for its immovable and movable assets. Both, the insurance cover and the assets are closely and consistently monitored by the management from time to time.

Human Resources/Industrial Relations

Your Company strongly believes that employees are our intangible assets and the Company's performance

is heavily dependent on their knowledge, competency aptitude and efforts. Employee loyalty and retention are important factors for progress. To attract, hire and have the best available talent, the Company provides equal employment opportunities and the better working conditions. The Company recruitment strategy is to hire skillful people with right and positive attitude. As of March 31, 2022, the total employee strength of the Company stood at 327.

Risk Management

The Company is exposed to various potential risks like Economical Risk, Compliance Risk, Cyber risk, and Geopolitical risk, Operational Risk, Environmental Risk and Financial Risk. Senior management regularly and systematically reviews the key risk areas while the Audit Committee also reviews and provides input to mitigate the risk.

Key Financial Ratios

Particulars	FY 2021-22	FY 2020-21	Change (%)
Debtors Turnover	4.25	2.56	66.02
Inventory Turnover	5.45	5.19	5.01
Interest Coverage Ratio	22.45	10.94	105.21
Current Ratio	1.68	1.71	(1.40)
Debt Equity Ratio	0.31	0.40	(22.50)
Net Profit Margin (%)	12.45	5.16	141.28
Return on Net Worth	12.60	3.55	255.40

Detailed explanation for change registered above 25%

Debtors Turnover:

The increase in ratio is due to better efficiency in collections during the year.

Net Profit Margin

The increase is due to significant increase in sales as compared to previous year and recognition of exceptional loss for Impairment of Investment in WOS accounted in the previous year.

Return on Network

The significant increase is because in the previous FY 2020-21, there was impairment of assets of the Company which was an exceptional item thereby reducing the profits significantly. Another factor was the impact of COVID-19 and the resulting lockdowns which has impacted the business hugely.

Disclosure on Accounting Treatment

In the preparation of financial statements for FY. 2021-22, there is no treatment of any transaction different from that prescribed in the Accounting Standards notified by the Government of India under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014; guidelines issued by the Securities and Exchange Board of India and other accounting principles generally accepted in India.

Cautionary Statement

The Management Discussions and Analysis Statement made above are on the basis of available data as well as certain assumptions as to the economic conditions, various factors affecting raw material prices, selling prices, trend and consumer demand and preference, governing and applicable laws and other economic and political factors. Actual results may vary from those expressed or implied. The management cannot guarantee the accuracy of the assumptions and projected performance of the Company in future.

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 2022, 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, its profit including other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on

Auditing (SAs), specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr no	Key Audit Matter	Auditor's Response
1.	Litigations, Provisions and contingent liabilities <p>The Company has litigations which also include matters under dispute involving significant management judgement and estimates on the possible outcome of the litigations and consequent provisioning thereof or disclosure as contingent liabilities.</p> <p>Refer Note 45.1 to the standalone financial statements.</p>	Principal Audit Procedures <p>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:</p> <ul style="list-style-type: none"> 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.

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

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

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

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

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of Management and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the standalone financial statements,

including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

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, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in 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 Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
 - d) In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Companies (Indian Accounting Standard) Rules, 2015 as amended;

- e) On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act;
- f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report. Our report expresses modified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements;
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - 1) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements (Refer Note No. 45.1 to the standalone financial statements);
 - 2) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts);
 - 3) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
 - 4) (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person or entity), including

foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- (c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under 4(a) and 4(b) above, contain any material misstatement.
- 5) There were no amounts which were declared or paid during the year as dividend by the company.

As stated in the Note No. 22.6 to the financial statements, the Board of Directors of the

Company have proposed final dividend for the year which is subject to the approval of the members and the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

3. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

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

For C N K & Associates LLP

Chartered Accountants

Firm Registration Number: 101961W/W-100036

Himanshu Kishnadwala

Partner

Membership No.: 37391

UDIN: 22037391AJNYVP4519

Place: Mumbai

Date: 25th May, 2022

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, 2022]

To the best of our information and according to the explanations provided to us by the Company and the books of accounts and records examined by us in the normal course of audit, we state that:

- (i) (a) (A) The Company implemented a new ERP system during the FY 2020-21 wherein full details of Property, Plant and Equipment (PPE) is to be integrated in the system. As at 31st March 2022, the Company is still in the process of updating details pertaining to full particulars including quantitative details and situation of PPE;
- (B) As mentioned above, the Company is in the process of integrating and updating details pertaining to full particulars of intangible assets;
- (b) The Company has a regular program of physical verification of PPE under which all items of PPE are

verified in a phased manner over a period of three years. This, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. During the year, however, though the Company has carried out physical verification of its PPE, in absence of full particulars including quantitative details and situation of PPE, we are not able to comment on discrepancies, if any;

- (c) As disclosed in Note No. 4(b) to the standalone financial statements read with confirmation for title deeds received from SBICAP Trustee Company Limited (STCL), the title deeds of all immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company except in the following case:

Description of property	Gross carrying value (Rs. In Lakhs)	Held in name of	Whether promoter, director or their relative or employee	Period held -indicate range, where appropriate	Reason for not being held in name of Company
Freehold Land	3,028.83	Shri Krishna Jhunjunwala Neha Jhunjunwala	Managing Director	21st Oct, 2016 till date	Being agriculture land cannot be held in the name of Company

- (d) The Company has not revalued any of its PPE (including right- of-use assets) and intangible assets during the year;
- (e) As disclosed in Note No. 56 to the standalone financial statements, no proceeding has been initiated or is pending for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder;
- (ii) (a) The Management has conducted physical verification of inventories at regular intervals. In our opinion, considering the size of the Company, the coverage of such verification is reasonable and the procedures are adequate.
- The discrepancies noticed on physical verification were not exceeding 10% in aggregate for each class of inventory and the same has been properly dealt with in the books of account;
- (b) As disclosed in Note No. 23 to the standalone financial statements, the Company has working capital limits sanctioned from banks or financial institutions exceeding five crore rupees during the year and the quarterly returns / statements filed by the Company are materially in agreement with the books of accounts;
- (iii) During the year, the Company has not made any investments in, provided guarantee or security or granted any loans or advances in nature of loans, secured or unsecured to companies, firms, limited liability partnerships or other parties except for investments in debentures, equity shares, mutual funds, loan to employees, in respect of which:
- (a) A. During the year, the Company has not provided any loans or provided advances in the nature of loans, or stood guarantee, or provided security to its subsidiaries. Hence reporting under clause 3(iii)(a)(A) of the Order is not applicable;
- B. During the year, the Company has provided loans or advances in the nature of loans to its employees as below:

(Rs. In Lakhs)	
Particulars	Amount
Aggregate amount granted/ provided during the year	
- Others	
- Employees	32.48
Balance outstanding as at the Balance sheet date in respect of above cases	
- Others	
- Employees	28.82

- (b) In our opinion, during the year, the investments made and the terms and conditions of the grant of all loans and advances in the nature of loan to its employees are prima facie not prejudicial to the interest of the Company;
- (c) In respect of interest free loans given by Company to its wholly owned subsidiary in earlier years, arrangement does not contain any schedule of repayment of principal (outstanding as on 31st March, 2022 Rs. 194.32 lakhs) and payment of interest and hence not able to make specific comment on the regularity of repayment of principal and payment of interest in respect of such loans. In respect of loans and advances in the nature of loans granted by the Company to its employees during the year, where the schedule of repayment of principal and payment of interest has been stipulated, repayments / receipts have generally been regular;
- (d) In respect of loans and advances in the nature of loans granted by the Company to its employees during the year, there is no overdue amount for more than ninety days as at the Balance Sheet date;
- (e) No loans or advances in the nature of loans granted by the Company has fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdue of existing loans;
- (f) In respect of loans and advances in the nature of loans granted by the Company to its employees during the year, there were no amount granted which were either repayable on demand or without specifying any terms or period of repayment.
- (iv) The Company has complied with the provisions of Section 185 and 186 of the Act. The Company has made equity and preference share investments, has given interest free unsecured loans to its wholly

owned subsidiary. As informed to us, said investments made and loans given, are for business purpose.

- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits to which directives issued by Reserve Bank of India and provisions of Sections 73 to 76 of the Act or other relevant provisions and the Rules framed there under apply. We were informed by the management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard. Hence, reporting under clause 3(v) of the Order is not applicable;
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as specified by the Central Government under sub section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed

examination of the same with a view to determining whether they are accurate or complete;

- (vii) (a) On the basis of our examination of records and according to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and any other statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other statutory dues in arrears as at 31st March, 2022 for a period of more than six months from the date they became payable;

- (b) The particulars of statutory dues that have not been deposited on account of any dispute are as under:

(Rs. In Lakhs)

Name of the Statute	Forum where dispute is pending	Period to which the amount relates	Amount Involved	Amount Unpaid
Central Excise Act, 1944	Supreme Court of India	FY 1995-96, 1996-97	150	75
Central Excise Act, 1944	CESTAT	FY 1995-96	45	45
Custom Act, 1962	CESTAT	FY 2011-12 to FY 2016-17	768	768

- (viii) As disclosed in Note No. 56 to the standalone financial statements, there are no transactions which are not recorded in the books of account and have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961);
- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender;
- (b) As disclosed in Note No. 56 to the standalone financial statements, the Company is not declared wilful defaulter by any bank or financial institution or other lender;
- (c) Term loans have been utilized for the purpose for which the loans were obtained;
- (d) On an overall examination of the financial statements of the Company, no funds raised on short term basis have been used for long term purposes. During the year, the Company has availed Buyer's credit facility (for a period of less than a year) amounting to Rs. 823.85 Lakhs from bank to be utilised for investments in PPE;
- (e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable;
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable;
- (xi) (a) No fraud by the Company or on the Company have been noticed or reported during the year;
- (b) No report under sub-section (12) of Section 143 of the Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report;
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year;
- (xii) The Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order is not applicable;

- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Act where applicable and the details of such related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards;
- (xiv)(a) In our opinion, Internal Audit system of the Company needs to be improved to cover more areas to make it commensurate with the size and nature of Company's business;
- (b) We have considered Internal Audit reports issued to the Company during the year and till date for the period under audit;
- (xv) The Company has not entered into any non-cash transactions with its Directors or persons connected with directors and hence provision of section 192 of the Act are not applicable;
- (xvi)(a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable ;
- (b) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence, reporting under clause 3(xvi)(c) of the Order is not applicable;
- (c) There is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3 (xvi)(d) of the Order is not applicable;
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year;
- (xviii) There has been no resignation of the statutory auditors of the Company during the year. Hence, reporting under clause 3(xviii) of the Order is not applicable;

- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due;

- (xx) As disclosed in Note No. 50 to the standalone financial statements, the gross amount required to be spent by the Company towards Corporate Social Responsibility (CSR) for the year has been duly spent. Accordingly, reporting under clause 3(xx)(a) and clause 3(xx)(b) of the Order is not applicable;

For C N K & Associates LLP

Chartered Accountants

Firm Registration Number: 101961W/W-100036

Himanshu Kishnadwala

Partner

Place: Mumbai

Date: 25th May, 2022

Membership No.: 37391

UDIN: 22037391AJNYVP4519

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, 2022]

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 standalone financial statements of **Sarla Performance Fibers Limited** ("the Company") as of 31st March, 2022 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 over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy

and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to these standalone financial statements

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone financial statements includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of

financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

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

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Modified Opinion

During FY 2020-21, Company had implemented new ERP system, which is still in the process of stabilization. Due to the same, the Company is in the process of implementation and testing of controls with respect to certain areas such as valuation of inventories, depreciation / amortization for property, plant and equipment / intangible assets and updation of customer / vendor master, material management.

In our opinion, except for the possible effects of the weaknesses described above, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2022, 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

Place: Mumbai

Date: 25th May, 2022

Membership No.: 37391

UDIN: 22037391AJNYVP4519

Balance Sheet as at 31st March 2022

(Rs in lakhs)

Particulars	Note No	As at 31st March, 2022	As at 31st March, 2021
I ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	4	20,300.89	21,544.66
(b) Capital Work in progress	5	1,564.38	40.88
(c) Intangible assets	6	93.83	99.05
(d) Investments in Subsidiaries	7	6,167.98	6,167.98
(e) <u>Financial Assets</u>			
(i) Investments	8	3,648.31	1,486.53
(ii) Loans	9	194.32	188.43
(iii) Other financial assets	10	963.89	516.77
(f) Non current Tax Assets (Net)	11	230.99	183.27
(g) Other non-current assets	12	766.40	486.95
Total non-current assets		33,930.99	30,714.51
(2) Current assets			
(a) Inventories	13	9,647.16	5,684.72
(b) <u>Financial Assets</u>			
(i) Investments	14	1,487.92	176.69
(ii) Trade receivables	15	10,086.10	9,849.86
(iii) Cash and cash equivalents	16	274.18	839.88
(iv) Bank balances other than (iii) above	17	6,296.26	8,647.91
(v) Loans	18	28.82	33.12
(vi) Other financial assets	19	1,492.01	1,572.62
(c) Other current assets	20	1,684.82	2,730.40
Total current assets		30,997.27	29,535.20
Total Assets		64,928.27	60,249.71
II EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	21	835.03	835.03
(b) Other Equity	22	41,023.15	35,750.07
Total equity		41,858.18	36,585.10
Liabilities			
(1) Non-current liabilities			
(a) <u>Financial Liabilities</u>			
(i) Borrowings	23	1,955.96	3,734.79
(ia) Lease Liabilities	24	162.94	4.76
(b) Provisions	25	144.60	119.31
(c) Deferred tax liabilities (Net)	26	2,371.06	2,485.04
Total non-current liabilities		4,634.56	6,343.89
(2) Current liabilities			
(a) <u>Financial Liabilities</u>			
(i) Borrowings	27	11,196.57	11,055.91
(ia) Lease Liabilities		47.65	1.98
(ii) Trade payables	28		
(A) total outstanding dues of micro enterprises and small enterprises		199.27	16.54
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		3,990.12	2,605.93
(iii) Other financial liabilities	29	2,485.11	3,250.46
(b) Other current liabilities	30	224.69	232.96
(c) Provisions	31	95.54	41.30
(d) Current Tax Liabilities (Net)	32	196.54	115.63
Total current liabilities		18,435.50	17,320.71
Total Equity and Liabilities		64,928.27	60,249.71

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

KRISHNAKUMAR M. JHUNJHUNWALA

Managing Director

(DIN: 00097175)

Mukesh Deopura
Chief Financial Officer

Place: Mumbai

Date: 25th May, 2022

For and on behalf of the Board of Directors

NEHA JHUNJHUNWALA

Director

(DIN: 07144529)

Neha Somani
Company Secretary

Place: Mumbai

Date: 25th May, 2022

Statement of profit and loss for the year ended 31st March, 2022

(Rs in lakhs)

Particulars	Note No.	For the year ended 31st March, 2022	For the year ended 31st March, 2021
I Revenue from Operations	33	42,354.15	25,136.30
II Other Income	34	1,738.67	1,283.14
III TOTAL INCOME (I+II)		44,092.82	26,419.44
IV Expenses			
(a) Cost of materials consumed	35	23,622.06	11,079.10
(b) Changes in inventories of finished goods and work-in-progress	36	(2,719.50)	(755.37)
(c) Employee benefits expense	37	1,645.36	1,093.63
(d) Finance costs	38	368.78	635.81
(e) Depreciation and amortization expense	39	1,862.90	1,785.97
(f) Other expenses	40	12,242.80	8,319.14
TOTAL EXPENSES (a to f)		37,022.40	22,158.28
V Profit/(loss) before exceptional item & tax (III-IV)		7,070.42	4,261.15
Exceptional item	54	-	(2,436.59)
VI Profit/(loss) before tax		7,070.42	1,824.56
VII Tax expense:	26		
Current tax		1,909.69	1,146.17
Deferred tax		(113.98)	(618.81)
Total tax expense		1,795.71	527.36
VIII Profit/(loss) for the year (VI-VII)		5,274.71	1,297.20
IX Other Comprehensive Income ('OCI')			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plan		(2.18)	57.49
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.55	(14.47)
Total (A)		(1.63)	43.02
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)		(1.63)	43.02
X Total comprehensive income for the year (VIII+IX)		5,273.08	1,340.22
XI Earnings per equity share	41		
- Basic and Diluted (face value Re. 1)-Before Exceptional Item		6.32	4.47
- Basic and Diluted (face value Re. 1)-After Exceptional Item		6.32	1.55

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

KRISHNAKUMAR M. JHUNJHUNWALA

Managing Director

(DIN: 00097175)

Mukesh Deopura

Chief Financial Officer

For and on behalf of the Board of Directors

NEHA JHUNJHUNWALA

Director

(DIN: 07144529)

Neha Somani

Company Secretary

Place: Mumbai

Date: 25th May, 2022

Place: Mumbai

Date: 25th May, 2022

Statement of cash flows for the year ended 31st March, 2022

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
A Cash flow from operating activities		
Profit before tax (after exceptional item)	7,070.42	1,824.56
Adjustments for:		
Finance costs	368.78	635.81
Depreciation and amortisation expenses	1,862.90	1,785.97
Interest on income tax	25.12	12.96
Interest income	(650.09)	(840.24)
Gain on disposal of investments	(69.40)	(6.49)
Gain on fair value of investments	(9.47)	(63.75)
Dividend Income on Current investments	(1.42)	(0.16)
Exceptional item	-	2,436.59
Unrealised exchange gain or loss on foreign currency translations	(325.98)	(491.67)
Loss due to fire	108.06	-
Sundry Balances written off / (written back)	(1.17)	-
Operating profit before working capital changes	8,377.74	5,293.57
Movements in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Trade receivables	(236.24)	(98.66)
Inventories	(3,962.44)	(1,872.21)
Current loans	4.30	(7.39)
Non-current loans	(7.41)	2.80
Other non current assets	(279.44)	(110.93)
Other current assets	1,046.76	(455.23)
Other current financial assets	(433.58)	-
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	1,566.92	808.77
Other current financial liabilities	(431.65)	1,359.25
Other current liabilities	(8.27)	100.84
Other financial liabilities	112.51	4.76
Provisions	77.35	25.19
Cash generated from operations	5,826.53	5,050.76
Direct taxes paid (net)	(1,901.61)	(723.25)
Net cash generated from operating activities (A)	3,924.92	4,327.51
B Cash flows from investing activities		
Bank balances other than Cash & Cash equivalents	1,924.04	(615.49)
Purchase of property, plant and equipment	(3,226.68)	(1,439.32)
Purchase of Intangible Assets	(21.27)	(37.25)
Proceeds from disposals of property, plant and equipment	686.26	-
Purchase of non current investments	(3,914.51)	-
Proceeds of non current investments	1,822.12	-
Purchase of current investments	(1,311.23)	15.84
Interest received	1,565.11	459.35
Dividend Income on Current investments	1.42	0.16
Net cash (used in) investing activities (B)	(2,474.73)	(1,616.73)

Statement of cash flows for the year ended 31st March, 2022

(Rs in lakhs)		
Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
C Cash flow from financing activities		
Repayment of non current borrowings	(3,039.28)	(2,991.96)
Proceeds/(repayment) from current borrowings	1,433.21	1,207.75
Payments for the principal portion of lease liability	(30.02)	(20.75)
Payments for the interest portion of lease liability	(11.02)	(1.39)
Interest paid	(368.78)	(623.83)
Net cash (used in) financing activities (C)	(2,015.90)	(2,430.18)
D NET INCREASE IN CASH AND CASH EQUIVALENTS [(A) + (B) + (C)]	(565.70)	280.61
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (REFER NOTE 16)		
Balances with banks in current accounts and deposit accounts	853.85	551.65
Effect of exchange rate changes on cash and cash equivalents	(22.08)	(11.63)
Cash on hand	8.11	19.25
CASH AND CASH EQUIVALENTS	839.88	559.27
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (REFER NOTE 16)		
Balances with banks in current accounts and deposit accounts	266.93	853.85
Effect of exchange rate changes on cash and cash equivalents	1.07	(22.08)
Cash on hand	6.17	8.11
CASH AND CASH EQUIVALENTS	274.18	839.88
Supplemental Information		
Cash Transactions from Operating Activities:		
Spent towards Corporate Social Responsibility	301.83	80.00

Explanatory notes to Statement of Cash Flows:

- 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.
- In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.
- The net profit / loss arising due to conversion of current assets / current liabilities, receivable / payable in foreign currency is furnished under the head "Foreign Exchange Fluctuations".
- Changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes:

Reconciliation of liabilities arising from financing activities

Particulars	As at 1st April 2021	Cash flow	Foreign Exchange movement	As at 31st March, 2022
Non - current borrowing (including current maturities of non current borrowing)	6,778.82	(3,039.28)	(66.39)	3,673.15
Current borrowing	8,011.88	1,433.21	34.30	9,479.39
	14,790.70	(1,606.07)	(32.09)	13,152.54

Statement of cash flows for the year ended 31st March, 2022

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)	9,962.12	(2,991.96)	(191.34)	6,778.82
Current borrowing	6,868.61	1,207.75	(64.48)	8,011.88
	16,830.73	(1,784.21)	(255.82)	14,790.70

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

KRISHNAKUMAR M. JHUNJHUNWALA

Managing Director

(DIN: 00097175)

Mukesh Deopura

Chief Financial Officer

Place: Mumbai

Date: 25th May, 2022

For and on behalf of the Board of Directors

NEHA JHUNJHUNWALA

Director

(DIN: 07144529)

Neha Somani

Company Secretary

Place: Mumbai

Date: 25th May, 2022

Statement of changes in equity for the year ended 31st March, 2022

a. Equity Share Capital (note 21)

(Rs in lakhs)

Particulars	Amount
Balance as at 1st April, 2020	835.03
Changes in equity share capital during the year 2020-21	-
Balance as at 31st March, 2021	835.03
Changes in equity share capital during the year 2021-22	-
Balance as at 31st March, 2022	835.03

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, 2020	182.40	4,529.00	8,274.38	(36.12)	21,424.76	34,374.42
Profit for the year 2020-21	-	-	-	-	1,295.74	1,295.74
Other comprehensive income for the year 2019-20 (net of tax)	-	-	-	-	43.02	43.02
Addition /(Deletions) during the year	-	-	-	(0.88)	-	(0.88)
Amortisation during the year	-	-	-	36.99	-	36.99
Total comprehensive income for the year	-	-	-	36.12	1,338.76	1,374.87
Dividend	-	-	-	-	-	-
As at 31st March, 2021	182.40	4,529.00	8,274.38	-	22,764.30	35,750.08
Profit for the year 2021-22	-	-	-	-	5,274.71	5,274.71
Other comprehensive income for the year 2021-22 (net of tax)	-	-	-	-	(1.63)	(1.63)
Addition /(Deletions) during the year	-	-	-	-	-	-
Amortisation during the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	5,273.08	5,273.08
Dividend	-	-	-	-	-	-
As at 31st March, 2022	182.40	4,529.00	8,274.38	-	28,037.38	41,023.16

* 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

KRISHNAKUMAR M. JHUNJHUNWALA

Managing Director

(DIN: 00097175)

Mukesh Deopura

Chief Financial Officer

For and on behalf of the Board of Directors

NEHA JHUNJHUNWALA

Director

(DIN: 07144529)

Neha Somani

Company Secretary

Place: Mumbai

Date: 25th May, 2022

Place: Mumbai

Date: 25th May, 2022

Notes Forming Part of Financial Statements for the year ended 31st March, 2022

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 (except Earnings per share) as per the requirement of Schedule III, unless otherwise stated.

The financial statements of the Company for the year ended 31st March, 2022 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 25th May, 2022.

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, 2022

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, 2022

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.

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

Notes Forming Part of Financial Statements for the year ended 31st March, 2022

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;

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

Notes Forming Part of Financial Statements for the year ended 31st March, 2022

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.

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.

Notes Forming Part of Financial Statements for the year ended 31st March, 2022

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 in equity 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;

Derivatives:

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit & Loss. To some extent the Company manages its foreign currency risk by hedging transactions.

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, 2022

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, 2022

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. Export Incentive includes Merchandise Export from India Scheme (MEIS) incentives, Remission of Duties and Taxes on Export Products (RoDTEP) and Duty Drawback Incentives.

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, 2022

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;

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

Notes Forming Part of Financial Statements for the year ended 31st March, 2022

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.

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.

Notes Forming Part of Financial Statements for the year ended 31st March, 2022

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:

The following standards / amendments to standards have been issued and will be effective from 1st April 2022. The Company is evaluating the requirements of these standards, improvements and amendments and has not yet determined the impact on the financial statements.

- Indian Accounting Standard (Ind AS) 103 – Business Combinations – Qualifications prescribed for recognition of the identifiable assets acquired and liabilities assumed, as part of applying the acquisition method – should meet the definition of assets and liabilities in the Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework) issued by the ICAI at the acquisition date.

Modification to the exceptions to recognition principle relating to contingent liabilities and contingent assets acquired in a business combination at the acquisition date.

- Indian Accounting Standard (Ind AS) 109 – Financial Instruments – Modification in accounting treatment of certain costs incurred on derecognition of financial liabilities
- Indian Accounting Standard (Ind AS) 16 – Property, Plant and Equipment – Modification in treatment of excess of net sale proceeds of items produced over the cost of testing as part of cost of an item of property, plant, and equipment.
- Indian Accounting Standard (Ind AS) 37 – Provisions, Contingent Liabilities and Contingent Assets – Modifications in application of recognition and measurement principles relating to onerous contracts

Notes to Financial Statements for the year ended 31st March, 2022

4 a) Property, Plant & Equipment

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
(Rs in lakhs)										
Balance as at 1st April, 2020	3,305.66	8.70	2,712.11	85.94	20,942.77	70.53	234.84	42.38	139.93	27,542.85
Additions / Transfers	-	-	245.11	-	1,144.95	5.43	-	2.21	0.74	1,398.45
Deletions	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2021	3,305.66	8.70	2,957.22	85.94	22,087.71	75.97	234.84	44.60	140.67	28,941.30
Additions / Transfers	-	-	-	247.04	1,132.24	-	0.72	1.92	5.16	1,387.08
Deletions	-	-	-	-	(1,086.17)	-	-	-	-	(1,086.17)
Balance as at 31st March, 2022	3,305.66	8.70	2,957.22	332.98	22,133.78	75.97	235.46	46.51	145.83	29,242.21
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, 2020	-	1.44	296.98	23.81	5,105.02	23.98	74.11	27.50	75.95	5,628.79
Additions / Transfers	-	0.44	102.69	24.40	1,585.27	7.22	22.76	0.76	24.42	1,767.97
Deletions	-	-	-	-	-	-	-	-	-	-
Balance as at 31st March, 2021	-	1.87	399.67	48.21	6,690.29	31.20	96.87	28.26	100.37	7,396.75
Additions / Transfers	-	0.44	109.29	42.29	1,632.46	6.82	21.86	2.82	20.43	1,836.41
Deletions	-	-	-	-	(291.85)	-	-	-	-	(291.85)
Balance as at 31st March, 2022	-	2.31	508.96	90.50	8,030.90	38.03	118.70	31.09	120.80	8,941.31
Net block as at 31st March, 2022	3,305.66	6.67	2,448.73	242.48	14,102.88	37.94	116.77	15.21	25.02	20,300.89
Net block as at 31st March, 2021	3,305.66	6.82	2,557.55	37.73	15,397.42	44.76	137.97	16.33	40.29	21,544.55

Notes:

- (i) Charge has been created over property, plant and equipments of the company in respect of borrowings (refer note 23)
- (ii) Leasehold land represents land taken on finance lease for 20 years.

Notes to Financial Statements for the year ended 31st March, 2022

- 4 b) All Property, plant & equipment are held in the name of the Company, except following for FY.2021-22 & FY.2020-21:

(Rs in lakhs)

Relevant line item in the Balance Sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the company
Property, Plant and Equipment	Freehold Land	3028.83	Krishna Jhunjunwala and Neha Jhunjunwala	Yes	21st October, 2016	Being agriculture land cannot be held in the name of company

5 (a) Capital work in progress

(Rs in lakhs)

Particulars	As at 31.03.2022	As at 31.03.2021
Capital work in progress	1,564.38	40.88
Total	1,564.38	40.88

(b) Capital work in progress ageing schedule as on 31st March, 2022

(Rs in lakhs)

Particulars	Amount in CWIP under development for a period of				TOTAL
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress					
Nylon High Tenacity 6 & 66 Project	1,460.20	40.88	-	-	1,501.08
Other Projects	63.30	-	-	-	63.30

Capital work in progress ageing schedule as on 31st March, 2021

(Rs in lakhs)

Particulars	Amount in CWIP under development for a period of				TOTAL
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress					
Nylon High Tenacity 6 & 66 Project	40.88	-	-	-	40.88
Other Projects	-	-	-	-	-

Note:

CWIP completion schedule, whose completion is overdue or has exceeded its cost compared to its original plan: None (31 March 2021: None)

Notes to Financial Statements for the year ended 31st March, 2022

6 Intangible assets

(Rs in lakhs)

Particulars	Enterprise Resource Planning (ERP) Software	Total
Gross Block		
Balance as at 1st April, 2020	22.36	22.36
Additions	116.55	116.55
Deletions	-	-
Balance as at 31st March, 2021	138.91	138.91
Additions	21.27	21.27
Deletions	-	-
Balance as at 31st March, 2022	160.18	160.18
Accumulated Amortisation		
Balance as at 1st April, 2020	22.36	22.36
Additions	17.50	17.50
Deletions	-	-
Balance as at 31st March, 2021	39.86	39.86
Additions	26.49	26.49
Deletions	-	-
Balance as at 31st March, 2022	66.35	66.35
Net block as at 31st March, 2022	93.83	93.83
Net block as at 31st March, 2021	99.05	99.05

Note:

There are no Intangible Assets under development as on 31st March 2022 and 31st March 2021.

7 Investments in Subsidiaries

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Investments in Equity shares at cost (fully paid)		
Unquoted		
4,35,000 (31st March, 2021: 4,35,000) Shares of USD 1 each of Sarla Overseas Holdings Limited	183.22	183.22
9,89,000 (31st March, 2021: 9,89,000) Shares of USD 1 each of Sarlaflex Inc. USA	596.50	596.50
Less: Provision for Impairment (Refer note 55)	(596.50)	(596.50)
Investments in Preference shares at cost (fully paid)		
Unquoted		
11 (31st March, 2021: 11) 1% Redeemable Preference Shares of USD 1,000,000 each of Sarlaflex Inc. USA (Refer below note)	7,824.85	7,824.85
Less: Provision for Impairment (Refer note 55)	(1,840.10)	(1,840.10)
Total	6,167.98	6,167.98
Aggregate value of quoted investments - at cost	-	-
Aggregate value of quoted investments - at market value	-	-
Aggregate value of unquoted investments	6,167.98	6,167.98
Aggregate amount of impairment in the value of investments	2,436.59	2,436.59

Note:

During the financial year 2019-20 based on request by subsidiary loan amount has been converted into 1% Non Cumulative Redeemable Preference Shares which are redeemable after 3 years at the option of issuer.

Notes to Financial Statements for the year ended 31st March, 2022**8 Non current financial assets - Investments**

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Quoted		
Investments in debentures at amortised cost (fully paid)	2,168.49	1,058.62
Unquoted		
Investments in units of mutual fund at FVTPL (fully paid)	1,479.82	427.91
Total	3,648.31	1,486.53
Aggregate value of quoted investments - at cost	2,168.49	1,058.62
Aggregate value of quoted investments - at market value	2,126.21	1,058.62
Aggregate value of unquoted investments	1,479.82	427.91
Aggregate amount of impairment in the value of investments	-	-

9 Non-current financial assets - Loans

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
At amortised cost		
Other loans and advance (refer note (i))	194.32	188.43
Total	194.32	188.43
Breakup		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	-	-
Loans which have significant increase in credit risk	194.32	188.43
Loans - credit impaired	-	-
Total	194.32	188.43

Note:

- (i) Other loans and advance includes loan amount Rs.194.32 lakhs (as at 31st March, 2021: Rs. 188.43 lakhs) is given to related party (Refer note 43)
- (ii) The above loan given to subsidiary is without specifying any terms or period of repayment.

Amount of loans/ advances in the nature of loans outstanding

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Related Parties	194.32	87.09%	188.43	85.05%
Loans to Employees (Refer note no. 18)	28.82	12.91%	33.12	14.95%
Total	223.14	100.00%	221.55	100.00%

Notes to Financial Statements for the year ended 31st March, 2022

10 Non-current financial asset - Others

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
At Amortised Cost		
Unsecured, considered good		
Fixed deposits with remaining maturity for more than 12 months	704.84	287.09
Interest Receivable	26.80	4.84
Security deposits	232.25	224.84
Total	963.89	516.77

Note:

Fixed Deposits alongwith interest accrued there on amounting to Rs. 24.30 lakhs (As at 31st March, 2021: Rs. 34.12 lakhs) pledged as margin money deposit for facilities from Banks. (Refer note 23)

11 Non current Tax Assets (Net)

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Taxes paid in advance (Net of Provision for tax)	230.99	183.27
Total	230.99	183.27

12 Other Non-Current Assets

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Unsecured, considered good		
Capital Advances	676.80	391.45
Security Deposits with government authorities	89.59	95.50
Total	766.40	486.95

13 Inventories (at lower of cost and net realisable value)

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Raw Materials	2,520.26	1,481.11
Raw Materials - Stock in Transit	72.66	178.96
Work-In -Progress	4,237.95	1,657.88
Finished goods	1,677.76	1,833.23
Finished goods - Stock in Transit	294.91	-
Stores and Spares	320.79	317.72
Oil & lubricants	107.67	79.84
Power & Fuel	22.15	9.52
Packing Materials	393.01	126.46
Total	9,647.16	5,684.72

Note:

- Inventories of Rs. 9,647.16 lakhs (as at 31st March, 2021: Rs. 5,684.72 lakhs) are hypothecated against working capital facilities from banks. (refer note 23)
- There has been no write down of inventories during the year.

Notes to Financial Statements for the year ended 31st March, 2022**14 Investments**

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Quoted		
Investments in Equity shares at FVTPL (fully paid)	428.94	45.69
Investments in debentures at amortised cost (fully paid)	1,058.98	-
Investments in debentures at FVTPL (fully paid)	-	131.00
Total	1,487.92	176.69
Aggregate value of quoted investments - at cost	1,472.55	141.14
Aggregate value of quoted investments - market value	1,487.92	176.69
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

Note:

Investments of Rs. 1,487.92 lakhs (as at 31st March, 2021: 176.69 lakhs) are hypothecated against working capital facilities from banks. (Refer note 23)

15 Trade Receivables

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
At Amortised Cost		
(a) Trade Receivables considered good - Secured	-	-
(b) Trade Receivables considered good - Unsecured	10,086.10	9,849.86
(c) Trade Receivables which have significant increase in credit risk	284.92	235.22
(d) Trade Receivables - credit impaired	-	-
Allowance as per Expected credit loss model	(284.92)	(235.22)
Total	10,086.10	9,849.86

Note:

- (i) Trade receivable includes Rs. 404.05 lakhs (As at 31st March, 2021: Rs.1,127.35 lakhs), receivable from subsidiary.
- (ii) Trade Receivables of Rs. 10,371.02 lakhs (as at 31st March, 2020: Rs. 10,085.08 lakhs) are hypothecated against working capital facilities from banks. (Refer note 23)
- (iii) Movement in the expected credit loss allowance

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance at the beginning of the year	235.22	220.62
Provision during the year	49.70	14.59
Balance at the end of the year	284.92	235.22

Notes to Financial Statements for the year ended 31st March, 2022

(i) Trade receivables ageing schedule As at 31st March, 2022

Particulars	Outstanding for following periods from due date of payment							TOTAL
	Unbilled	Not Due	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	-	9,402.06	-	684.04	-	-	-	10,086.10
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	284.92	284.92
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Less: Impairment allowance for trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	(284.92)	(284.92)
Total Current Trade Receivables	-	9,402.06	-	684.04	-	-	-	10,086.10

As at 31st March, 2021

Particulars	Outstanding for following periods from due date of payment							TOTAL
	Unbilled	Not Due	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	-	8,203.31	-	1,646.55	-	-	-	9,849.86
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	235.22	235.22
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Less: Impairment allowance for trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	(235.22)	(235.22)
Total Current Trade Receivables	-	8,203.31	-	1,646.55	-	-	-	9,849.86

Notes to Financial Statements for the year ended 31st March, 2022**16 Cash & cash equivalents**

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Cash and Cash Equivalents		
Balances with Banks	268.01	831.77
Cash on Hand	6.17	8.11
Total	274.18	839.88

17 Bank balances other than Cash & Cash equivalents

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance in unpaid dividend account	60.81	70.67
At Amortised Cost		
Fixed deposits with remaining maturity for less than 12 months	6,235.44	8,577.24
Total	6,296.26	8,647.91

Note:

- (i) Fixed Deposits alongwith interest accrued there on amounting to Rs.2,457.29 lakhs (As at 31st March, 2021 Rs. 3,176 lakhs) pledged as margin money deposit for facilities from Banks. (Refer note 23)
- (ii) Fixed Deposit amounting to Rs. 500.00 lakhs (As at 31st March, 2021 Rs. 500.00 Lakhs) pledged as security against possible claims.

18 Loans

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
At Amortised Cost		
Unsecured, considered good		
<u>Others</u>		
Loans to Staff	28.82	33.12
Total	28.82	33.12
Breakup		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	28.82	33.12
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	28.82	33.12

Amount of loans/ advances in the nature of loans outstanding (Refer note no. 9)

Notes to Financial Statements for the year ended 31st March, 2022

19 Other financial assets

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
At Amortised Cost		
Interest Receivable	303.49	1,240.47
Other Receivables (Refer note (i))	433.58	-
At FVTPL		
Derivative financial assets		
Forward Contracts	754.94	332.14
Total	1,492.01	1,572.62

i) Other receivables includes subvention interest receivable from Banks.

20 Other Current Assets

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Unsecured, considered good		
Advances to Suppliers (For Raw Materials and expenses)	190.69	771.21
Goods & Service Tax recoverable	1,045.02	1,882.03
Export incentives receivables	147.57	33.26
Prepaid Expenses	301.54	43.90
Total	1,684.82	2,730.40

Equity

21 Equity Share Capital

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Authorised		
100,000,000 (As at 31st March, 2021: 100,000,000) Equity Shares of Re. 1 each	1,000.00	1,000.00
Issued, Subscribed and Paid up		
83,503,000 (As at 31st March, 2021: 83,503,000) Equity Shares of Re. 1 each fully paid up	835.03	835.03
Total	835.03	835.03

21.1 Reconciliation of number of equity shares :

(Rs in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	No. of Shares	Amount	No. of Shares	Amount
Opening Balance	83,503,000	835.03	83,503,000	835.03
Changes during the year	-	-	-	-
Closing Balance	83,503,000	835.03	83,503,000	835.03

Notes to Financial Statements for the year ended 31st March, 2022**Shareholding of Promoters at the end of the year as follows:**

S. No	Promoter Name	As on 31.03.2022		As on 31.03.2021		% change during the year
		No of shares	% of total shares	No of shares	% of total shares	
1	NEHA KRISHNA JHUNJHUNWALA	4,000	0.00	4,000	0.00	0.00
2	KRISHNAKUMAR AND SONS HUF	3,25,000	0.39	3,25,000	0.39	0.00
3	VRINDA KRISHNA JHUNJHUNWALA	4,59,720	0.55	4,59,720	0.55	0.00
4	KANAV K JHUNJHUNWALA	6,47,000	0.77	6,47,000	0.77	0.00
5	KRISHNA MADHUSUDAN JHUNJHUNWALA	13,14,000	1.57	13,14,000	1.57	0.00
6	MADHUSUDAN S JHUNJHUNWALA (Probate on will is pending to transfer shares)	19,55,000	2.34	19,55,000	2.34	0.00
7	MADHUSUDAN JHUNJHUNWALA HUF	24,69,596	2.96	24,45,338	2.93	0.03
8	SARLADEVI MADHUSUDAN JHUNJHUNWALA	38,94,000	4.66	38,84,000	4.65	0.01
9	SARLADEVI MADHUSUDAN JHUNJHUNWALA ON BEHALF OF HINDUSTAN COTTON COMPANY	1,12,14,790	13.43	1,11,64,790	13.37	0.06
10	SARLA ESTATE DEVELOPERS PRIVATE LIMITED	1,45,537	0.17	1,45,537	0.17	0.00
11	HARMONY ESTATES PRIVATE LIMITED	2,08,095	0.25	1,80,513	0.22	0.03
12	SATIDHAM INDUSTRIES PRIVATE LIMITED	2,39,59,222	28.69	2,39,49,222	28.68	0.01
	Total	4,65,95,960	55.78	4,64,74,120	55.64	0.15

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, 2022	As at 31st March, 2021
Hindustan Cotton Company - through its partners		
No. of Shares	1,12,14,790	1,11,64,790
Percentage	13.43%	13.37%
Satidham Industries Private Limited		
No. of Shares	2,39,59,222	2,39,49,222
Percentage	28.69%	28.68%

Notes to Financial Statements for the year ended 31st March, 2022

22 Other Equity

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Capital reserve	182.40	182.40
Securities premium	4,529.00	4,529.00
General reserve	8,274.38	8,274.38
Foreign currency monetary item translation difference account	-	-
Retained Earnings	28,037.37	22,764.29
Total	41,023.15	35,750.07

The movement in other Equity:

22.1 Capital reserve

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance as at beginning of the year	182.40	182.40
Movement during the year	-	-
Balance as at end of the year	182.40	182.40

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, 2022	As at 31st March, 2021
Balance as at beginning of the year	4,529.00	4,529.00
Movement during the year	-	-
Balance as at end of the year	4,529.00	4,529.00

Securities premium reserve is generated by premium on issue of shares. The reserve is eligible for utilisation in accordance with the provisions of the Act.

22.3 General reserve

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance as at beginning of the year	8,274.38	8,274.38
Movement during the year	-	-
Balance as at end of the year	8,274.38	8,274.38

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, 2022	As at 31st March, 2021
Balance as at beginning of the year	-	(36.00)
Movement during the year	-	36.00
Balance as at end of the year	-	-

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 52)

Notes to Financial Statements for the year ended 31st March, 2022

22.5 Retained earnings

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance as at beginning of the year	22,764.29	21,425.16
Profit for the year	5,274.71	1,297.20
Re measurement of Net defined benefit plans (net of tax)	(1.63)	43.02
Dividend (refer note below)	-	-
Balance as at end of the year	28,037.37	22,764.29

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

22.6 Proposed Dividend:

The Board of Directors in their meeting on 25th May, 2022 recommended a final dividend of Rs. 2/- per equity share for the financial year ended 31st March, 2022. This payment is subject to the approval of shareholders in the Annual General Meeting of the Company and if approved would result in a net cash outflow of approximately Rs. 1,670.06 Lakhs. It is not recognised as a liability as at 31 March 2022.

23 Non-current borrowings

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
At Amortised Cost		
Term loans:		
Secured Loans - From Banks		
Standard Chartered Bank (Foreign Currency Loan) (refer note (I))	1,931.31	3,686.16
Yes Bank (Rupee Term Loan) for Vehicles (refer note (II))	24.66	48.63
Total	1,955.96	3,734.79

Note:

- Term loans were applied for the purpose for which the loans were obtained.
- Bank returns/stock statements filed by the Company with its bankers are in agreement with books of accounts.
-

Nature of security	Terms of repayment
(I) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat	Term loan of EURO 35,00,000 is repayable in 16 equal quarterly installment of EURO 2,18,750 each till Jan 2024. Repayment starting from May 2020. Term loan of EURO 45,00,000 is repayable in 16 equal quarterly installment of EURO 2,81,250 each till June 2024. Repayment starting from Sep 2020.
(b) (i) First pari passu charge on the movable fixed assets (P&M) of Dadra Plant.	
(ii) First pari passu charge on the movable fixed assets of the company (except Unit 1 Silvassa)	
(c) First pari passu charge on the immovable fixed assets of the company located at Vapi and unit II Silvassa	
(d) Cash Margin in form of FD equivalent of two quarters of Interest and principal repayment (Rs. 350 lakhs)	

Notes to Financial Statements for the year ended 31st March, 2022

Nature of security	Terms of repayment
(II) Specific charge on Vehicles financed by the Bank.	<ol style="list-style-type: none"> 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.
(III) 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
(IV) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat	Term loan of 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
(b) First pari passu charge on the movable fixed assets of the Company (except Unit I 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	

24 Lease liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Lease liabilities	162.94	4.76
Total	162.94	4.76

Refer note 49 for Disclosure in respect of right to use of lease assets.

25 Provisions

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Provision for employee benefits (Refer note 42)		
Gratuity - In respect of Employees	124.60	79.31
Gratuity - In respect of directors	20.00	40.00
Total	144.60	119.31

Notes to Financial Statements for the year ended 31st March, 2022

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, 2022	For the year ended 31st March, 2021
Current tax expense (A)		
In respect of current year	1,909.69	1,146.17
	1,909.69	1,146.17
Deferred tax expense (B)		
In respect of current year	(113.98)	(618.81)
	(113.98)	(618.81)
Mat credit entitlement (C)	-	-
Adjustment for earlier years (D)	-	-
Tax expense recognized in the income statement (A+B+C+D)	1,795.71	527.36

(b) Amounts recognized in other comprehensive income

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	0.55	(14.47)
Items that will be reclassified to profit or loss		
	0.55	(14.47)

c) Reconciliation of effective tax rate

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022		For the year ended 31st March, 2021	
	%	Amounts	%	Amounts
Profit before tax before exceptional item		7,070.42		4,261.15
Exceptional item		-		(2,436.59)
Profit before tax after exceptional item		7,070.42		1,824.56
Tax using the Company's domestic tax rate	25.17%	1,779.48	29.12%	531.31
Tax effect of:				
Disallowable expenses	0.26%	18.28	17.00%	724.22
Tax holidays and similar exemptions	0.00%	-	-1.88%	(80.29)
Tax paid at lower rate	-0.08%	(5.80)	-0.16%	(6.64)
Other non deductible differences	0.05%	3.74	0.00%	-
Tax Rate Reduction	0.00%	-	-8.96%	(381.61)
Others	0.00%	-	1.43%	60.86
	25.40%	1,795.71	36.55%	847.33
MAT credit recognised on utilisation	0.00%	-	-7.51%	(319.97)
Adjustment for earlier years	0.00%	-	0.00%	-
Effective income tax rate	25.40%	1,795.71	29.04%	527.36

Notes to Financial Statements for the year ended 31st March, 2022

(d) Movement in deferred tax

(Rs in lakhs)

Particulars	As at 31st March, 2022					
	Net balance April 1, 2021	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Net	Deferred tax asset Deferred tax liability
Deferred tax (Asset)/Liabilities						
Property, plant and equipment	(2,464.62)	139.17	-	-	(2,325.45)	(2,325.45)
Fair valuation of Mutual Funds and Equity shares	(17.34)	13.39	-	-	(3.96)	(3.96)
Employee benefits	23.84	27.27	0.55	-	51.66	51.66
Fair valuation of investments (Preference Shares)	(3.22)	(1.76)	-	-	(4.98)	(4.98)
Fair valuation of derivatives	(83.59)	(106.41)	-	-	(190.00)	(190.00)
Amortisation of Foreign currency monetary item translation difference account	-	-	-	-	-	-
Fair valuation of Security Deposits	0.70	3.09	-	-	3.79	3.79
Allowance for expected credit losses	59.20	38.68	-	-	97.88	97.88
	(2,485.04)	113.43	0.55	-	(2,371.06)	(2,524.38)
MAT credit entitlement	-	-	-	-	-	-
Less: MAT credit utilised	-	-	-	-	-	-
Tax assets (Liabilities)	(2,485.04)	113.43	0.55	-	(2,371.06)	(2,524.38)

(Rs in lakhs)

Particulars	As at 31st March, 2021					
	Net balance April 1, 2020	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Net	Deferred tax asset Deferred tax liability
Deferred tax Asset / (Liabilities)						
Property, plant and equipment	(2,840.27)	375.65	-	-	(2,464.62)	(2,464.62)
Fair valuation of Mutual Funds and Equity shares	(764)	(9.71)	-	-	(1734)	(1734)
Fair valuation of loan given to subsidiary	-	-	-	-	-	-
Employee benefits	40.67	(2.36)	(14.47)	-	23.84	23.84
Fair valuation of investments (Preference Shares)	(1.24)	(1.97)	-	-	(3.22)	(3.22)
Fair valuation of derivatives	(15.28)	(68.31)	-	-	(83.59)	(83.59)
Amortisation of Foreign currency monetary item translation difference account	(10.52)	10.52	-	-	-	-
Fair valuation of Security Deposits	0.61	0.08	-	-	0.70	0.70
Allowance for expected credit losses	64.24	(5.05)	-	-	59.20	59.20
	(2,769.42)	298.86	(14.47)	-	(2,485.04)	(2,568.78)
MAT credit entitlement	-	319.97	-	-	319.97	319.97
Less: MAT credit utilised	-	-	-	-	(319.97)	(319.97)
Tax assets (Liabilities)	(2,769.42)	618.82	(14.47)	-	(2,485.04)	(2,568.78)

Note:

Deferred tax assets on Provision for impairment of investments is not recognised on account of reasonable certainty (refer note 55)

Notes to Financial Statements for the year ended 31st March, 2022**27 Borrowings** (Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
At Amortised Cost		
Loans Repayable on Demand - From Banks		
Secured		
Packing Credit (refer note no. (i),(ii) & (iii))	7,131.19	8,011.88
Buyer's Credit (refer note no. (i),(ii) & (iii))	2,348.20	-
Current maturities of long term debts	1,717.18	3,044.03
Total	11,196.57	11,055.91

Note:**Term of repayment and securities for current borrowings**

All the working capital facilities are secured against:

- First pari passu charge on entire current assets of the Company, excluding those kept, stored, lying loose at Unit No. 1, both present and future.
- Second pari passu charge on the entire movable fixed assets, excluding the movable fixed assets situated or kept at Unit no. 1, of the Company.(save and except for vehicles)
- Second pari passu charge on immovable fixed assets of the Company situated at Silvassa Plant Unit II bearing Survey No. 64/2, 64/3, 64/4, 61/1, 61/2, 63/5, 63/7, 62/5 and all the piece and parcel of Industrial non-agricultural land bearing Survey No. 62/5, admeasuring 2700 sq.mtrs., situated at village - Amli, Silvassa Union Territory of Dadra & Nagar Haveli.

28 Trade payables (Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
At Amortised Cost		
Trade payables:		
Total outstanding dues of micro and small enterprises	199.27	16.54
Total outstanding dues of creditors other than micro and small enterprises	3,990.12	2,605.93
Total	4,189.39	2,622.47

Notes to Financial Statements for the year ended 31st March, 2022

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, 2022	As at 31st March, 2021
Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act		
- Principal	199.27	16.54
- Interest	-	-
The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as deductible expenditure under Section 23 of MSMED Act, 2006	-	-

(i) Trade payables ageing schedule

As at 31st March, 2022

Particulars	Outstanding for following periods from due date of payment					TOTAL
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	199.27	-	-	-	-	199.27
(ii) Others	3,870.63	100.04	19.45	-	-	3,990.12
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total Trade payables	4,069.90	100.04	19.45	-	-	4,189.39

As at 31st March, 2021

Particulars	Outstanding for following periods from due date of payment					TOTAL
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	16.54	-	-	-	-	16.54
(ii) Others	2,507.09	79.39	19.45	-	-	2,605.93
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues Others	-	-	-	-	-	-
Total Trade payables	2,523.63	79.39	19.45	-	-	2,622.47

Notes to Financial Statements for the year ended 31st March, 2022**29 Other financial liabilities**

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
At Amortised Cost		
Creditors for Capital goods	1,415.13	1,749.15
Unpaid dividend (refer note (i) & (ii))	60.81	70.67
Salaries , wages & other payable	278.93	226.29
Book overdraft with banks	723.82	1,200.45
Others	6.09	3.90
At FVTPL		
Derivative financial liabilities		
Future and Options Trading	0.32	-
Total	2,485.11	3,250.46

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. 9.80 lakhs (As at 31st March, 2021: Rs. 7.54 lakhs) is transferred to Investor Education and Protection Fund during the year.

30 Other current liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Advance from customers	180.44	181.44
Others		
Statutory dues	44.25	51.52
Total	224.69	232.96

31 Provisions

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Provision for employee benefits (Refer note 42)		
Gratuity	31.80	41.30
Leave Encashment	44.11	-
Bonus	19.63	-
Total	95.54	41.30

32 Current Tax Liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Provision for Tax (Net of taxes paid in advance)	196.54	115.63
Total	196.54	115.63

Notes to Financial Statements for the year ended 31st March, 2022

33 Revenue From Operations

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
(a) Sale of Products/ Services:		
- Local Sales	19,926.20	9,922.04
- Export Sales	21,804.99	14,619.39
- Deemed Export Sales	-	-
- Trading Sales	-	-
- Sale of Wind Power	550.11	500.04
Sale of Products/ Services	42,281.29	25,041.47
(b) Other Operating Revenues:		
- Export incentives	-	-
- Sale of Waste yarn	-	-
- Sale of Scrap	72.86	94.83
- Renewable Energy Certificate income	-	-
Other Operating Revenues	72.86	94.83
Revenue from operations	42,354.15	25,136.30

Ind AS 115 Disclosures

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
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 speciality yarns	41,731.19	24,541.43
Sale of wind power	550.11	500.04
	42,281.29	25,041.47
Other Operating Revenues	72.86	94.83
Total revenue from contracts with customers	42,354.15	25,136.30
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		
Speciality Yarn		
India	19,999.05	10,016.87
Export	21,804.99	14,619.39
Wind Power		
India	550.11	500.04
Total	42,354.15	25,136.30
3 Reconciliation between revenue with customers and contracted price:		
Revenue as per contracted price	42,553.55	25,200.88
Less: Adjustments		
Sales return	(161.75)	(32.00)
Discounts/ Rebates	(37.55)	(32.58)
Revenue from contracts with Customers	42,354.15	25,136.30

Notes to Financial Statements for the year ended 31st March, 2022

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
4 Sales by performance obligations		
Upon Shipment	41,804.04	24,636.26
Upon Delivery	-	-
Upon Transmission into grid	550.11	500.04
Total	42,354.15	25,136.30
5 Contract balances		
The following table provides information about receivables from contracts with customers:		
Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
(a) Trade receivables	10,371.02	10,085.08
Allowance as per Expected credit loss model	(284.92)	(235.22)
Total	10,086.10	9,849.86
Trade receivables are non-interest bearing and are generally on terms of up to 180 days.		
(b) Contract liability		
Advances from Customers	180.44	181.44
The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended March 31, 2022.		

34 Other Income

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
a) Interest income		
Instruments measured at amortised costs		
- on fixed deposits with bank	538.04	749.86
- on debenture	109.96	86.83
- others	2.09	3.55
b) Dividend Income		
- Dividend Income from Investments at FVTPL	1.42	0.16
c) Other non-operating Income (Net of expenses directly attributable to such income)		
- Gain on sale of investments valued at FVTPL	69.40	6.49
- Gain on Future and option trading	9.47	-
- Fair valuation gain on Investments	-	63.75
- Gain or loss on foreign currency transaction and translation	478.99	66.64
- Duty Drawback and Rebate	515.84	305.86
- Miscellaneous Income	13.46	-
Total	1,738.67	1,283.14

35 Cost of material consumed

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Inventories at the beginning of the year	1,660.07	734.08
Purchases	24,482.25	12,005.09
Inventories at the end of the year	(2,520.26)	(1,660.07)
Total	23,622.06	11,079.10

Notes to Financial Statements for the year ended 31st March, 2022

36 Changes in inventories of finished goods and work in progress

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Closing inventories		
Work-in-progress	4,237.95	1,657.88
Finished goods	1,972.67	1,833.23
Opening inventories		
Work-in-progress	1,657.88	741.02
Finished goods	1,833.23	1,994.73
Total	(2,719.50)	(755.37)

37 Employee benefits expense

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Salaries and wages, bonus etc.	1,258.41	908.65
Contribution to provident and other funds	341.47	156.51
Staff welfare expenses	45.48	28.48
Total	1,645.36	1,093.63

38 Finance costs

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
a) Interest on financial liabilities carried at amortised cost		
Interest on borrowings	329.67	428.88
Exchanges differences regarded as an adjustment to borrowing costs	2.95	191.68
Interest expense on lease liability	11.02	1.62
b) Other interest cost		
Interest on Income tax	25.12	12.96
Interest on Tax Deducted at Source	0.03	0.67
Total	368.78	635.81

39 Depreciation and amortisation expenses

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Depreciation on property, plant and equipment	1,794.12	1,743.56
Depreciation charged for right of use assets - building	42.29	24.40
Amortisation of intangible assets	26.49	18.00
Total	1,862.90	1,785.97

Notes to Financial Statements for the year ended 31st March, 2022**40 Other expenses**

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Consumption of stores and spare parts	684.14	358.51
Power and fuel	2,211.24	1,808.80
Consumption of packing materials	1,785.49	1,151.09
Consumption of oils and chemicals	487.85	457.91
Labour charges	2,583.24	1,822.81
Repairs and Maintenance:		
- Building	58.48	44.89
- Machinery	232.02	230.61
- Others	150.69	123.16
Water, waste and effluent treatment charges	100.39	134.17
Rent	18.00	-
Insurance	126.59	89.70
Director sitting fees	2.40	2.20
Legal, professional and consultancy charges	197.36	148.12
Bank charges	104.66	87.20
Corporate Social Responsibility Expenses (Refer note 50)	82.83	73.99
Miscellaneous expenses	384.60	347.59
Payments to auditor:		
- Audit fees	8.50	8.50
- for tax audit and certification	10.20	13.30
Freight and forwarding charges	1,906.69	866.27
Loss due to fire	108.06	-
Commission on sales	845.67	536.02
Provision for doubtful receivables/advances	153.70	14.59
Total	12,242.80	8,319.14

41 Earnings per share (EPS)

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Profit for the year- Before Exceptional Item	5,274.71	3,733.79
Profit for the year-After Exceptional Item	5,274.71	1,297.20
Weighted average number of Equity shares for basic earnings per share	8,35,03,000	8,35,03,000
Nominal value of each share (in Rs.)	1	1
Basic and Diluted earning per share- Before Exceptional Item	6.32	4.47
Basic and Diluted earning per share-After Exceptional Item	6.32	1.55

Notes to Financial Statements for the year ended 31st March, 2022

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. 40.51 lakhs (31st March, 2021: Rs. 42.14 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, 2022	As at 31st March, 2021
PVO at the beginning of the year	269.17	280.11
Interest cost	15.48	18.91
Current service cost	33.58	30.83
Benefits paid	(39.89)	(4.63)
Actuarial (Gains)/Losses	(3.66)	(56.05)
PVO at the end of the year	274.67	269.17

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
Fair value of plan assets at the beginning of the year	148.56	112.64
<u>Adjustments:</u>		
Return on plan assets excl. interest income	(5.84)	1.44
Interest income	8.54	7.60
Contributions by the employer	6.90	31.51
Benefits paid	(39.89)	(4.63)
Fair value of plan assets at the end of the year	118.27	148.56

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
PVO of the defined benefit obligation at the end of period	274.67	269.17
Fair value of planned assets at end of year	(118.27)	(148.56)
Net liabilities / (Assets) recognised in the balance sheet	156.40	120.61

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

Particulars	2021-2022	2020-2021
Current service cost	33.58	30.83
Net interest	6.93	11.30
Net charge to the statement of profit or loss	40.51	42.14

Notes to Financial Statements for the year ended 31st March, 2022**Amount recognised in Other Comprehensive Income (OCI)** (Rs in lakhs)

Particulars	2021-2022	2020-2021
Actuarial (Gain)/Loss recognised for the period	(3.66)	(56.05)
Return on plan assets excluding net interest	5.84	(1.44)
Recognised in OCI for the year	2.18	(57.49)

Expected Payout (Rs in lakhs)

Year	2021-2022	2020-2021
Expected Outflow in 1st Year	65.15	41.30
Expected Outflow in 2nd Year	50.44	1.96
Expected Outflow in 3rd Year	43.29	15.64
Expected Outflow in 4th Year	34.52	5.00
Expected Outflow in 5th Year	31.24	8.15
Expected Outflow in 6th to 10th Year	87.70	151.13

The weighted average duration of the defined benefit plan obligations at the end of reporting period is 4.03 years

Major category of plan assets as a % of total plan

The plan assets are being managed by LIC. No further details are made available by the fund manager. (LIC)

Sensitivity analysis

Significant actuarial assumptions for the determination of defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	As at 31st March, 2022	As at 31st March, 2021
Impact on present value of defined benefit obligation:		
If discount rate is increased by 0.5%/1%	(4.86)	(8.19)
If discount rate is decreased by 0.5%/1%	5.03	8.83
If salary escalation rate is increased by 0.5%/1%	4.46	8.64
If salary escalation rate is decreased by 0.5%/1%	(4.06)	(8.17)

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, 2022	As at 31st March, 2021
Discount Rate	6.25%	5.75%
Expected return on plan assets	2.70	9.04
Expected rate of salary increase	7.00%	7.00%
Employee attrition rate	20.00%	20.00%
Mortality	Indian Assured Lives (2012-14)	Indian Assured Lives (2012-14)

Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

These plans typically expose the Company to actuarial risks such as interest rate risk and salary risk.

Notes to Financial Statements for the year ended 31st March, 2022

- (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 2022 of Rs. 40.51 lakhs (31 March 2021: Rs.40.70 lakhs), which is included in the 'Employee benefits expense' in the Statement of Profit and Loss.

43 Related party disclosures

1 Relationships

(a) Subsidiaries

Sarla Overseas Holding Limited - Subsidiary Company
Sarlaflex Inc. - Subsidiary Company

(b) Fellow subsidiary

Sarla Europe, LDA - Step down Subsidiary Company

(c) Joint Ventures of Subsidiary

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

(d) Entities controlled by Key Managerial Personnel

Satidham Industries Private Limited
Hindustan Cotton Company

(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 Directors

Madhusudan Jhunjhunwala - Chairman & Whole Time Director (Till 19th July, 2021)
Krishna Jhunjhunwala - Managing Director (Till 9th August, 2021)
Krishna Jhunjhunwala - Chairman & Managing Director (From 10th August, 2021)
Kanav Jhunjhunwala - Director (from 14th February 2022)
Neha Jhunjhunwala - Director (from 14th February 2022)

(ii) Non Executive Directors

Shreya Desai - Independent and Non Executive Director
Parantap Dave - Independent and Non Executive Director
Neha Jhunjhunwala - Non Executive Director (up to 11th February 2022)
Paulo Manuel Castro - Independent and Non Executive Director

(iii) Others

Mukesh Deopura - Chief Financial Officer (From 3rd November, 2021)
Mahendra Sheth - Chief Financial Officer & Company Secretary (Till 1st November, 2021)
Neha Somani - Company Secretary (From 12th February, 2022)

(g) Relative of Key Managerial Personnel

Chanda Deopura - Relative of Chief Financial Officer (From 3rd November, 2021)

Notes to Financial Statements for the year ended 31st March, 2022

2 Details of transactions with above related parties

Nature of Transaction	Subsidiaries		Fellow subsidiary		Entities over which Key Managerial Personnel are able to exercise significant influence		Key Managerial Personnel		Relative of Key Managerial Personnel	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
(a) Remuneration (including Retirement Benefits)*										
Madhusudan Jhunjhunwala	-	-	-	-	-	-	267.36	89.00	-	-
Krishna Jhunjhunwala	-	-	-	-	-	-	180.00	89.00	-	-
Kanav Jhunjhunwala	-	-	-	-	-	-	1.61	-	-	-
Neha Jhunjhunwala	-	-	-	-	-	-	2.41	-	-	-
Mukesh Deopura	-	-	-	-	-	-	15.01	-	-	-
Mahendra Sheth	-	-	-	-	-	-	35.06	26.65	-	-
Neha Somani	-	-	-	-	-	-	2.58	-	-	-
Chanda Deopura	-	-	-	-	-	-	-	-	8.74	-
(b) Sitting Fees										
Shreya Desai	-	-	-	-	-	-	0.90	0.80	-	-
Parantap Dave	-	-	-	-	-	-	0.90	0.80	-	-
Neha Jhunjhunwala	-	-	-	-	-	-	0.60	0.60	-	-
(c) Commission paid										
Sarla Europe, LDA	-	-	194.32	181.98	-	-	-	-	-	-
(d) Plant & Equipment purchases										
Sarlaflex Inc	4.57	52.73	-	-	-	-	-	-	-	-
(e) CSR expenditure										
Shri Narayani Seva Sansthan	-	-	-	-	72.00	60.00	-	-	-	-
Shivchandrai Jhunjhunwala Charitable Trust	-	-	-	-	10.00	20.00	-	-	-	-
(f) Sale of Goods										
Sarla Overseas Holding Limited	-	758.00	-	-	-	-	-	-	-	-

* Managing Director's remuneration is Rs. 180.00 lakhs (as at 31st March, 2021: Rs. 89.00 lakhs) and Whole Time Director's remuneration is Rs. 267.36 lakhs (as at 31st March, 2021: Rs. 89.00 lakhs) in accordance with Section 197(12) of Act and Rules thereunder.

Notes to Financial Statements for the year ended 31st March, 2022

Key management personnel compensation (Rs in lakhs)

Particulars	2021-2022	2020-2021
Short-term employee benefits	284.42	164.65
Post-employment benefits**	219.62	40.00
Others (including sitting fees to non-executive directors)	2.40	2.20

**As the liabilities for gratuity is provided on actuarial basis for the Company as a whole, the amounts pertaining to the Directors and KMP are not included.

3 Balances Outstanding (Rs in lakhs)

Nature of Transaction	Subsidiaries	
	As at 31st March, 2022	As at 31st March, 2021
(a) Investment in Shares (refer note c)		
Sarla Overseas Holding Limited	183.22	183.22
Sarlaflex Inc.-Equity	596.50	596.50
Sarlaflex Inc.-Preference	7,824.85	7,824.85
(b) Unsecured Loan Given		
Sarlaflex Inc.	194.32	188.43
(c) Trade Receivables		
Sarla Overseas Holding Limited	404.05	1,127.00

Notes:

- Sales, purchases and service transactions with related parties are made at arm's length price.
- Amounts outstanding are unsecured and will be settled in cash or receipts of goods and services.
- Impairment provision amounting to Rs. Nil (as at 31st March, 2021: Rs. 2436.59) 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.963.16 lakhs (As at 31st March, 2021: Rs. 963.16 lakhs).

The Differential CST liability in respect of Non Collection of C Forms of Rs. 42.12 lakhs (As at 31st March, 2021: Rs. 42.12 lakhs).

Custom Duty on Capital Goods imported under Export Promotion Capital Goods Scheme of Rs. 811.05 (As at 31st March, 2021: 811.05), against which export obligation is to be fulfilled.

45.2 Capital Commitments (Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
For capital expenditures (net of advances of Rs. 676.80 lakhs (As at 31st March, 2021: Rs. 391 lakhs))	248.82	1,443.32

Notes to Financial Statements for the year ended 31st March, 2022

46 Financial instruments

A Capital Management:

The Company manages its capital structure with a view to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 23 and 27) and total equity of the Company.

The Company's management reviews the capital structure of the Company on an annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the end of the reporting period was as follows:

Particulars	(Rs in lakhs)	
	As at 31st March, 2022	As at 31st March, 2021
Non-current borrowings	1,955.96	3,734.79
Current maturities of non-current borrowings	1,717.18	3,044.03
Current borrowings	9,479.39	8,011.88
Total Debt	13,152.54	14,790.70
Equity	41,858.18	36,585.10
Net debt to equity ratio	0.31	0.40

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:

Particulars	(Rs in lakhs)	
	As at 31st March, 2022	As at 31st March, 2021
Financial assets		
At Amortised cost		
Investments in Debentures	3,227.47	1,058.62
Trade receivables	10,086.10	9,849.86
Cash and cash equivalents	274.18	839.88
Bank balances other than above	6,296.26	8,647.91
Loans	223.14	221.55
Other financial assets	1,403.21	1,757.24
At Fair value through Profit and Loss		
Investments in equity shares	428.94	45.69
Derivative contracts - Forward Contracts	754.94	332.14
Investments in Debentures	-	131.00
Investments in Mutual Funds	1,479.82	427.91
Total	24,174.06	23,311.80
Financial liabilities		
At Amortised cost		
Borrowings	13,152.54	14,790.70
Lease Liabilities	210.59	6.74
Trade payables	4,189.39	2,622.47
Other Financial liabilities	2,484.79	3,250.46
At Fair value through Profit and Loss		
Derivative contracts - Future and Options Trading	0.32	-
Total	20,037.63	20,670.37

Note: Above table excludes Investment in subsidiaries which are measured at cost. (Refer note 7)

Notes to Financial Statements for the year ended 31st March, 2022

ii) Fair Value Measurements (Ind AS 113):

The fair value of the Financial Assets and Liabilities are included at the amount, at which instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments based on the input that is significant to the fair value measurement as a whole:

Level 1: This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of all Equity Shares which are traded on the stock exchanges, is valued using the closing price at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on Company specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(Rs in lakhs)

Particulars	Fair Values	
	As at 31st March, 2022	As at 31st March, 2021
Financial Assets at Fair Value through Profit and Loss		
Investments in equity shares (Level 1)	428.94	45.69
Derivative contracts - Forward Contracts (Level 2)	754.94	332.14
Investments in debentures (Level 2)	-	131.00
Investments in Mutual Funds (Level 2)	1,479.82	427.91
Total	2,663.69	936.74
Financial Liabilities at Fair value through Profit and Loss		
Derivative contracts - Future and Options Trading (Level 2)	0.32	-
Total	0.32	-

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, 2022 and 31st March, 2021, 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 and Future & Options) contracts : The fair value is determined using quoted exchange rates at the reporting date. (Level 2)
3. Debentures: Based on Market value during the previous financial year (Level 2)
4. Listed Equity Investments (other than Subsidiaries): Quoted Bid Price on Stock Exchange (Level 1)

Notes to Financial Statements for the year ended 31st March, 2022

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 from financial assets such as trade receivables, investments in mutual funds, preference shares, debentures, derivative financial instruments, other balances with banks, loans and other receivables.

Trade and other receivables

Customer credit is managed by each business unit subject to the Company's established policies, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 0 to 180 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Company does not hold collateral as security. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

The Company measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

The following table provides information about the exposure to credit risk and Expected Credit Loss Allowance for trade and other receivables:

Particulars	(Rs in lakhs)	
	As at 31st March, 2022	As at 31st March, 2021
Up to 180 days	9,402.06	8,203.31
181-365 days	684.04	1,646.55
Above 365 days	284.92	235.22
Total	10,371.02	10,085.08

Movement in provisions of doubtful debts

Particulars	(Rs in lakhs)	
	As at 31st March, 2022	As at 31st March, 2021
Balance at beginning of the year	235.22	220.62
Movement in expected credit loss allowance	49.70	14.59
Balance at end of the year	284.92	235.22

Notes to Financial Statements for the year ended 31st March, 2022

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, 2022. Credit risk have been increased significantly for these loans and accordingly necessary impairment provisions have been made. (Refer note 55)

Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in Debentures, Preference shares, equity 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.

Maturity analysis of significant financial liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2022			As at 31st March, 2021		
	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)	13,152.54	11,196.57	1,955.96	14,790.70	11,055.91	3,734.79
Trade and other payables	4,189.39	4,189.39	-	2,622.47	2,622.47	-
Other financial liabilities	2,484.79	2,484.79	-	3,250.46	3,250.46	-
Lease Liabilities	210.59	47.65	162.94	6.74	1.98	4.76
	20,037.31	17,918.40	2,118.91	20,670.37	16,930.82	3,739.55

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.

Notes to Financial Statements for the year ended 31st March, 2022

Exposure to currency risk

The currency profile of financial assets and financial liabilities are as below:

(Rs in lakhs)

Particulars	As at 31st March, 2022			As at 31st March, 2021		
	USD	GBP	EURO	USD	GBP	EURO
Financial assets						
Cash and cash equivalents	67.13	-	-	453.79	38.14	79.28
Trade receivables	4,440.52	299.24	1,124.43	5,081.52	306.72	1,727.67
Loans	194.32	-	-	242.56	-	-
Less: Foreign currency forward exchange contracts	(7,398.08)	-	(5,629.89)	(2,278.50)	(706.65)	(6,888.00)
Net exposure for assets	(2,696.10)	299.21	(4,505.34)	3,499.48	(361.82)	(5,081.05)
Financial liabilities						
Foreign Currency Loans	-	-	3,624.51	-	-	5,408.16
Short term borrowings	2,803.00	-	-	1,963.26	-	2,548.62
Trade and other payables	1,776.13	-	13.16	1,537.29	-	12.02
Less: Foreign currency forward exchange contracts	-	-	-	(367.50)	(201.90)	(86.10)
Net exposure for liabilities	4,579.13	-	3,637.67	3,133.05	(201.90)	7,882.70
Net exposure (Assets - Liabilities)	(7,275.23)	299.21	(8,143.02)	366.44	(159.92)	(12,963.75)

Sensitivity analysis

The following table details the Company's sensitivity to a 5% increase and decrease in the Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. This is mainly attributable to the net exposure outstanding on receivables or payables in the Company at the end of the reporting period. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rate. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. In cases where the related foreign exchange fluctuation is capitalised to fixed assets or recognised directly in reserves, the impact indicated below may affect the Company's income statement over the remaining life of the related fixed assets or the remaining tenure of the borrowing respectively.

Impact on profit or loss

(Rs in lakhs)

Movement in currency (Before tax)	Increase in Exchange rate by 5%		Decrease in Exchange rate by 5%	
Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021	For the year ended 31st March, 2022	For the year ended 31st March, 2021
USD	(363.76)	18.32	363.76	(18.32)
GBP	14.96	(8.00)	(14.96)	8.00
EURO	(407.15)	(648.19)	407.15	648.19

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.

Notes to Financial Statements for the year ended 31st March, 2022

Interest Rate Exposure:

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Term loans - long term		
Floating Rate Borrowings	-	-
Fixed Rate Borrowings	3,673.15	6,779.00
Short term borrowings	9,479.39	8,012.00
	13,152.54	14,791.00

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, 2022	For the year ended 31st March, 2021	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Short term borrowings	(23.70)	(20.03)	23.70	20.03

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, 2022

48. Financial Performance Ratios:						(Rs in lakhs)
Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% Variation	Reason for variation
Current Ratio (Times)	Current Asset	Current Liabilities	1.68	1.71	-1.40%	No Significant Changes
Debt-Equity Ratio (Times)	Total Debt ⁽¹⁾	Shareholders Equity	0.31	0.4	-22.50%	No Significant Changes
Debt Service Coverage Ratio (Times)	Earnings available for debt service ⁽²⁾	Debt Service ⁽³⁾	6.05	9.31	-35.02%	Increase in the ratio is due to increase in profit in comparison to the previous year and principal repayments done during the year which resulted into reduction in finance cost.
Return on Equity Ratio (%)	Net Profit after Exceptional Items and Taxes	Average Shareholders Equity	13.45%	3.61%	272.58%	Increase in ratio due to higher profits as compared to previous year in addition to the recognition of the exceptional loss w.r.t Impairment of Investment which was accounted in previous year affecting the ratio then
Inventory turnover ratio (Times)	Revenue from operation except sale of windmill power	Average Inventory	5.45	5.19	5.01%	No Significant Changes
Trade Receivables turnover ratio (Times)	Revenue from Operation	Average account Receivable	4.25	2.56	66.02%	Trade receivables turnover ratio increased due to better efficiency in collections
Trade payables turnover ratio (Times)	Net Credit Purchases	Average Trade Payables	10.68	9.12	17.11%	No Significant Changes
Net capital turnover ratio (Times)	Revenue from Operation	Average Working Capital	3.42	2.4	42.50%	Signaificant increase in sales as compared to previous year
Net profit ratio (%)	Net Profit after Exceptional Items and Taxes	Revenue from Operation	12.45%	5.16%	141.28%	Signaificant increase in sales as compared to previous year and recognition of exceptional loss for Impairment of Investment in WOS accounted in the previous year
Return on Capital employed(%)	Earning before interest and taxes (after exceptional items)	Capital Employed ⁽⁴⁾	12.90%	4.54%	184.14%	Significant increase in ratio due to improvement in operating margins during the year. Equity and capital employed increased due to the equity issue net of repayment of debt during the year.
Return on Investment (%)	Income generated from invested funds ⁽⁵⁾	Average investments (other than investments in Subsidiaries)	6.46%	8.31%	-22.27%	No Significant Changes

Note:

- (1) Total Debt represents Current Borrowings + Non Current Borrowings.
- (2) Earnings available for debt service represents Profit after Tax + Exceptional Item + Depreciation and amortization expenses + Finance costs related to borrowings and lease liability + Loss due to fire.
- (3) Debt Service represents Finance Cost related to borrowings + Scheduled principal repayment of borrowings + Total Lease Payments during the year.
- (4) Capital Employed represents Total Equity + Borrowings + Deferred Tax liabilities
- (5) Income generated from invested funds represents Interest Income + Dividend Income + Capital Gains in respect of investments

Notes to Financial Statements for the year ended 31st March, 2022

49 Right to use of lease assets

(Rs in lakhs)

Leases

I Disclosure in respect of operating lease (as Lessee):

a) Additions to right to use assets and its carrying value as on that date

Particulars	As at 31st March, 2022	As at 31st March, 2021
Addition of right-of-use assets that do not meet the definition of investment property		
Buildings	247.04	-
Total	247.04	-
Depreciation charged during the current year		
Buildings	42.29	24.40
Total	42.29	24.40
Carrying value of Right-of-use assets		
Buildings	242.48	37.73
Total	242.48	37.73

(b) Maturity Analysis of Lease liabilities

Maturity analysis – contractual undiscounted cash flows	As at 31st March, 2022	As at 31st March, 2021
Less than one year	59.63	2.46
One to five years	179.35	2.84
More than five years	3.50	4.34
Total undiscounted lease liabilities for the year ended	242.48	9.64
Lease liabilities included in the statement of financial position		
Current	47.65	1.98
Non-current	162.94	4.76
Total Lease Liabilities	210.59	6.74

(c) Amounts recognised in the statement of profit or loss

Particulars	As at 31st March, 2022	As at 31st March, 2021
Depreciation charge for right-of-use assets	42.29	23.81
Interest on lease liabilities (included in finance cost)	11.02	1.62
The expense relating to short-term leases	-	-
The expense relating to leases of low-value assets	-	-
The expense relating to variable lease payments not included in the measurement of lease liabilities	-	-
Income from subleasing right-of-use assets	-	-
Gains or losses arising from sale and leaseback transactions	-	-
Total Amount recognised in the statement of profit or loss	53.31	25.43

(d) Movement in lease liabilities for the year ended:

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance at the beginning of the year	6.74	26.76
Additions	244.90	2.12
Payment of lease liabilities	(41.04)	(22.14)
Total Lease liabilities	210.59	6.74

Notes to Financial Statements for the year ended 31st March, 2022**(e) Amount recognised in the statement of cash flows**

Particulars	As at 31st March, 2022	As at 31st March, 2021
Total cash outflow for leases (excluding variable lease payments, short-term leases, leases of low-value assets)	41.04	22.14

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.

50 CSR Expenditure

- a) Gross amount required to be spent by the Company during the year – Rs. 82.83 lakhs (31st March, 2021: Rs. 74 lakhs)
- b) Amount spent during the year

(Rs in lakhs)

For the period ended 31st March, 2022								
Opening Balance	Amount required to be spent during the year	Amount spent during the year	(Shortfall)/ Excess for the year	Total of previous years shortfall	Reason for shortfall	Nature of CSR Activities	Details of related party transactions	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately
6.00	82.83	301.83	225.00	-	-	Medical Facilities	Out of above, Rs. 72 lakhs Contributed to Shri Narayani Seva Sansthan and Rs. 10 lakhs to Shivchandrai Jhunjhunwala Charitable Trust which are related parties.	N.A.

For the period ended 31st March, 2021								
Opening Balance	Amount required to be spent during the year	Amount spent during the year	(Shortfall)/ Excess for the year	Total of previous years shortfall	Reason for shortfall	Nature of CSR Activities	Details of related party transactions	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately
-	74.00	80.00	6.00	-	-	Medical Facilities	Out of above, Rs. 60 lakhs Contributed to Shri Narayani Seva Sansthan and Rs. 20 lakhs to Shivchandrai Jhunjhunwala Charitable Trust which are related parties.	N.A.

- c) Unspent amount of CSR expenditure for prior years is Rs. 295.00 lakhs

Notes to Financial Statements for the year ended 31st March, 2022

51 (a) Advance(s) in the nature of Loan as per Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

(Rs in lakhs)

Particulars	Relationship	31.03.2022	31.03.2021
Name of the loanee - Sarlalex Inc.			
In respect of Inter Corporate Deposits	Wholly owned		
Amount as at year end	Subsidiary	194.32	188.43
Maximum amount outstanding		7,859.63	7,859.63

(b) Particulars of Loans, Guarantees or Investments covered under section 186(4) of the Companies Act, 2013

(Rs in lakhs)

Name of the Party	Nature	Amount	Purpose
Sarla Overseas Holding Ltd	Investments in Equity Shares	183.22	Capital Investment
Sarlalex Inc.*	Investments in Equity Shares	596.50	Capital Investment
	Investments in Preference Shares	7,824.85	Capital Investment
	Inter - Corporate Loans	194.32	Capital Expenditure and Working Capital

* Excluding Impairment provisions

52 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. Nil (in Previous year decrease in profit Rs. 36.12 lakhs). The net loss remaining unamortized under Foreign Currency Monetary Item Translation Difference Account as at 31st March, 2022 is Rs. Nil (net loss as at 31st March, 2021 Rs. Nil).

53 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.

54 Exceptional Item

Company's Wholly Owned Subsidiary, Sarlalex, 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 Sarlalex, 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 had investments amounting to Rs. 8,604.57 lakhs by way of investments in equity, preference shares and unsecured loans to Sarlalex, 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. 2,436.59 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.

55 Impairment of investments in subsidiary (For FY. 2020-21)

(a) Impairment loss recognized in statement of Profit and Loss (as an exceptional item – also refer note 54): Rs. 2,436.59 lakhs

Notes to Financial Statements for the year ended 31st March, 2022

- (b) Recoverable amount: Rs. 6,167.98 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.

56 Other Amendments with respect to Schedule III

1. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
2. The Company is not declared as wilful defaulter by any bank or financial Institution or other lender.
3. There is no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
4. The Company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
5. The Company have not traded or invested in Crypto currency or Virtual Currency during the year.
6. The Company does not have any transactions with Companies struck off.
7. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period. The company is in process of satisfying charge against which payment has been made.
8. The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) 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
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
9. The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) 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
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
10. The Company has complied with the requirement in respect of number of layers prescribed under Section 2(87) of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rule, 2017.

57 Events after the reporting period

No adjusting or significant non - adjusting events have occurred between the reporting date (31st March, 2022) and the report release date (25th May, 2022)

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 2022, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2022, its consolidated profit including other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the

ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on consolidated financial statements.

Emphasis of Matters

- a) As reported in the respective 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 to the consolidated financial statements);
- b) We draw attention to Note No. 51 of the Consolidated Financial Statements, wherein it is mentioned that the investment made by SOHL in three Joint Ventures are not consolidated on account of non-resolution of disputes, or non-receipt of financial statements for the year ended 31st March, 2022. 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;

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr no	Key Audit Matter	Auditor's Response
1.	<p>Litigations, Provisions and contingent liabilities</p> <p>The Holding Company has litigations which also include matters under dispute involving significant management judgement and estimates on the possible outcome of the litigations and consequent provisioning thereof or disclosure as contingent liabilities.</p> <p>Refer Note 45.1 to the consolidated financial statements.</p>	<p><u>Principal Audit Procedures</u></p> <p>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.</p> <p>Our audit approach for the above consists of the following audit procedures:</p> <ul style="list-style-type: none"> • 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 for sufficient understanding of on-going and potential legal matters impacting the Company. • We involved our internal experts to evaluate the management's underlying judgements in making their estimates with regard to such matters.

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income,

consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India including the 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 the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless respective Management and Board of Directors either intends to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company have adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of Management and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial

statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are independent auditors and whose financial information we have audited to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion;

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 of the Holding Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards;

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

Other 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. 280.86 lakhs, total liabilities of Rs. 231.28 lakhs as at 31st March, 2022, total revenue of Rs. 148.66 lakhs and total comprehensive income of Rs. 7.86 lakhs for the year ended 31st March, 2022 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 Holding 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 Holding 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 Holding Company and audited by us;

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. Reporting under Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act is not applicable to subsidiaries incorporated outside India, hence, this report does not contain a statement on the matters specified in paragraph 3(xxi) of the Order.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries as noted in the 'other matter' paragraph, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for

the purpose of preparation of the consolidated financial statements;

- d) In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2022 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act. The Holding Company did not have any subsidiaries or an associate company in India and did not exercise joint control over any entity incorporated in India;
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, since none of the subsidiary companies are incorporated in India, no separate report is being issued with reference to these consolidated financial statements of the Holding Company. Also refer Annexure 'B' to the independent auditor's report, issued on the standalone financial statements of the Holding Company regarding 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matters' paragraph:
 1. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group (Refer Note 45.1 to the consolidated financial statements);
 2. The group has made provision in the consolidated financial statements, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 3. There has been no delay in transferring amounts, required to be transferred, to the

Investor Education and Protection Fund by the Holding Company during the year ended 31st March, 2022. The Holding Company did not have any subsidiaries or an associate company in India and did not exercise joint control over any entity incorporated in India.

4. a) The respective management of the Holding Company has represented that, to the best of its 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 or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- b) The respective management of Holding Company has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any

guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under 4(a) and 4(b) above, contain any material misstatement.
5. There were no amounts which were declared or paid during the year as dividend by the Holding Company.

As stated in the Note No. 22.7 to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members and the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

3. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

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

For C N K & Associates LLP

Chartered Accountants

Firm Registration Number: 101961W/W-100036

Himanshu Kishnadwala

Partner

Place: Mumbai

Date: 25th May, 2022

Membership No.: 37391

UDIN: 22037391AJNZDH5463

Annexure to the Auditor's Report:

Subsidiaries (held directly)

- a. Sarla Overseas Holding Limited
- b. Sarlaflex Inc

Subsidiaries (held indirectly)

- a. Sarla Europe, Lda
- b. Sarlaflex LLC
- c. Sarla Estate LLC
- d. Sarla Leverage Lender LLC

Joint Ventures (held indirectly)

- a. Savitex SA De C. V. Honduras;
- b. MRK SA De C. V. Honduras;
- c. Sarla Tekstil Filament Sanayi Ticaret A.S.

Consolidated Balance Sheet as at 31st March 2022

		(Rs in lakhs)	
Particulars	Note No	As at 31st March, 2022	As at 31st March, 2021
I ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	4	23,090.73	25,027.32
(b) Capital Work in progress	5	1,564.38	40.88
(c) Intangible assets	6	93.83	99.05
(d) Investment accounted for using equity method	7	-	-
(e) <u>Financial Assets</u>			
(i) Investments	8	3,648.31	1,486.53
(ii) Loans	9	37.94	35.40
(iii) Other financial assets	10	963.89	516.77
(f) Non current Tax Assets (Net)	11	230.99	184.35
(g) Other non-current assets	12	766.40	486.95
Total non-current assets		30,396.47	27,877.25
(2) Current assets			
(a) Inventories	13	10,919.45	6,925.07
(b) <u>Financial Assets</u>			
(i) Investments	14	1,487.92	176.69
(ii) Trade receivables	15	9,997.00	9,314.06
(iii) Cash and cash equivalents	16	437.38	1,121.26
(iv) Bank balances other than (iii) above	17	6,296.26	8,647.91
(v) Loans	18	28.82	132.98
(vi) Other financial assets	19	1,492.01	1,572.62
(c) Other current assets	20	1,689.40	2,735.45
Total current assets		32,348.24	30,626.04
Total Assets		62,744.71	58,503.29
II EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	21	835.03	835.03
(b) Other Equity	22	38,433.10	33,621.35
Equity attributable to equity share holders		39,268.13	34,456.38
Non-controlling interests		19.83	16.69
Total equity		39,287.96	34,473.07
Liabilities			
(1) Non-current liabilities			
(a) <u>Financial Liabilities</u>			
(i) Borrowings	23	2,069.62	3,843.60
(ia) Lease Liabilities	24	162.94	4.76
(b) Provisions	25	144.60	119.31
(c) Deferred tax liabilities (Net)	26	2,371.06	2,485.04
Total non-current liabilities		4,748.23	6,452.71
(2) Current liabilities			
(a) <u>Financial Liabilities</u>			
(i) Borrowings	27	11,196.57	11,055.91
(ia) Lease Liabilities		47.65	1.98
(ii) Trade payables	28		
(A) total outstanding dues of micro enterprises and small enterprises		199.27	16.54
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		4,135.68	2,734.17
(iii) Other financial liabilities	29	2,485.11	3,250.46
(b) Other current liabilities	30	352.15	361.52
(c) Provisions	31	95.54	41.30
(d) Current Tax Liabilities (Net)	32	196.54	115.63
Total current liabilities		18,708.52	17,577.51
Total Equity and Liabilities		62,744.71	58,503.29

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

KRISHNAKUMAR M. JHUNJHUNWALA

Managing Director

(DIN: 00097175)

Mukesh Deopura

Chief Financial Officer

NEHA JHUNJHUNWALA

Director

(DIN: 07144529)

Neha Somani

Company Secretary

Place: Mumbai

Date: 25th May, 2022

Place: Mumbai

Date: 25th May, 2022

Consolidated Statement of profit and loss for the year ended 31st March, 2022

(Rs in lakhs)

Sr. No	Particulars	Note No.	For the year ended 31st March, 2022	For the year ended 31st March, 2021
I	Revenue from Operations	33	42,571.84	25,780.91
II	Other Income	34	1,747.22	1,633.12
III	TOTAL INCOME (I+II)		44,319.06	27,414.03
IV	Expenses			
	(a) Cost of materials consumed	35	23,611.71	11,083.22
	(b) Changes in inventories of finished goods and work-in-progress	36	(2,737.54)	(522.69)
	(c) Employee benefits expense	37	1,738.25	1,217.21
	(d) Finance costs	38	368.78	1,142.18
	(e) Depreciation and amortization expense	39	2,652.82	2,572.68
	(f) Other expenses	40	12,149.02	8,377.24
	TOTAL EXPENSES (a to f)		37,783.03	23,868.84
	Profit before share of net profits of investment accounted for using equity method and tax (III-IV)		6,536.02	3,544.20
	Exceptional item		-	-
V	Profit before share of net profits of investment accounted for using equity method and tax (III-IV)		6,536.02	3,544.20
VI	Share of net profit/(loss) of Joint ventures accounted for using the equity method		-	-
VII	Profit before tax (V+VI)		6,536.02	3,544.20
VIII	Tax expense:			
	Current tax		1,914.74	1,155.61
	Deferred tax		(113.98)	(267.10)
	Total tax expense		1,800.76	887.51
IX	Profit/(loss) for the year (VI-VII)		4,735.26	2,656.69
X	Other Comprehensive Income ('OCI')			
A	(i) Items that will not be reclassified to profit or loss Remeasurement of defined benefit plan		(2.18)	57.49
	(ii) Income tax relating to items that will not be reclassified to profit or loss		0.55	(14.47)
	Total (A)		(1.63)	43.02
B	(i) Items that will be reclassified to profit or loss Foreign exchange differences in translating financial statements of foreign operations		80.81	(89.42)
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Total (B)		80.81	(89.42)
	Total Other comprehensive income (A+B)		79.18	(46.40)
XI	Total comprehensive income for the year (IX+X)		4,814.44	2,610.29
	Profit attributable to:			
	Owners of the Company		4,731.77	2,625.80
	Non-Controlling Interest		3.49	30.89
	Other Comprehensive Income attributable to:			
	Owners of the Company		79.53	(46.43)
	Non-Controlling Interest		(0.35)	0.03
	Total Comprehensive Income attributable to:			
	Owners of the Company		4,811.30	2,579.37
	Non-Controlling Interest		3.14	30.92
XII	Earnings per equity share	41		
	- Basic and Diluted (Face value Re. 1)		5.67	3.14

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For C N K & ASSOCIATES LLP

Chartered Accountants

ICAI FR No.: 101961W/W-100036

HIMANSHU KISHNADWALA

Partner

Membership No. 37391

KRISHNAKUMAR M. JHUNJHUNWALA

Managing Director

(DIN: 00097175)

Mukesh Deopura
Chief Financial Officer

NEHA JHUNJHUNWALA

Director

(DIN: 07144529)

Neha Somani
Company Secretary

Place: Mumbai

Date: 25th May, 2022

Place: Mumbai

Date: 25th May, 2022

Consolidated Statement of cash flows for the year ended 31st March, 2022

Particulars	(Rs in lakhs)	
	For the year ended 31st March, 2022	For the year ended 31st March, 2021
A Cash flow from operating activities		
Profit before tax	6,536.02	3,544.20
Adjustments for:		
Finance costs	368.78	1,142.18
Depreciation and amortisation expenses	2,652.82	2,572.68
Interest on income tax	25.12	12.96
Interest income	(650.09)	(840.61)
Gain on disposal of investments	(69.40)	(6.49)
Gain on fair value of investments	(9.47)	(63.64)
Dividend Income on Current investments	(1.42)	(0.16)
Unrealised exchange gain or loss on foreign currency translations	(355.81)	(211.37)
Foreign currency translation reserve	(134.30)	(29.23)
Loss due to fire	108.06	-
Sundry Balances written off / (written back)	(1.17)	-
Operating profit before working capital changes	8,469.13	6,120.52
Movements in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Inventories	(3,994.39)	1,038.22
Trade receivables	(682.94)	(2,888.06)
Current loans	104.16	(4.08)
Non-current loans	(7.41)	2.80
Other non current assets	(278.98)	(2,190.89)
Other current assets	1,041.40	(95.15)
Other current financial assets	(433.58)	(332.79)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	1,602.16	580.53
Other current financial liabilities	(431.33)	1,359.25
Other financial liabilities	(8.27)	100.84
Other current liabilities	111.41	(15.55)
Provisions	77.35	25.19
Cash generated from operations	5,568.70	3,700.83
Direct taxes paid (net)	(1,905.59)	(743.43)
Net cash generated from operating activities (A)	3,663.11	2,957.40
B Cash flows from investing activities		
Bank balances other than Cash & Cash equivalents	1,924.04	(615.49)
Purchase of property, plant and equipment	(3,336.79)	(1,276.35)
Purchase of Intangible Assets	(21.27)	(37.25)
Proceeds from disposals of property, plant and equipment	686.43	-
Purchase of non current investments	(3,914.51)	4,549.40
Proceeds of non current investments	1,822.12	-
Purchase of current investments	(1,311.23)	15.84
Interest received	1,565.11	459.35
Dividend Income on Current investments	1.42	-
Net cash (used in) investing activities (B)	(2,584.67)	3,095.50

Statement of cash flows for the year ended 31st March, 2022

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
C Cash flow from financing activities		
Proceeds/Repayments from non current borrowings	253.59	(12,874.87)
Repayment of non current borrowings	(3,039.28)	-
Proceeds from current borrowings	1,433.21	7,994.53
Payments for the principal portion of lease liability	(30.02)	(20.75)
Payments for the interest portion of lease liability	(11.02)	(1.39)
Interest paid	(368.78)	(716.23)
Net cash (used in) financing activities (C)	(1,762.32)	(5,618.71)
NET INCREASE IN CASH AND CASH EQUIVALENTS [(A) + (B) + (C)]	(683.88)	434.15
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (REFER NOTE 16)		
Balances with banks in current accounts and deposit accounts	1,132.89	677.12
Effect of exchange rate changes on cash and cash equivalents	(22.08)	(11.63)
Cash on hand	10.45	21.62
CASH AND CASH EQUIVALENTS	1,121.26	687.11
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (REFER NOTE 16)		
Balances with banks in current accounts and deposit accounts	450.82	1,132.89
Effect of exchange rate changes on cash and cash equivalents	(22.08)	(22.08)
Cash on hand	8.64	10.45
CASH AND CASH EQUIVALENTS	437.38	1,121.26
Supplemental Information		
Cash Transactions from Operating Activities:		
Spent towards Corporate Social Responsibility	301.83	80.00

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 2021	Cash flow	Foreign Exchange movement/Non Cash Adjustments	As at 31st March, 2022
Non - current borrowing (including current maturities of non current borrowing)	6,887.64	(3,039.28)	(61.55)	3,786.81
Current borrowing	8,011.88	1,433.21	34.30	9,479.39
	14,899.52	(1,606.07)	(27.25)	13,266.20

Statement of cash flows for the year ended 31st March, 2022

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)	19,777.51	(12,874.87)	(15.00)	6,887.64
Current borrowing	6,869.42	7,994.53	(6,852.07)	8,011.88
	26,646.93	(4,880.34)	(6,867.07)	14,899.52

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

KRISHNAKUMAR M. JHUNJHUNWALA

Managing Director

(DIN: 00097175)

Mukesh Deopura

Chief Financial Officer

Place: Mumbai

Date: 25th May, 2022

For and on behalf of the Board of Directors

NEHA JHUNJHUNWALA

Director

(DIN: 07144529)

Neha Somani

Company Secretary

Place: Mumbai

Date: 25th May, 2022

Statement of changes in equity for the year ended 31st March, 2022

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

Particulars	Amount
Balance as at 1st April, 2020	835.03
Changes in equity share capital during the year 2020-21	-
Balance as at 31st March, 2021	835.03
Changes in equity share capital during the year 2021-22	-
Balance as at 31st March, 2022	835.03

Particulars	Reserves and surplus						(Rs in lakhs)		
	Capital reserve	Securities premium	General reserve	Foreign currency translation reserve	Foreign currency monetary item translation difference account	Retained earnings*	Total attributable to Owners of the Company	Attributable to NCI	Total Equity
As at 1st April, 2020	183.46	4,529.00	8,274.38	(40.64)	(36.31)	18,097.36	31,007.25	(14.38)	30,992.87
Profit for the year 2020-21	-	-	-	-	-	2,624.22	2,624.22	31.04	2,655.26
Other comprehensive income for the year 2020-21 (net of tax)	-	-	-	(89.45)	-	43.02	(46.43)	0.03	(46.40)
Addition/(Deletions) during the year	-	-	-	-	-	-	-	-	-
Amortisation during the year	-	-	-	-	36.31	-	36.31	-	36.31
Total comprehensive income for the year	-	-	-	(89.45)	36.31	2,667.24	2,613.61	31.07	2,645.17
Dividend	-	-	-	-	-	-	-	-	-
As at 31st March, 2021	183.46	4,529.00	8,274.38	(130.09)	(0.00)	20,764.61	33,621.35	16.69	33,638.04
Profit for the year 2021-22	-	-	-	-	-	4,731.77	4,731.77	3.49	4,735.26
Other comprehensive income for the year 2021-22 (net of tax)	-	-	-	81.16	-	(1.63)	79.53	(0.35)	79.18
Addition/(Deletions) during the year	-	-	-	-	-	-	-	-	-
Amortisation during the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	81.16	-	4,730.54	4,811.75	3.14	4,814.44
Dividend	-	-	-	-	-	-	-	-	-
As at 31st March, 2022	183.46	4,529.00	8,274.38	(48.85)	(0.00)	25,495.15	38,433.10	19.83	38,452.48

* including remeasurement of net defined benefit plans

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 May, 2022

KRISHNAKUMAR M. JHUNJHUNWALA

Managing Director

(DIN: 00097175)

Mukesh Deopura

Chief Financial Officer

Place: Mumbai

Date: 25th May, 2022

NEHA JHUNJHUNWALA

Director

(DIN: 07144529)

Neha Somani

Company Secretary

For and on behalf of the Board of Directors

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2022

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 (except for Earnings per share) as per the requirement of Schedule III, unless otherwise stated.

The CFS of the Group for the year ended 31st March, 2022 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 25th May, 2022.

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, 2022

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:

- 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;
- 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, 2022;
- The results of subsidiaries acquired or disposed of during the year are included in the CFS from the effective date of acquisition and up to the effective date of disposal, as appropriate;
- Refer note no. 51 of the consolidated financial statements for not consolidating the share of profit / loss of the joint ventures as per the 'equity method';
- CFS are presented, to the extent applicable, in accordance with the requirements of Schedule III of the 2013 Act as applicable to the Company's separate financial statements;
- Non-controlling interests in the net assets of the subsidiaries that are consolidated consists of the amount of equity attributable to non-controlling shareholders at the date of acquisition and subsequent addition of their share of changes in equity.

Profit or loss and each component of OCI are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

2.4.4 The percentage of ownership interest of the Company in the Subsidiary companies as on 31st March, 2022 are as under:

Particulars	Country of Incorporation	Percentage of actual ownership interest as on	
		31 st March, 2022	31 st March, 2021
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

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2022

any decommissioning obligation, if any, and, borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use);

- 2.5.3** 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

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2022

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);

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.

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2022

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.

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

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2022

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:

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.

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2022

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 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;

Derivatives:

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit & Loss. To some extent the Company manages its foreign currency risk by hedging transactions.

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.

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2022

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;

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).

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2022

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.

2.14.3 Export Incentive includes Merchandise Export from India Scheme (MEIS) incentives, Remission of Duties and Taxes on Export Products (RoDTEP) and Duty Drawback Incentives.

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.

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2022

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

2.16 Borrowing costs:

- 2.16.1 Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs;
- 2.16.2 Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss;
- 2.16.3 Investment Income earned on the temporary investment of funds of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.17 Foreign Currency Transactions:

- 2.17.1 The functional currency of the 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) 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;

2.17.4 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;

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2022

- 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.

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

Notes Forming Part of Consolidated Financial Statements for the year ended 31st March, 2022

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;

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:

The following standards / amendments to standards have been issued and will be effective from 1st April 2022. The Company is evaluating the requirements of these standards, improvements and amendments and has not yet determined the impact on the financial statements.

- Indian Accounting Standard (Ind AS) 103 – Business Combinations – Qualifications prescribed for recognition of the identifiable assets acquired and liabilities assumed, as part of applying the acquisition method – should meet the definition of assets and liabilities in the Conceptual Framework for Financial Reporting under Ind AS (Conceptual Framework) issued by the ICAI at the acquisition date.

Modification to the exceptions to recognition principle relating to contingent liabilities and contingent assets acquired in a business combination at the acquisition date.

- Indian Accounting Standard (Ind AS) 109 – Financial Instruments – Modification in accounting treatment of certain costs incurred on derecognition of financial liabilities
- Indian Accounting Standard (Ind AS) 16 – Property, Plant and Equipment – Modification in treatment of excess of net sale proceeds of items produced over the cost of testing as part of cost of an item of property, plant, and equipment.
- Indian Accounting Standard (Ind AS) 37 – Provisions, Contingent Liabilities and Contingent Assets – Modifications in application of recognition and measurement principles relating to onerous contracts

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

4 Property, Plant & Equipment

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, 2020	3,378.46	8.70	4,697.51	85.94	26,511.66	77.16	249.37	50.74	162.49	35,222.03
Additions	-	-	245.11	-	1,092.75	5.43	-	2.21	0.74	1,346.25
Deletions	-	-	-	-	(37.34)	-	-	-	-	(37.34)
Exchange fluctuations	-	-	(51.56)	-	(139.43)	(0.17)	(0.36)	(0.05)	(0.57)	(192.13)
Balance as at 31st March, 2021	3,378.46	8.70	4,891.06	85.94	27,427.64	82.43	249.01	52.90	162.66	36,338.80
Additions	-	-	-	247.04	1,132.24	-	0.72	1.92	5.16	1,387.08
Deletions	-	-	-	-	(1,086.17)	-	-	-	-	(1,086.17)
Exchange fluctuations	2.19	-	60.56	-	168.72	0.20	0.44	0.29	0.69	233.08
Balance as at March 31, 2022	3,380.65	8.70	4,951.62	332.98	27,642.42	82.63	250.17	55.11	168.51	36,872.79
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, 2020	-	0.90	520.07	24.25	8,084.99	30.56	88.85	31.36	98.51	8,879.49
Depreciation charge for the year	-	12.90	144.96	24.40	2,317.08	7.27	22.76	0.88	24.42	2,554.67
Depreciation on deletion	-	-	-	-	(34.90)	-	-	-	-	(34.90)
Exchange fluctuations	-	(11.92)	5.83	-	(81.60)	(0.17)	(0.36)	(0.05)	(0.57)	(88.83)
Balance as at 31st March, 2021	-	1.87	670.86	48.65	10,285.57	37.67	111.24	32.19	122.37	11,310.43
Depreciation charge for the year	-	0.44	164.26	42.29	2,365.89	6.82	21.86	4.33	20.43	2,626.32
Depreciation on deletion	-	-	-	-	(291.85)	-	-	-	-	(291.85)
Exchange fluctuations	-	-	8.88	-	124.95	0.20	0.44	0.30	0.69	135.42
Balance as at 31st March, 2022	-	2.31	844.00	90.94	12,484.56	44.70	133.54	36.82	143.49	13,780.32
Net Book Value										
Balance as at 31st March, 2022	3,380.65	6.67	4,107.62	242.04	15,157.87	37.93	116.63	18.29	25.02	23,090.73
Balance as at 31st March, 2021	3,378.46	6.82	4,220.20	37.29	17,142.07	44.76	137.77	20.72	40.29	25,027.32

Notes:

- (i) Charge has been created over property, plant and equipments of the company in respect of borrowings (refer note 23)
- (ii) Leasehold land represents land taken on finance lease for 20 years.

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

5 (a) Capital work in progress

(Rs in lakhs)

Particulars	As at 31.03.2022	As at 31.03.2021
Capital work in progress	1,564.38	40.88
Total	1,564.38	40.88

(b) Capital work in progress ageing schedule as on 31st March, 2022

(Rs in lakhs)

Particulars	Amount in CWIP under development for a period of				TOTAL
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress					
Nylon High Tenacity 6 & 66 Project	1,460.20	40.88	-	-	1,501.08
Other Projects	63.30	-	-	-	63.30

Capital work in progress ageing schedule as on 31st March, 2021

(Rs in lakhs)

Particulars	Amount in CWIP under development for a period of				TOTAL
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress					
Nylon High Tenacity 6 & 66 Project	40.88	-	-	-	40.88
Other Projects	-	-	-	-	-

CWIP completion schedule, whose completion is overdue or has exceeded its cost compared to its original plan: None (31 March 2021: None)

6 Intangible assets

(Rs in lakhs)

Particulars	Enterprise Resource Planning (ERP) Software	Total
Gross Block		
Balance as at 1st April, 2020	22.36	22.36
Additions	116.55	116.55
Deletions	-	-
Balance as at 31st March, 2021	138.91	138.91
Additions	21.27	21.27
Deletions	-	-
Balance as at 31st March, 2022	160.18	160.18
Accumulated Amortisation		
Balance as at 1st April, 2020	22.36	22.36
Additions	17.50	17.50
Deletions	-	-
Balance as at 31st March, 2021	39.86	39.86
Additions	26.49	26.49
Deletions	-	-
Balance as at 31st March, 2022	66.35	66.35
Net block as at 31st March, 2022	93.83	93.83
Net block as at 31st March, 2021	99.05	99.05

Note:

There are no Intangible Assets under development as on 31st March 2022 and 31st March 2021.

Notes to Consolidated Financial Statements for the year ended 31st March, 2022**7 Investments accounted for using equity method**

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Investments in Joint Ventures		
Unquoted		
Savitex SA De C.V., Honduras	1,856.76	1,856.76
MRK SA C.V., Honduras	127.39	127.39
Sarla Tekstil Filament Sanayi Ticaret A.S.	74.97	74.97
Provision for Diminution in value of investments	(2,059.12)	(2,059.12)
Total	-	-

Note:

Refer note 50 for details of interest in other entities.

8 Non current financial assets - Investments

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Quoted		
Investments in debentures at amortised cost (fully paid)	2,168.49	1,058.62
Unquoted		
Investments in units of Mutual fund at FVTPL (fully paid)	1,479.82	427.91
Total	3,648.31	1,486.53
Aggregate value of quoted investments - at cost	2,168.49	1,058.62
Aggregate value of quoted investments - at market value	2,126.21	1,058.62
Aggregate amount of unquoted investments	1,479.82	427.91
Aggregate amount of impairment in value of investments	-	-

9 Non-current financial assets - Loans

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
At amortised cost		
Other loans and advance	222.42	211.80
Allowance for Bad and Doubtful Advances	(184.48)	(176.40)
Total	37.94	35.40
Breakup		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	-	-
Loans which have significant increase in credit risk	222.42	211.80
Loans - credit impaired	-	-
Provision for unrealisable advances	(184.48)	(176.40)
Total	37.94	35.40

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

Amount of loans/ advances in the nature of loans outstanding

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Others	37.94	56.84%	35.40	21.02%
Loans to Employees (Refer Note 18)	28.82	43.16%	33.12	19.67%

10 Non-current financial asset - Others

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
At Amortised Cost		
Unsecured, considered good		
Fixed deposits with remaining maturity for more than 12 months	704.84	287.09
Interest Receivable	26.80	4.84
Security deposits	232.25	224.84
Total	963.89	516.77

Note:

Fixed Deposits alongwith interest accrued there on amounting to Rs. 24.30 lakhs (As at 31st March, 2021 Rs. 34.12 lakhs) pledged as margin money deposit for facilities from Banks.(Refer note 23)

11 Non current Tax Assets (Net)

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Taxes paid in advance (Net of Provision for tax)	230.99	184.35
Total	230.99	184.35

12 Other Non-Current Assets

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Unsecured, considered good		
Capital Advances	676.80	391.45
Security Deposits with government authorities	89.59	95.50
Total	766.40	486.95

Notes to Consolidated Financial Statements for the year ended 31st March, 2022**13 Inventories (at lower of cost and net realisable value)**

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Raw Materials	2,861.94	1,812.42
Raw Materials - Stock in Transit	72.66	178.96
Work-In-Progress	4,237.95	1,657.88
Finished goods	2,491.66	2,628.09
Finished Goods - Stock in Transit	294.91	-
Stores and Spares	327.27	324.00
Oil & lubricants	126.16	97.78
Power & Fuel	22.15	9.52
Packing Materials	484.75	215.42
Total	10,919.45	6,925.07

Note:

- (i) Inventories of Rs. 9,647.16 lakhs (as at 31st March, 2021: Rs. 5,684.72 lakhs) are hypothecated against working capital facilities from banks. (refer note 23)
- (ii) There has been no write down of inventories during the year

14 Investments

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Quoted		
Investments in Equity shares at FVTPL (fully paid)	428.94	45.69
Investments in debentures at amortised cost (fully paid)	1,058.98	-
Investments in debentures at FVTPL (fully paid)	-	131.00
Total	1,487.92	176.69
Aggregate value of quoted investments - at cost	1,472.55	141.14
Aggregate value of quoted investments - market value	1,487.92	176.69
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

Note:

Investments of Rs. 1,487.92 lakhs (as at 31st March, 2021: 176.69 lakhs) are hypothecated against working capital facilities from banks. (Refer note 23)

15 Trade Receivables

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
At Amortised Cost		
(a) Trade Receivables considered good - Secured		
(b) Trade Receivables considered good - Unsecured	9,997.00	9,314.06
(c) Trade Receivables which have significant increase in credit risk	345.52	300.66
(d) Trade Receivables - credit impaired	-	-
Allowance as per Expected credit loss model	(345.52)	(300.66)
Total	9,997.00	9,314.06

Note:

- (i) Trade Receivables of Rs. 10,371.02 lakhs (as at 31st March, 2021: Rs. 10,085.08 lakhs) are hypothecated against working capital facilities from banks. (Refer note 23)
- (ii) Movement in the expected credit loss allowance

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

Particulars	(Rs in lakhs)	
	As at 31st March, 2022	As at 31st March, 2021
Balance at the beginning of the year	(300.66)	(330.89)
Provision reversed during the year	(44.86)	30.24
Balance at the end of the year	(345.52)	(300.66)

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

(i) Trade receivables ageing details As at 31st March, 2022

Particulars	Outstanding for following periods from due date of payment							(Rs in lakhs)
	Unbilled	Not Due	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	-	9,312.96	-	684.04	-	-	-	9,997.00
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	345.52	345.52
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Less: Impairment allowance for trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	(345.52)	(345.52)
Total Trade Receivables	-	9,312.96	-	684.04	-	-	-	9,997.00

As at 31st March, 2021

Particulars	Outstanding for following periods from due date of payment							(Rs in lakhs)
	Unbilled	Not Due	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	-	7,667.51	-	1,646.55	-	-	-	9,314.06
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	300.66	300.66
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
Less: Impairment allowance for trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	(300.66)	(300.66)
Total Trade Receivables	-	7,667.51	-	1,646.55	-	-	-	9,314.06

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

16 Cash & cash equivalents

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Cash and Cash Equivalents		
Balances with Banks	428.74	1,110.81
Cash on Hand	8.64	10.45
Total	437.38	1,121.26

17 Bank balances other than Cash & Cash equivalents

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance in unpaid dividend account	60.81	70.67
At Amortised Cost		
Fixed deposits with remaining maturity for less than 12 months	6,235.44	8,577.24
Total	6,296.26	8,647.91

Note:

- Fixed Deposits alongwith interest accrued there on amounting to Rs. 2,457.29 lakhs (As at 31st March, 2021 Rs. 3,176 lakhs) pledged as margin money deposit for facilities from Banks. (Refer note 23)
- Fixed Deposit amounting to Rs.500 lakhs (As at 31st March, 2021 Rs. 500 Lakhs) pledged as security against possible claims.

18 Loans

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Others		
Loans to Employees	28.82	33.12
Others	-	99.86
Total	28.82	132.98
Breakup		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	28.82	132.98
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	28.82	132.98

Amount of loans/ advances in the nature of loans outstanding (Refer note no. 9)

19 Other financial assets

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
At Amortised Cost		
Interest Receivable	303.49	1,240.47
Other Receivables (Refer note (i))	433.58	-
At FVTPL		
Derivative financial assets		
Forward Contracts	754.94	332.14
Total	1,492.01	1,572.62

- Other receivables includes subvention interest receivable from banks.

Notes to Consolidated Financial Statements for the year ended 31st March, 2022**20 Other Current Assets**

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Unsecured, considered good		
Advances to Suppliers (For Raw Materials and expenses)	190.68	771.21
Goods & Service Tax recoverable	1,045.02	1,882.03
Export incentives receivables	147.57	33.26
Prepaid Expenses	301.54	43.90
Other receivable	4.59	5.05
Total	1,689.40	2,735.45

Equity**21 Equity Share Capital**

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Authorised		
100,000,000 (As at 31st March, 2021: 100,000,000) Equity Shares of Re. 1 each	1,000.00	1,000.00
Issued, Subscribed and Paid up		
83,503,000 (As at 31st March, 2021: 83,503,000) Equity Shares of Re. 1 each	835.03	835.03
Total	835.03	835.03

21.1 Reconciliation of number of equity shares :

(Rs in lakhs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	No. of Shares	Amount	No. of Shares	Amount
Opening Balance	83503000	835.03	83503000	835.03
Changes during the year	-	-	-	-
Closing Balance	83503000	835.03	83503000	835.03

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

21.2 The company shall disclose shareholding of promoters at the end of the year as follows:

S. No	Promoter Name	As on 31.03.2022		As on 31.03.2021		% change during the year
		No of shares	% of total shares	No of shares	% of total shares	
1	NEHA KRISHNA JHUNJHUNWALA	4,000	0.00	4,000	0.00	0.00
2	KRISHNAKUMAR AND SONS HUF	3,25,000	0.39	3,25,000	0.39	0.00
3	VRINDA KRISHNA JHUNJHUNWALA	4,59,720	0.55	4,59,720	0.55	0.00
4	KANAV K JHUNJHUNWALA	6,47,000	0.77	6,47,000	0.77	0.00
5	KRISHNA MADHUSUDAN JHUNJHUNWALA	13,14,000	1.57	13,14,000	1.57	0.00
6	MADHUSUDAN S JHUNJHUNWALA (Probate on will is pending to transfer shares)	19,55,000	2.34	19,55,000	2.34	0.00
7	MADHUSUDAN JHUNJHUNWALA HUF	24,69,596	2.96	24,45,338	2.93	0.03
8	SARLADEVI MADHUSUDAN JHUNJHUNWALA	38,94,000	4.66	38,84,000	4.65	0.01
9	SARLADEVI MADHUSUDAN JHUNJHUNWALA ON BEHALF OF HINDUSTAN COTTON CO.	1,12,14,790	13.43	1,11,64,790	13.37	0.06
10	SARLA ESTATE DEVELOPERS PVT LTD	1,45,537	0.17	1,45,537	0.17	0.00
11	HARMONY ESTATES PVT LTD	2,08,095	0.25	1,80,513	0.22	0.03
12	SATIDHAM INDUSTRIES PVT.LTD.	2,39,59,222	28.69	2,39,49,222	28.68	0.01
	Total	4,65,95,960	55.78	4,64,74,120	55.64	0.15

21.3 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.

21.4 During the 5 years immediately preceding the balance sheet date, there were no equity shares allotted as fully paid up pursuant to contract without payment being received in cash, no bonus shares were issued and there was no buy-back of equity shares of the Company.

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
Hindustan Cotton Company - through its partners		
No. of Shares	1,12,14,790	1,11,64,790
Percentage	13.43%	13.37%
Satidham Industries Private Limited		
No. of Shares	2,39,59,222	2,39,49,222
Percentage	28.69%	28.68%

Notes to Consolidated Financial Statements for the year ended 31st March, 2022**22 Other Equity**

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Capital reserve	183.46	183.46
Securities premium reserve	4,529.00	4,529.00
General reserve	8,274.38	8,274.38
Foreign Currency Translation Reserve	(48.85)	(130.52)
Foreign currency monetary item translation difference account	-	-
Retained Earnings	25,495.12	20,765.04
Total	38,433.10	33,621.35

The movement in other Equity:**22.1 Capital reserve**

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance as at beginning of the year	183.46	183.46
Movement during the year	-	-
Balance as at end of the year	183.46	183.46

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, 2022	As at 31st March, 2021
Balance as at beginning of the year	4,529.00	4,529.00
Movement during the year	-	-
Balance as at end of the year	4,529.00	4,529.00

Securities premium reserve is generated by premium on issue of shares. The reserve is eligible for utilisation in accordance with the provisions of the Act.

22.3 General reserve

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance as at beginning of the year	8,274.38	8,274.38
Movement during the year	-	-
Balance as at end of the year	8,274.38	8,274.38

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, 2022	As at 31st March, 2021
Balance as at beginning of the year	(130.52)	(41.07)
Adjustments	-	-
Exchange difference during the year	81.16	(88.95)
Balance as at end of the year	(48.85)	(130.52)

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.

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

22.5 Foreign currency monetary item translation difference account

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance as at beginning of the year	-	(36.00)
Movement during the year	-	36.00
Balance as at end of the year	-	-

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, 2022	As at 31st March, 2021
Balance as at beginning of the year	20,765.04	18,099.03
Profit for the year	4,731.77	2,622.99
Adjustments	-	-
Re measurement of Net defined benefit plans (net of tax)	(1.63)	43.02
Balance as at end of the year	25,495.12	20,765.04

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

22.7 Proposed Dividend:

The Board of Directors in their meeting on 25th May, 2022 recommended a final dividend of Rs. 2/- per equity share for the financial year ended 31st March, 2022. This payment is subject to the approval of shareholders in the Annual General Meeting of the Company and if approved would result in a net cash outflow of approximately 1670.06 Lakhs. It is not recognised as a liability as at 31 March 2022.

23 Non-current borrowings

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
<u>At Amortised Cost</u>		
Term loans:		
<u>Secured Loans - From Banks</u>		
Standard Chartered Bank (Foreign Currency Loan) (refer note (I))	1,931.31	3,686.16
Yes Bank (Rupee Term Loan) for Vehicles (refer note (II))	24.66	48.63
<u>Unsecured Loans - From others</u>		
Other loans and advances	113.66	108.81
Total	2,069.62	3,843.60

Note:

- Term loans were applied for the purpose for which the loans were obtained.
- Bank returns/stock statements filed by the Holding Company with its bankers are in agreement with books of account.

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

Nature of security	Terms of repayment
(I) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat	Term loan of EURO 35,00,000 is repayable in 16 equal quarterly installment of EURO 2,18,750 each till Jan 2024. Repayment starting from May 2020.
(b) (i) First pari passu charge on the movable fixed assets (P&M) of Dadra Plant.	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.
(ii) First pari passu charge on the movable fixed assets of the company (except Unit I Silvassa)	
(c) First pari passu charge on the immovable fixed assets of the company located at Vapi and unit II Silvassa	
(d) Cash Margin in form of FD equivalent of two quarters of Interest and principal repayment (INR 350 lakhs)	
(II) Specific charge on Vehicles financed by the Bank.	1. Term loan of INR 52,00,000 is repayable in 60 equated monthly installment of INR 1,05,687 each till April 2023. Repayment starting from May 2018. 2. Term loan of INR 59,00,000 is repayable in 60 equated monthly installment of INR 1,21,759 each till December 2024. Repayment starting from Jan 2020.
(III) 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
(IV) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat	Term loan of 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
(b) First pari passu charge on the movable fixed assets of the company (except Unit I 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	

24 Lease liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Lease liabilities	162.94	4.76
Total	162.94	4.76

Refer note 48 for Disclosure in respect of right to use of lease assets.

25 Provisions

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Provision for employee benefits (Refer note 42)		
Gratuity - In respect of Employees	124.60	79.31
Gratuity - In respect of directors	20.00	40.00
Total	144.60	119.31

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

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, 2022	For the year ended 31st March, 2021
Current tax expense (A)		
In respect of current year	1,914.74	1,155.61
	1,914.74	1,155.61
Deferred tax expense (B)		
In respect of current year	(113.98)	(267.10)
	(113.98)	(267.10)
Mat credit entitlement (C)	-	-
Adjustment for earlier years (D)	-	-
Tax expense recognized in the income statement (A+B+C+D)	1,800.76	887.51

(b) Amounts recognized in other comprehensive income

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	0.55	(14.47)
Items that will be reclassified to profit or loss		
Income tax benefit/(expense) recognised in OCI	0.55	(14.47)

c) Reconciliation of effective tax rate

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022		For the year ended 31st March, 2021	
	%	Amounts	%	Amounts
Profit before tax		6,536.02		3,544.20
Tax using the Company's domestic tax rate	25.17%	1,644.99	29.12%	1,031.88
Tax effect of:				
Disallowable expenses	0.28%	18.28	0.41%	14.59
Tax holidays and similar exemptions	0.00%	-	-2.27%	(80.29)
Tax impact of overseas subsidiaries (net)	2.14%	139.55	16.06%	569.14
Tax paid at lower rate	-0.09%	(5.80)	-0.19%	(6.64)
Other non deductible differences	0.06%	3.74	0.00%	-
Tax Rate Reduction	0.00%	-	-10.78%	(382.06)
Others	0.00%	-	1.72%	60.86
	27.55%	1,800.76	34.08%	1,207.47
Mat credit entitlement	0.00%	-	-9.03%	(319.97)
Adjustments for earlier years	0.00%	-	0.00%	-
Effective income tax rate	27.55%	1,800.76	25.05%	887.51

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

(d) Movement in deferred tax liabilities (Net)

(Rs in lakhs)

Particulars	As at 31st March, 2022					
	Net balance April 1, 2021	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Net	Deferred tax asset Deferred tax liability
Deferred tax (Asset)/Liabilities						
Property, plant and equipment	(2,464.62)	139.17	-	-	(2,325.45)	(2,325.45)
Fair valuation of Mutual Funds	(17.34)	13.39	-	-	(3.96)	(3.96)
Employee benefits	23.84	27.27	0.55	-	51.66	-
Fair valuation of Equity shares	-	-	-	-	-	-
Fair valuation of investments (Preference Shares)	(3.22)	(1.76)	-	-	(4.98)	(4.98)
Fair valuation of derivatives	(83.59)	(106.41)	-	-	(190.00)	(190.00)
Amortisation of Foreign currency monetary item translation difference account	-	-	-	-	-	-
Fair valuation of Security Deposits	0.70	3.09	-	-	3.79	-
Allowance for expected credit losses	59.20	38.68	-	-	97.88	-
	(2,485.04)	113.43	0.55	-	(2,371.06)	(2,524.38)
MAT credit entitlement	-	-	-	-	-	-
Less: MAT credit utilised	-	-	-	-	-	-
Tax assets (Liabilities)	(2,485.04)	113.43	0.55	-	(2,371.06)	(2,524.38)

(Rs in lakhs)

Particulars	As at 31st March, 2021					
	Net balance April 1, 2020	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	Net	Deferred tax asset Deferred tax liability
Deferred tax Asset / (Liabilities)						
Property, plant and equipment	(2,840.27)	375.50	-	-	(2,464.62)	(2,464.77)
Fair valuation of Mutual Funds	(764)	(9.25)	-	-	(1734)	(16.89)
Employee benefits	40.67	(2.36)	(14.47)	-	23.84	-
Investments in Equity Shares	-	-	-	-	-	-
Fair valuation of investments (Preference Shares)	(1.24)	(1.97)	-	-	(3.22)	(3.22)
Fair valuation of derivatives	(15.28)	(68.31)	-	-	(83.59)	(83.59)
Amortisation of Foreign currency monetary item translation difference account	(10.52)	10.52	-	-	-	-
Fair valuation of Security Deposits	0.61	0.08	-	-	0.70	-
Allowance for expected credit losses	64.24	(5.05)	-	-	59.20	-
	(2,769.42)	300.16	(14.47)	-	(2,485.04)	(2,568.47)
MAT credit entitlement	-	319.97	-	-	319.97	-
Less: MAT credit utilised	-	-	-	-	(319.97)	-
Tax assets (Liabilities)	(2,769.42)	620.12	(14.47)	-	(2,485.04)	(2,568.47)

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, 2022

27 Borrowings

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
At Amortised Cost		
Loans Repayable on Demand - From Banks		
Secured		
Packing Credit Loan (note no. (i),(ii) & (iii))	7,131.19	8,011.88
Buyer's Credit (refer note no. (i),(ii) & (iii))	2,348.20	-
Current maturities of long term borrowings	1,717.18	3,044.03
Total	11,196.57	11,055.91

Note:

Term of repayment and securities for current borrowings

All the working capital facilities are secured against:

- First pari passu charge on entire current assets of the Company, excluding those kept, stored, lying loose at Unit No. 1, both present and future.
- Second pari passu charge on the entire Movable fixed assets, excluding the movable fixed assets situated or kept at unit no. 1, of the Company. (save and except for vehicles).
- Second pari passu charge on immovable fixed assets of the Company situated at silvassa plant unit II bearing survey no. 64/2, 64/3, 64/4, 61/1, 61/2, 63/5, 63/7, 62/5 and all the piece and parcel of Industrial non-agricultural land bearing Survey No. 62/5, admeasuring 2700 sq.mtrs., situated at village - Amli, Silvassa Union Territory of Dadra & Nagar Haveli.

28 Trade payables

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
At Amortised Cost		
Trade payables:		
Total outstanding dues of Micro and Medium enterprises	199.27	16.54
Total outstanding dues of creditors other than Micro and Medium enterprises	4,135.68	2,734.17
Total	4,334.95	2,750.71

(i) Trade payables ageing details

As at 31st March, 2022

Particulars	Outstanding for following periods from due date of payment					TOTAL
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	199.27	-	-	-	-	199.27
(ii) Others	4,016.19	100.04	19.45	-	-	4,135.68
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
Total Trade payables	4,215.46	100.04	19.45	-	-	4,334.95

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

As at 31st March, 2021

Particulars	Outstanding for following periods from due date of payment					TOTAL
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	16.54	-	-	-	-	16.54
(ii) Others	2,615.88	98.84	19.45	-	-	2,734.17
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues Others	-	-	-	-	-	-
Total Trade payables	2,632.42	98.84	19.45	-	-	2,750.71

29 Other financial liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
At Amortised Cost		
Creditors for Capital goods	1,415.13	1,749.15
Unpaid dividend (refer note (i) & (ii))	60.81	70.67
Salaries , wages & other payable	278.93	226.29
Book overdraft	723.82	1,200.45
Others	6.09	3.90
At FVTPL		
Derivative financial liabilities		
Future and Options Trading	0.32	-
Total	2,485.11	3,250.46

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. 9.80 lakhs (As at 31st March, 2021: 7.54 lakhs) is transferred to Investor Education and Protection Fund during the year.

30 Other current liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Advance from customers	180.44	181.44
Others		
Statutory dues	79.33	85.49
Creditors for Capital goods and expenses	42.13	42.80
Other liabilities	50.25	51.79
Total	352.15	361.52

31 Provisions

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Provision for employee benefits (Refer note 42)		
Gratuity	31.80	41.30
Leave Encashment	44.11	-
Bonus	19.63	-
Total	95.54	41.30

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

32 Current Tax Liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Provision for Tax (Net of taxes paid in advance)	196.54	115.63
Total	196.54	115.63

33 Revenue From Operations

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
(a) Sale of Products/ Services:		
- Local Sales	19,926.20	9,922.31
- Export Sales	21,804.99	13,861.01
- Trading Sales	5.76	1,256.96
- Sale of Wind Power	550.11	500.04
Sale of Products/ Services	42,287.05	25,540.32
(b) Other Operating Revenues:		
- Sale of Scrap	72.86	94.83
- Renewable Energy Certificate income	211.93	145.76
Other Operating Revenues	284.79	240.59
Revenue from operations	42,571.84	25,780.91

Ind AS 115 Disclosures

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
1 Details of revenue from contracts with customers recognised by the Group, net of indirect taxes in its statement of Profit and loss.		
Revenue from contracts with customers		
(Transferred at point in time)		
Sale of Speciality yarns	41,736.95	25,040.28
Sale of wind power	550.11	500.04
	42,287.05	25,540.32
Other Operating Revenues	284.79	240.59
Total revenue from contracts with customers	42,571.84	25,780.91
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		
Speciality Yarn		
India	19,999.05	10,017.14
Export	22,022.68	15,263.73
Wind Power		
India	550.11	500.04
Total	42,571.84	25,780.91

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
3 Reconciliation between revenue with customers and contracted price:		
Revenue as per contracted price	42,771.14	25,845.49
Less: Adjustments		
Sales return	(161.75)	(32.00)
Discounts/ Rebates	(37.55)	(32.58)
Revenue from contracts with Customers	42,571.84	25,780.91
4 Sales by performance obligations		
Upon Shipment	42,021.73	25,281.87
Upon Delivery		
Upon Transmission into grid	550.11	500.04
Total	42,571.84	25,780.91
5 Contract balances		
The following table provides information about receivables from contracts with customers:		
Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
(a) Trade receivables	10,342.52	9,615.72
Allowance as per Expected credit loss model	(345.52)	(300.73)
Total	9,997.00	9,314.99
Trade receivables are non-interest bearing and are generally on terms of up to 180 days.		
(b) Contract liability		
Advances from Customers	180.44	181.44
The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended March 31, 2022.		

34 Other Income

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
a) Interest income		
Instruments measured at amortised costs		
- on fixed deposits with bank	538.04	749.86
- on debenture	109.96	86.83
- others	2.09	3.55
b) Dividend Income		
- Dividend Income from Current investments at FVTPL	1.42	0.16
c) Other non-operating Income (Net of expenses directly attributable to such income)		
- Gain on sale of investments	69.40	6.49
- Gain on Future and option trading	9.47	-
- Fair Valuation gain on Investments	-	63.75
- Gain or loss on foreign currency transaction and translation	478.99	69.85
- Provision for doubtful receivables written back	-	48.96
- Duty Drawback & Rebate	515.84	305.86
- Miscellaneous Income	22.01	297.81
Total	1,747.22	1,633.12

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

35 Cost of material consumed

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Inventories at the beginning of the year	1,992.42	1,074.91
Purchases	24,554.91	12,001.73
Inventories at the end of the year	(2,935.62)	(1,992.42)
Total	23,611.71	11,084.22

36 Changes in inventories of finished goods and work in progress

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Closing stock		
Work-in-progress	4,237.95	1,657.88
Finished goods	2,786.57	2,629.09
Opening stock		
Work-in-progress	1,657.88	741.02
Finished goods	2,629.09	3,023.27
Total	(2,737.54)	(522.69)

37 Employee benefits expense

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Salaries, wages and bonus	1,334.78	1,014.94
Contribution to provident and other funds	355.26	169.92
Staff welfare expenses	48.21	32.36
Total	1,738.25	1,217.21

38 Finance costs

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
a) Interest on financial liabilities carried at amortised cost		
Interest on borrowings	329.67	935.25
Exchanges differences regarded as an adjustment to borrowing costs	2.95	191.68
Interest expense on security deposits	11.02	1.62
b) Other interest cost		
Interest on Income tax	25.12	12.96
Interest on TDS	0.03	0.67
Total	368.78	1,142.18

Notes to Consolidated Financial Statements for the year ended 31st March, 2022**39 Depreciation and amortisation expenses**

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Depreciation on property, plant and equipment	2,584.04	2,530.27
Depreciation charged for right of use assets - building	42.29	24.40
Amortisation of intangible assets	26.49	18.00
Total	2,652.82	2,572.68

40 Other expenses

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Consumption of stores and spare parts	684.14	358.51
Power and fuel	2,217.14	1,815.11
Consumption of packing materials	1,785.49	1,151.09
Consumption of oils and chemicals	487.85	457.91
Labour charges	2,583.24	1,822.81
Clearing and forwarding charges	-	44.75
Repairs and Maintenance:		
- Building	58.48	44.89
- Machinery	232.02	230.61
- Others	150.69	123.54
Water, waste and effluent treatment charges	100.39	134.17
Rent	31.56	12.47
Insurance	133.66	109.14
Director sitting fees	2.40	2.20
Legal, professional and consultancy charges	209.73	176.46
Bank charges	107.30	92.77
Fair Valuation on loss on derivatives	-	-
Corporate Social Responsibility Expenses	82.83	73.99
Gain or loss on foreign currency transaction and translation (net)	2.52	-
Miscellaneous expenses	401.24	428.60
Payment to auditor:		
- Audit fees	12.23	12.21
- For tax audit and certification	10.20	13.30
Freight and forwarding charges	36.11	901.56
Commission on sales	1,712.37	354.03
Loss due to fire	108.06	16.08
Transmission charges	845.67	-
Provision for doubtful receivables/advances	153.70	1.05
Total	12,149.02	8,377.24

41 Earnings per share (EPS)

(Rs in lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Profit for the year	4,731.77	2,625.80
Weighted average number of Equity shares for basic earnings per share	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	5.67	3.14

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

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. 40.51 Lakhs (31st March, 2020: Rs. 42.14 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, 2022	As at 31st March, 2021
PVO at the beginning of the year	269.17	280.11
Interest cost	15.48	18.91
Current service cost	33.58	30.83
Benefits paid	(39.89)	(4.63)
Actuarial (Gains)/Losses	(3.66)	(56.05)
PVO at the end of the year	274.67	269.17

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
Fair value of plan assets at the beginning of the year	148.56	112.64
<u>Adjustments:</u>		
Return on plan assets excl. interest income	(5.84)	1.44
Interest income	8.54	7.60
Contributions by the employer	6.90	31.51
Benefits paid	(39.89)	(4.63)
Fair value of plan assets at the end of the year	118.27	148.56

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
PVO of the defined benefit obligation at the end of period	274.67	269.17
Fair value of planned assets at end of year	(118.27)	(148.56)
Net liabilities / (Assets) recognised in the balance sheet	156.40	120.61

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

Particulars	2021-2022	2020-2021
Current service cost	33.58	30.83
Net interest	6.93	11.30
Net charge to the statement of profit or loss	40.51	42.14

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

Amount recognised in Other Comprehensive Income (OCI)		(Rs in lakhs)
Particulars	2021-2022	2020-2021
Actuarial (Gain)/Loss recognised for the period	(3.66)	(56.05)
Return on plan assets excluding net interest	5.84	(1.44)
Recognised in OCI for the year	2.18	(57.49)

Expected Payout		(Rs in lakhs)
Year	2021-2022	2020-2021
Expected Outflow in 1st Year	65.15	41.30
Expected Outflow in 2nd Year	50.44	1.96
Expected Outflow in 3rd Year	43.29	15.64
Expected Outflow in 4th Year	34.52	5.00
Expected Outflow in 5th Year	31.24	8.15
Expected Outflow in 6th to 10th Year	87.70	151.13

The average duration of the defined benefit plan obligations at the end of reporting period is 4.03 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, 2022	As at 31st March, 2021
Impact on present value of defined benefit obligation:		
If discount rate is increased by 0.5%/1%	(4.86)	(8.19)
If discount rate is decreased by 0.5%/1%	5.03	8.83
If salary escalation rate is increased by 0.5%/1%	4.46	8.64
If salary escalation rate is decreased by 0.5%/1%	(4.06)	(8.17)

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, 2022	As at 31st March, 2021
Discount Rate	6.25%	5.75%
Expected return on plan assets	2.70	9.04
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, 2022

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 31st March 2022 of Rs. 40.51 Lakhs (31st March 2021: Rs.40.70 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 Textstill 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 Directors

Madhusudan Jhunjhunwala - Chairman & Whole Time Director (Till 19th July, 2021)
Krishna Jhunjhunwala - Managing Director (Till 9th August, 2021)
Krishna Jhunjhunwala - Chairman & Managing Director (From 10th August, 2021)
Kanav Jhunjhunwala - Director (from 14th February 2022)
Neha Jhunjhunwala - Director (from 14th February 2022)

(ii) Non Executive Directors

Shreya Desai - Independent and Non Executive Director
Parantap Dave - Independent and Non Executive Director
Neha Jhunjhunwala - Non Executive Director (up to 11th February 2022)
Paulo Manuel Castro - Independent and Non Executive Director

(iii) Others

Mukesh Deopura - Chief Financial Officer (From 3rd November, 2021)
Mahendra Sheth - Chief Financial Officer & Company Secretary (Till 1st November, 2021)
Neha Somani - Company Secretary (From 12th February, 2022)

(g) Relative of Key Managerial Personnel

Chanda Deopura - Relative of Chief Financial Officer (From 3rd November, 2021)

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

2 Details of transactions with above related parties

Nature of Transaction	Entities over which Key Managerial Personnel are able to exercise significant influence		Key Managerial Personnel		Relative of Key Managerial Personnel		(Rs in lakhs)
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021	
(a) Remuneration (including Retirement Benefits)*							
Madhusudan Jhunjhunwala	-	-	267.36	89.00	-	-	-
Krishna Jhunjhunwala	-	-	180.00	89.00	-	-	-
Kanav Jhunjhunwala	-	-	1.61	-	-	-	-
Neha Jhunjhunwala	-	-	2.41	-	-	-	-
Mukesh Deopura	-	-	15.01	-	-	-	-
Mahendra Sheth	-	-	35.06	26.65	-	-	-
Neha Somani	-	-	2.58	-	-	-	-
Chanda Deopura	-	-	-	-	8.74	-	-
(b) Sitting Fees							
Shreya Desai	-	-	0.90	0.80	-	-	-
Parantap Dave	-	-	0.90	0.80	-	-	-
Neha Jhunjhunwala	-	-	0.60	0.60	-	-	-
(c) CSR expenditure							
Shri Narayani Seva Sansthan	72.00	60.00	-	-	-	-	-
Shivchandrai Jhunjhunwala Charitable Trust	10.00	20.00	-	-	-	-	-

* Managing Director's remuneration is Rs. 180.00 lakhs (as at 31st March, 2021: Rs. 89.00 lakhs) and whole time Director's remuneration is Rs. 267.36 lakhs (as at 31st March, 2021: Rs. 89.00 lakhs) is in accordance with section 197(12) of Act and Rules thereunder.

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

Key management personnel compensation

(Rs in lakhs)

Particulars	2021-2022	2020-2021
Short-term employee benefits	284.42	164.65
Post-employment benefits**	219.62	40.00
Others (including sitting fees to non-executive directors)	2.40	2.20

**As the liabilities for gratuity is provided on actuarial basis for the Company as a whole, the amounts pertaining to the directors and KMP are not included.

Notes:

- (a) 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.

44 Segment Information

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 Speciality Yarn
- ii) Generation of Wind Power

Segment revenue and results

The following is an analysis of the Group's revenue and results from operations by reportable segment

Segment	(Rs in lakhs)	
	For the period ended 31st March, 2022	For the year ended 31st March, 2021
Speciality yarn	42,021.73	25,280.87
Generation of Wind Power	679.58	570.87
	42,701.31	25,851.74
Elimination of Intersegment revenues	(129.47)	(70.83)
Unallocated	-	-
	42,571.84	25,780.90

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

Segment	(Rs in lakhs)	
	For the period ended 31st March, 2022	For the year ended 31st March, 2021
Speciality Yarn	6,921.85	4,025.17
Generation of Wind Power	16.55	(51.91)
	6,938.40	3,973.26
Finance costs	(368.78)	(1,142.18)
Other expenses	(1,780.81)	(920.00)
Other income	1,747.22	1,633.12
Profit before tax	6,536.06	3,544.20
Current Tax	(1,914.74)	(1,155.61)
Deferred Tax	113.98	267.10
Profit after tax	4,735.26	2,655.69

Notes:

Segment revenue consist of sales of products. (refer footnote to note 33)

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, 2022	As at 31st March, 2021
Segment assets		
Speciality Yarn	50,081.15	48,693.07
Generation of Wind Power	7,527.33	8,147.00
Total segment assets	57,608.48	56,840.07
Unallocated	5,136.23	1,663.22
Consolidated Total assets	62,744.71	58,503.29

		(Rs in lakhs)
Particulars	As at 31st March, 2022	As at 31st March, 2021
Segment liabilities		
Speciality Yarn	22,269.79	21,658.00
Generation of Wind Power	1,186.96	2,371.00
Total segment liabilities	23,456.75	24,030.00
Unallocated	-	-
Consolidated Total liabilities	23,456.75	24,030.00

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.

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

Other segment information

(Rs in lakhs)

Nature of Transaction	Depreciation and amortisation		Capital expenditure	
	For the period ended 31st March, 2022	For the year ended 31st March, 2021	For the period ended 31st March, 2022	For the year ended 31st March, 2021
Speciality Yarn	2,256.23	2,138.38	2,254.80	1,397.98
Generation of Wind Power	396.59	434.29	-	-
	2,652.82	2,572.68	2,254.80	1,397.98

Revenue from major products

(Rs in lakhs)

Particulars	For the period ended 31st March, 2022	For the year ended 31st March, 2021
Speciality Yarn	42,021.73	25,280.87
Generation of Wind Power	550.11	500.04
	42,571.84	25,780.91

Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets* by location of assets are detailed below:

Particulars	Revenue from external customers		Non current assets*	
	For the period ended 30th June, 2021	For the year ended 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
India	42,159.83	24,195.93	22,904.49	22,303.69
U.S.A.	-	-	2,840.91	3,532.22
Other countries	412.01	1,584.98	1.13	2.65
	42,571.84	25,780.91	25,746.33	25,838.56

* Non-current assets exclude those relating to financial assets and deferred tax assets.

Information about major customers

Only one customer contributed 10% or more to the Group's revenue for the period ended 31st March, 2022 and not a single customer contributed 10% or more to Group's revenue for the period ended 31st March, 2021 in case of yarn business.

45.1 Contingent liabilities not provided for:

(a) Claims against the Group not acknowledged as debt

Claim against Group not acknowledged as debt, comprises of excise duty & Custom duty disputed by company relating to issue of applicability of duty and classification of goods aggregating to Rs.963.16 lakhs (As at 31st March, 2021: Rs. 963.16 lakhs).

The Differential CST liability in respect of Non Collection of C Forms of Rs. 42.12 lakhs (As at 31st March, 2021: Rs. 42.12 lakhs).

Custom Duty on Capital Goods imported under Export Promotion Capital Goods Scheme of Rs. 811.05 (As at 31st March, 2021: 811.05), against which export obligation is to be fulfilled.

45.2 Capital Commitments

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
For capital expenditures (net of advances of Rs.676.80 lakhs (As at 31st March, 2021: Rs. 391.00 lakhs))	248.82	1,443.32

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

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 and 27) and total equity of the Group.

The Group's management reviews the capital structure of the Group on an annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the end of the reporting period was as follows:

(Rs in lakhs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Non-current borrowings	2,069.62	3,843.60
Current maturities of non-current borrowings	1,717.18	3,044.03
Current borrowings	9,479.39	8,011.88
Total Debt	13,266.20	14,899.51
Equity	39,287.96	34,473.07
Net debt to equity ratio	0.34	0.43

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, 2022	As at 31st March, 2021
Financial assets		
At Amortised cost		
Investments in Debentures	3,227.47	1,058.62
Trade receivables	9,997.00	9,314.06
Cash and cash equivalents	437.38	1,121.26
Bank balances other than above	6,296.26	8,647.91
Loans	66.76	168.38
Other financial assets	1,700.96	1,757.24
At Fair value through Profit and Loss		
Investments in equity shares	428.94	45.69
Derivative contracts	754.94	332.14
Investments in Debentures	-	131.00
Investments in Mutual Funds	1,479.82	427.91
Total	24,389.53	23,004.21
Financial liabilities		
At Amortised cost		
Borrowings	13,266.20	14,899.51
Lease Liabilities	210.59	6.74
Trade payables	4,334.95	2,750.71
Other Financial liabilities	2,484.79	3,250.46
Total	20,296.53	20,907.42
At Fair value through Profit and Loss		
Derivative contracts - Future and Options Trading	0.32	-
Total	0.32	-

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

ii) Fair Value Measurements (Ind AS 113):

The fair values of the Financial Assets and Liabilities are included at the amount, at which instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments based on the input that is significant to the fair value measurement as a whole:

Level 1: This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of all Equity Shares which are traded on the stock exchanges, is valued using the closing price at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Particulars	(Rs in lakhs)	
	As at 31st March, 2022	As at 31st March, 2021
Financial Assets at Fair Value through Profit and Loss		
Investments in equity shares (Level 1)	428.94	45.69
Derivative contracts - Forward Contracts (Level 2)	754.94	332.14
Investments in debentures (Level 2)	-	131.00
Investments in Mutual Funds (Level 2)	1,479.82	427.91
Total	2,663.69	936.74
Financial Liabilities at Fair value through Profit and Loss		
Derivative contracts - Future and Options Trading (Level 2)	0.32	-
Total	0.32	-

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, 2022 and 31st March, 2021, 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 and Future & Options) contracts : The fair value is determined using quoted exchange rates at the reporting date. (Level 2)
3. Debentures: Based on Market value during the previous financial year (Level 2)
4. Listed Equity Investments: Quoted Bid Price on Stock Exchange (Level 1)

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

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

A Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from financial assets such as trade receivables, investments in mutual funds, preference shares, debentures, derivative financial instruments, other balances with banks, loans and other receivables.

Trade and other receivables

Customer credit is managed by each business unit subject to the Group's established policies, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 0 to 180 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Group does not hold collateral as security. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

The Group measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

The following table provides information about the exposure to credit risk and Expected Credit Loss Allowance for trade and other receivables:

Particulars	(Rs in lakhs)	
	As at 31st March, 2022	As at 31st March, 2021
up to 180 days	9,312.96	7,667.51
181-365 days	684.04	1,646.55
Above 365 days	345.52	300.66
Total	10,342.52	9,614.72

Movement in provisions of doubtful debts

Particulars	(Rs in lakhs)	
	As at 31st March, 2022	As at 31st March, 2021
Opening provision	300.66	330.89
Additional provision made	43.88	(34.77)
Reinstatement of provision	0.98	4.54
Closing provision	345.52	300.66

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in Debentures, Preference shares, equity 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 Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by Group through effective fund management. The Group's principal sources of liquidity are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Group believes that current cash and cash equivalents, tied up borrowing lines and cash flow that is generated from operations is sufficient to meet requirements. Accordingly, liquidity risk is perceived to be low.

The following are the remaining contractual maturities of financial liabilities at the reporting date. Amounts disclosed are the contractual un-discounted cash flows.

Maturity analysis of significant financial liabilities

(Rs in lakhs)

Particulars	As at 31st March, 2022			As at 31st March, 2021		
	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)	13,266.20	11,196.57	2,069.62	14,899.51	11,055.91	3,843.60
Trade and other payables	4,334.95	4,334.95	-	2,750.71	2,750.71	-
Other financial liabilities	2,485.11	2,485.11	-	3,250.46	3,250.46	-
Lease Liabilities	210.59	47.65	162.94	6.74	1.98	4.76
	20,296.85	18,064.29	2,232.57	20,907.42	17,059.06	3,848.36

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.

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

Exposure to currency risk

The currency profile of financial assets and financial liabilities are as below:

(Rs in lakhs)

Particulars	As at 31st March, 2022			As at 31st March, 2021		
	USD	GBP	EURO	USD	GBP	EURO
Financial assets						
Cash and cash equivalents	67.13	-	-	453.79	38.14	79.28
Trade receivables	4,440.52	299.24	1,124.43	5,081.52	306.72	1,727.67
Loans	194.32	-	-	242.56	-	-
Less: Foreign currency forward exchange contracts	(7,398.08)	-	(5,629.89)	(2,278.50)	(706.65)	(6,888.00)
Net exposure for assets	(2,696.10)	299.21	(4,505.34)	3,499.48	(361.82)	(5,081.05)
Financial liabilities						
Foreign Currency Loans	2,348.20	-	3,624.51	-	-	5,408.16
Short term borrowings	454.80	-	-	1,963.26	-	2,548.62
Trade and other payables	1,776.13	-	13.16	1,537.29	-	12.02
Less: Foreign currency forward exchange contracts	-	-	-	(367.50)	(201.90)	(86.10)
Net exposure for liabilities	4,579.13	-	3,637.67	3,133.05	(201.90)	7,882.70
Net exposure (Assets - Liabilities)	(7,275.23)	299.21	(8,143.02)	366.44	(159.92)	(12,963.75)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. This is mainly attributable to the net exposure outstanding on receivables or payables in the Group at the end of the reporting period. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rate. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. In cases where the related foreign exchange fluctuation is capitalised to fixed assets or recognised directly in reserves, the impact indicated below may affect the Group's income statement over the remaining life of the related fixed assets or the remaining tenure of the borrowing respectively.

Impact on profit or loss

(Rs in lakhs)

Movement in currency Particulars	Increase in Exchange rate by 5%		Decrease in Exchange rate by 5%	
	For the period ended 31st March, 2022	For the year ended 31st March, 2021	For the period ended 31st March, 2022	For the year ended 31st March, 2021
USD	(363.76)	18.32	363.76	(18.32)
GBP	14.96	(8.00)	(14.96)	8.00
EURO	(407.15)	(648.19)	407.15	648.19

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.

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

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, 2022	For the year ended 31st March, 2021
Term loans - long term		
Floating Rate Borrowings	-	-
Fixed Rate Borrowings	3,673.15	6,778.82
Non Interest bearing	113.66	108.81
Short term borrowings	9,479.39	8,011.88
	13,266.20	14,899.51

Interest rate sensitivities for floating rate borrowings :

(Rs in lakhs)

Movement in rate	Increase in Exchange rate by 0.25%		Decrease in Exchange rate by 0.25%	
Particulars	For the period ended 31st March, 2022	For the year ended 31st March, 2021	For the period ended 31st March, 2022	For the year ended 31st March, 2021
Short term borrowings	(23.70)	(20.03)	23.70	20.03

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period.

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	As at 31st March, 2022	As at 31st March, 2021
Addition of right-of-use assets that do not meet the definition of investment property		
Buildings	247.04	-
Total	247.04	-
Depreciation charged during the current year		
Buildings	42.29	23.81
Total	42.29	23.81
Carrying value of Right-of-use assets		
Buildings	242.48	37.73
Total	242.48	37.73

(b) Maturity Analysis of Lease liabilities

Maturity analysis – contractual undiscounted cash flows	As at 31st March, 2022	As at 31st March, 2021
Less than one year	59.63	2.46
One to five years	179.35	2.84
More than five years	3.50	4.34
Total undiscounted lease liabilities for the year ended	242.48	9.64
Lease liabilities included in the statement of financial position		
Current	47.65	1.98
Non-current	162.94	4.76
Total Lease Liabilities	210.59	6.74

Notes to Consolidated Financial Statements for the year ended 31st March, 2022**(c) Amounts recognised in the statement of profit or loss**

Particulars	As at 31st March, 2022	As at 31st March, 2021
Depreciation charge for right-of-use assets	42.29	23.81
Interest on lease liabilities (included in finance cost)	11.02	1.62
The expense relating to short-term leases	-	-
The expense relating to leases of low-value assets	-	-
The expense relating to variable lease payments not included in the measurement of lease liabilities	-	-
Income from subleasing right-of-use assets	-	-
Gains or losses arising from sale and leaseback transactions	-	-
Total Amount recognised in the statement of profit or loss	53.31	25.43

(d) Movement in lease liabilities for the year ended:

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balance at the beginning of the year	6.74	26.76
Additions	244.90	2.12
Payment of lease liabilities	(41.04)	(22.14)
Total Lease liabilities	210.59	6.74

(e) Amount recognised in the statement of cash flows

Particulars	2021-22	2020-21
Total cash outflow for leases (excluding variable lease payments, short-term leases, leases of low-value assets)	41.04	22.14

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.

49 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. Nil (in Previous year decrease in profit Rs. 36.12 lakhs). The net loss remaining unamortized under Foreign Currency Monetary Item Translation Difference Account as at 31st March, 2022 is Rs. Nil (net loss as at 31st March, 2021 Rs. Nil).

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

50 Disclosures as required under schedule iii to the Companies Act 2013 with respect to Consolidated Financial Statements (Rs. in Lakhs)

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	106.54%	41,858.17	111.39%	5,274.72	-2.06%	(1.63)	109.53%	5,273.09
Subsidiaries								
Foreign								
Sarlaflex Inc.	-8.13%	(3,195.56)	-16.92%	(801.13)	-152.14%	(120.47)	-19.14%	(921.60)
Sarla Overseas Holding Limited	-0.31%	(120.20)	4.51%	213.71	-10.15%	(8.04)	4.27%	205.67
Intercompany Elimination	1.85%	725.71	0.94%	44.47	264.79%	209.67	5.28%	254.14
Non - Controlling Interest in subsidiaries	0.05%	19.83	0.07%	3.49	-0.44%	(0.35)	0.07%	3.14

Notes to Consolidated Financial Statements for the year ended 31st March, 2022

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 previous year, the subsidiary (SOHL) had made impairment provision for its loans and advances due to which its net worth had become negative. This being exceptional item and looking to business prospects , 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 Other Amendments with respect to Schedule III

1. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
2. The Company is not declared as wilful defaulter by any bank or financial Institution or other lender.
3. There is no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
4. The Company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
5. The Company have not traded or invested in Crypto currency or Virtual Currency during the year.
6. The Company does not have any transactions with Companies struck off.
7. The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) 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
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
8. The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) 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
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
9. The Company has complied with the requirement in respect of number of layers prescribed under Section 2(87) of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rule, 2017.

55 Events after the reporting period

No adjusting or significant non - adjusting events have occurred between the reporting date (31st March, 2022) and the report release date (25th May, 2022).



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