Walker Chandiok & Co LLP
11th Floor, Tower II,
One International Center,
S B Marg, Prabhadevi (W),
Mumbai - 400013
Maharashtra, India
T +91 22 6626 2699
F +91 22 6626 2601

Independent Auditor's Report

To the Members of Sanathan Textiles Limited (formerly known as Sanathan Textiles Private Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of **Sanathan Textiles Limited** (formerly known as Sanathan Textiles Private Limited) ('the Company'), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Standalone Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors are responsible for the other information. Other information does not include the standalone financial statements and our auditor's report thereon.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

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

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

The Director's Report is not made available to us at the date of this auditor's report. We have nothing to report in this regard.

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

5. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance including Other Comprehensive Income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the standalone financial statements, the 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 the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

7. Those 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

8. 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 Standards on Auditing 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.

WALKER CHANDIOK & CO LLP * MUMBAI * CHARTERED ACCOUNTANTS

Independent Auditor's Report to the members of Sanathan Textiles Limited (formerly known as Sanathan Textiles Private Limited) on the standalone financial statements for the year ended 31 March 2022 (contd.)

9. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act 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 control 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 system with reference to standalone financial statements in place and the operating effectiveness of such controls;

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

   - 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.

10. 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.

Report on Other Legal and Regulatory Requirements

11. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

12. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

13. Further to our comments in Annexure I, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

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;

c) The standalone financial statements dealt with by this report are in agreement with the books of account;

d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 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 as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate report in Annexure II wherein we have expressed unmodified opinion; and

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:

   i. The Company, as detailed in note 38(i) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2022;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022;

   iv.

      a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 47 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other person(s) or entity(ies) identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

      b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 47 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other person or entity identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The Company has not declared or paid any dividend during the year ended 31 March 2022.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Rajni Mundra
Partner
Membership No.: 058644
UDIN: 22058644AJRKJC2767

Place: Mumbai
Date: 26 May 2022

Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited (formerly known as Sanathan Textiles Private Limited) on the standalone financial statements for the year ended 31 March 2022

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment ('PPE').

(B) The Company does not have any intangible assets and accordingly, reporting under clause 3(i)(a)(B) of the Order is not applicable to the Company.

(b) The Company has a regular program of physical verification of its PPE under which the assets are physically verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain PPE were verified during the year and no material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties held by the Company are held in the name of the Company.

(d) The Company has not revalued its PPE during the year. Further, the Company does not hold any intangible assets.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed.

(b) The Company has a working capital limit in excess of Rs 5 crore sanctioned by banks based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective periods, except for the following:

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

(This space has been intentionally left blank)

Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited (formerly known as Sanathan Textiles Private Limited) on the standalone financial statements for the year ended 31 March 2022 (contd.)

Name of the bank / financial institution	Working capital limit sanctioned (Rupees in lakhs)	Nature of current assets offered as security	Quarter	Amount disclosed as per return (Rupees in lakhs)	Amount as per books of account (Rupees in lakhs)	Difference (Rupees in lakhs)	Remarks, reasons
Bank of Baroda	12,600	All current assets	I	73,187	73,255@	(68)	Refer note 16C to the standalone financial statements which summarises the reason for the variance
Union Bank of India	2,400						
Bank of Baroda	12,600	All current assets	II	46,245	83,108*	(36,863)	
Union Bank of India	2,400						
Bank of Baroda	12,600	All current assets	III	65,847	83,952@	(18,105)	
Union Bank of India	2,400						
Bank of Baroda	12,600	All current assets	IV	72,231	86,482*	(14,251)	
Union Bank of India	2,400						

*Per books of accounts which were subject to audit
@ Per books of accounts which were not subject to audit or review

(iii)

(a) The Company has provided loans or advances in the nature of loans to its subsidiaries as per the details given below:

Particulars	Guarantees	Security	Loans (Rupees in lakhs)	Advances in nature of loans
Aggregate amount granted during the year - Subsidiaries	Nil	Nil	256	Nil
Balance outstanding as at balance sheet date in respect of above cases: - Subsidiaries	Nil	Nil	220	Nil

(b) In our opinion, and according to the information and explanations given to us, the investments made and terms and conditions of the grant of all loans and advances in the nature of loans are, prima facie, not prejudicial to the interest of the Company.

(c) In respect of loans and advances in the nature of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and principal amount is not due for repayment currently, however, the receipts of the interest are regular.

WALKER CHANDIOK & CO LLP * MUMBAI * CHARTERED ACCOUNTANTS

(d) There is no overdue amount in respect of loans or advances in the nature of loans granted to such companies, firms, Limited Liability Partnerships ('LLPs') or other parties.

(e) The Company has not granted any loan or advance in the nature of loan which has fallen due during the year. Further, no fresh loans were granted to any party to settle the overdue loans/advances in nature of loan.

(f) The Company has not granted any loans or advances in the nature of loans, which are repayable on demand or without specifying any terms or period of repayment.

(iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of loans, investments, guarantees and security, as applicable. Further, the Company has not entered into any transaction covered under section 185.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii)(a) In our opinion, and according to the information and explanations given to us, undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities by the Company, though there have been slight delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

(This space has been intentionally left blank)

Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited (formerly known as Sanathan Textiles Private Limited) on the standalone financial statements for the year ended 31 March 2022 (contd.)

Name of the statute	Nature of dues	Gross amount (Rupees in lakhs)	Amount paid under Protest (Rupees in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Central value added tax ('CENVAT')	13	-	August 2005 to May 2010	Additional Commissioner, Central Excise, Custom & Service Tax, Vapi, Gujarat
The Central Excise Act, 1944	CENVAT	3	-	August 2005 to May 2010	Assistant Commissioner, Central Excise, Custom & Service Tax, Division III, Silvassa, Dadra and Nagar Haveli
The Central Excise Act, 1944	CENVAT	456	-	April 2008 to June 2010	High Court, Mumbai
The Central Excise Act, 1944	CENVAT	4	-	June 2010 to April 2011	Assistant Commissioner, Central Excise, Custom & Service Tax, Division III, Silvassa, Dadra and Nagar Haveli
The Central Excise Act, 1944	CENVAT	1	-	June 2010 to April 2011	Assistant Commissioner, Central Excise, Custom & Service Tax, Division III, Silvassa, Dadra and Nagar Haveli
The Central Excise Act, 1944	CENVAT	1	-	May 2011 to January 2012	Deputy Commissioner, Central Excise, Custom & Service Tax, Division III, Silvassa, Dadra and Nagar Haveli
The Central Excise Act, 1944	CENVAT	4	-	January 2013 to December 2013	Deputy Commissioner, Central Excise, Custom & Service Tax, Division III, Silvassa, Dadra and Nagar Haveli
The Central Excise Act, 1944	CENVAT	13	-	November 2014 to September 2015	Additional Commissioner, Central Excise, Custom & Service Tax, Vapi, Gujarat
The Central Excise Act, 1944	CENVAT	-(*)	-	April 2015 to March 2016	Superintendent, Central Excise, Custom & Service Tax, Silvassa, Dadra and Nagar Haveli
The Central Excise Act, 1944	CENVAT	12	-	October 2015 to August 2016	Deputy Commissioner, Central Excise, Custom & Service Tax, Silvassa, Dadra and Nagar Haveli

WALKER CHANDIOK & CO LLP * MUMBAI * CHARTERED ACCOUNTANTS

Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited (formerly known as Sanathan Textiles Private Limited) on the standalone financial statements for the year ended 31 March 2022 (contd.)

Name of the statute	Nature of dues	Gross amount (Rupees in lakhs)	Amount paid under Protest (Rupees in lakhs)	Period to which the amount relates	Forum where dispute is pending
The Income-tax Act, 1961	Income-tax	37	6	Financial year 2012-13	Commissioner of Income Tax (Appeals)
The Income-tax Act, 1961	Income-tax	72	10	Financial year 2013-14	Commissioner of Income Tax (Appeals)
The Income-tax Act, 1961	Income-tax	78	-	Financial year 2017-18	Assistant Commissioner of Income Tax
The Income-tax Act, 1961	Income-tax	53	-	Financial year 2018-19	Assessing Officer of Income Tax
Finance Act, 1994	Service tax	40	40	Financial year 2017-18	High Court, Mumbai
Integrated Goods and Service tax Act, 2017	Integrated Goods and Service Tax ('IGST')	185	-	Financial year 2017-18 to financial year 2019-20	Deputy director, director general of GST intelligence
Dadar and Nagar Haveli value added tax regulation 2005 and Central Sales Tax, Act 1956	Sales tax	289	-	Financial year 2016-17	Deputy commissioner (VAT), Dadra and Nagar Haveli, Silvassa
Central Goods and Service Tax Act, 2017	IGST	1,019	1,019	Financial 2017-18 to financial year 2020-21	Commissioner, Centra GST and Central Excise, Daman Commissionerate

* Rounded off to Nil

(viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961 (43 of 1961) which have not been recorded in the books of account.

(ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

(c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries.

(x) (a) The Company has not raised any money 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 to the Company.

(b) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit.

(b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited (formerly known as Sanathan Textiles Private Limited) on the standalone financial statements for the year ended 31 March 2022 (contd.)

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3(xvi) (a), (b) and (c) of the Order are not applicable to the Company.

(d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

(xvii) The Company has not incurred any cash loss in the current as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and 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 standalone financial statements, our knowledge of the plans of the Board of Directors and management 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 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)

(a) According to the information and explanations given to us, there is no unspent amount pertaining to other than ongoing projects as at end of the current financial year. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company.

(b) The Company has transferred the remaining unspent amount under sub-section (5) of section 135 of the Act, in respect of ongoing project, within a period of 30 days from the end of financial year to a special account in compliance with the provision of sub-section (6) of section 135 of the Act.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Rajni Mundra

Rajni Mundra
Partner
Membership No.: 058644
UDIN: 22058644AJRKJC2767

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 26 May 2022

Annexure II to the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited (formerly known as Sanathan Textiles Private Limited) on the standalone financial statements for the year ended 31 March 2022

Annexure II

Independent Auditor's Report on the Internal financial controls with reference to the standalone financial statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (the 'Act')

1. In conjunction with our audit of the standalone financial statements of Sanathan Textiles Limited (formerly known as Sanathan Textiles Private Limited) ('the Company') as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to standalone financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls 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 ('the Guidance Note') 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 the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Standalone Financial Statements

3. 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 Standards on Auditing issued by the ICAI prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements, and the Guidance Note 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 standalone financial statements were established and maintained and if such controls operated effectively in all material respects.

4. 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 includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

5. 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.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Annexure II to the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited (Formerly known as Sanathan Textiles Private Limited) on the standalone financial statements for the year ended 31 March 2022 (contd.)

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

6. 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 standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

7. 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 controls 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.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such controls were operating effectively as at 31 March 2022, based on the on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Rajni Mundra

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Rajni Mundra
Partner
Membership No.: 058644
UDIN: 22058644AJRKJC2767
Place: Mumbai
Date: 26 May 2022

Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
Standalone balance sheet
(All amounts in Rupees lakhs, unless otherwise stated)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
Assets			
Non-current assets			
a) Property, plant and equipment	3	88,070	88,791
b) Capital work-in-progress	4	239	103
c) Financial assets			
i) Investments	5	2,340	-
ii) Loans	6	93	-
iii) Other financial assets	7	832	884
d) Income-tax assets (net)	8	346	346
e) Other non-current assets	9	1,610	684
Total non-current assets		93,530	90,808
Current assets			
a) Inventories	10	44,392	29,889
b) Financial assets			
i) Investments	5	5,484	-
ii) Trade receivables	11	13,619	12,949
iii) Cash and cash equivalents	12	2,543	2,653
iv) Other bank balances	13	205	3,239
v) Loans	6	127	
vi) Other financial assets	7	5,234	2,966
c) Other current assets	9	14,376	21,693
Total current assets		85,980	73,389
Total assets		179,510	164,197
Equity and liabilities			
Equity			
a) Equity share capital	14	7,194	7,194
b) Other equity	15	91,478	55,896
Total equity		98,672	63,090
Liabilities			
Non-current liabilities			
a) Financial liabilities			
i) Borrowings	16	28,002	39,844
b) Provisions	17	652	544
c) Deferred tax liabilities (net)	18	6,149	5,325
d) Other non-current liabilities	19	93	2
Total non-current liabilities		34,896	45,715
Current liabilities			
a) Financial liabilities			
i) Borrowings	16	9,817	14,272
ii) Trade payables	20		
total outstanding dues of micro enterprises and small enterprises		601	39
total outstanding dues of creditors other than micro enterprises and small enterprises		30,341	35,499
iii) Other financial liabilities	21	3,552	2,882
b) Other current liabilities	19	741	1,973
c) Provisions	17	284	270
d) Current tax liabilities (net)		606	457
Total current liabilities		45,942	55,392
Total liabilities		80,838	101,107
Total equity and liabilities		179,510	164,197

The accompanying summary of significant accounting policies and other explanatory information are an integral part of these standalone financial statements.

This is the standalone balance sheet referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No. : 001076N/N500013

Rajni Mundra

Rajni Mundra
Partner
Membership No. 058644

For and on behalf of the Board of Directors

Pareshkumar V. Dattani
Chairman and Managing Director
DIN : 00163591

Ajaykumar V. Dattani
Joint Managing Director
DIN : 00163739

Nidhi Batavia
Chief Financial Officer

Jude Patrick D'souza
Company Secretary and Compliance Officer
Membership No. 44812

Place: Mumbai
Date: 26 May 2022

Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
Standalone statement of profit and loss
(All amounts in Rupees lakhs, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2022	Year ended 31 March 2021
Income			
a) Revenue from operations	22	318,532	191,836
b) Other income	23	1,617	1,461
Total income		320,149	193,297
Expenses			
a) Cost of materials consumed		206,327	110,127
b) Purchases of stock-in-trade		3,247	1,597
c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	(7,200)	344
d) Employee benefits expense	25	9,474	8,077
e) Finance costs	26	3,246	5,008
f) Depreciation expense	27	4,204	3,978
g) Other expenses	28	52,928	38,300
Total expenses		272,226	168,031
Profit before tax		47,923	25,266
Tax expense	29		
a) Current tax			
- for the year		11,271	5,162
- earlier years		260	2
b) Deferred tax		839	1,542
		12,370	6,706
Profit for the year		35,553	18,560
Other comprehensive income / (loss)			
a) Items that will not be reclassified to profit or loss			
Re-measurement gain / (loss) on defined benefit plan		28	(10)
Income-tax relating to items that will not be reclassified to profit or loss		(7)	3
b) Items that will be reclassified to profit or loss			
Net changes in the fair value in cash flow hedge		-	33
Income-tax relating to items that will be reclassified to profit or loss		-	(8)
Other comprehensive income for the year		21	18
Total comprehensive income for the year		35,574	18,578
Earnings per share (face value of Rs. 10 each)	30		
Basic earnings per share (in Rupees)		49.42	25.80
Diluted earnings per share (in Rupees)		49.42	25.80

The accompanying summary of significant accounting policies and other explanatory information are an integral part of these standalone financial statements.

This is the standalone statement of profit and loss referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No. : 001076N/N500013

Rajni Mundra

Rajni Mundra
Partner
Membership No. 058644

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 26 May 2022

For and on behalf of the Board of Directors

Pareshkumar V. Dattani
Chairman
DIN : 00153591

Ajaykumar V. Dattani
Joint Managing Director
DIN : 00163739

Nidhi Batavia
Chief Financial Officer

Jude Patrick D'souza
Company Secretary and Compliance Officer
Membership No. 44812

SANATHAN TEXTILES LTD. YARNS FOR THE FABRICS OF LIFE

Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
Standalone statement of cash flows
(All amounts in Rupees lakhs, unless otherwise stated)

		Year ended 31 March 2022	Year ended 31 March 2021
(A) Cash flow from operating activities			
Profit before tax		47,923	25,266
Adjustments for non-cash transactions and items considered separately			
Depreciation expense		4,204	3978
Re-measurement loss on defined benefit plan		28	(10)
Expenses on share-based payments		33	-
Gain on disposal of property, plant and equipment (net)		(104)	(4)
Interest income on bank deposits		(276)	(181)
Interest income on loan to subsidiary companies		(3)	
Fair value gain on investments measured at fair value through profit and loss		(34)	-
Finance costs		3,246	5008
Net (gain) / loss on foreign currency translation		97	129
Liabilities / provisions no longer required, written back		(43)	(269)
Adjustment for government grant		(680)	
Net changes in the fair value in cash flow hedge		(25)	106
Net changes in the fair value of derivative financial instruments		(23)	(37)
(Reversal) / creation of inventory provision		(126)	284
Sundry balances written off		24	48
Creation / (reversal) of allowance for expected credit loss (net)		173	(4)
Cash flow before changes in working capital		54,414	34,294
Changes in working capital			
Trade payables		(4,575)	11,127
Provisions and other liabilities		(85)	(1,178)
Inventories		(14,377)	(5,667)
Trade receivables		(717)	(2,791)
Other financial and non-financial assets		6,302	(7,150)
Cash generated from operations before taxes		40,961	20,635
Income taxes paid (net of refunds)		(11,404)	(4,671)
Net cash generated from operating activities	(A)	29,558	23,964
(B) Cash flow from investing activities			
Purchases property, plant and equipment and capital work in progress (including capital advances and capital creditors)		(3,313)	(2925)
Proceeds from disposal of property, plant and equipment		216	11
Deposits matured		929	(2676)
Investment in equity shares of subsidiary companies		(2,340)	-
Loan granted to subsidiary company		(220)	-
Interest income on loan to subsidiary companies		3	
Investment made in mutual funds		(5,450)	-
Interest received on bank deposits		276	181
Net cash used in investing activities	(B)	(9,899)	(5409)
(C) Cash flow from financing activities			
Repayment of cash credit facilities and short term borrowings		(4,455)	(7,720)
Long-term borrowings availed		1,000	6,166
Repayment of long-term borrowings		(13,066)	(9,506)
Payment of interest		(3,248)	(5,132)
Net cash used in financing activities	(C)	(19,769)	(16,192)
Net increase in cash and cash equivalents	(A+B+C)	(110)	2,364
Cash and cash equivalents at the beginning of the year		2,653	290
Cash and cash equivalents at the end of the year		2,543	2,653

Notes to standalone statement of cash flows:

Cash and cash equivalents at the end of the year comprise of :		
Balances with banks in current accounts	750	2,650
Bank deposit with original maturity of less than three months	1,790	-
Cash on hand	3	3
	2,543	2,653

The standalone statement of cash flows has been prepared under indirect method as set out in Ind AS 7 'Statement of Cash Flows' specified under section 133 of the Companies Act, 2013 ('Act').

This is the standalone statement of cash flows referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No. : 001076N/N500013

Rajni Mundra
Partner
Membership No. 058644

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 26 May 2022

For and on behalf of the Board of Directors

Paresh Kumar V. Dattani
Director
DIN : 00163591

Ajay Kumar V. Dattani
Director
DIN : 00163739

Nidhi Batavia
Chief Financial Officer

Jude Patrick D'souza
Company Secretary and Compliance Officer
Membership No. 44812

SANATHAN TEXTILES LTD.

Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
Standalone statement of changes in equity
(All amounts in Rupees lakhs, unless otherwise stated)

A. Equity share capital

Particulars	Note	Number of shares (in nos.)	Amount
Issued, subscribed and fully paid-up share capital			
Equity shares of Rs. 10 each			
As at 1 April 2020	14	71,943,000	7,194
Issued during the year		-	-
As at 31 March 2021	14	71,943,000	7,194
Issued during the year		-	-
As at 31 March 2022	14	71,943,000	7,194

B. Other equity (refer note 15)

Particulars	Reserves and surplus				Other reserves	Total
	General reserve	Employee stock options outstanding reserve	Retained earnings		Cash flow hedge reserve	
			Other retained earnings	Re-measurement of defined benefit plan		
Balance as at 1 April 2020	23,239	-	14,205	(126)	(73)	37,244
a) Profit for the year	-	-	18,560	-	-	18,560
b) Other comprehensive income						
Re-measurement loss on defined benefit plan	-	-	-	(7)	-	(7)
Net changes in the fair value in cash flow hedge	-	-	-	-	25	25
Total comprehensive income (a+b)	-	-	18,560	(7)	25	18,578
Transfer from cash flow hedge reserve to statement of profit and loss	-	-	-	-	73	73
Balance as at 31 March 2021	23,239	-	32,765	(133)	25	55,896
c) Profit for the year	-	-	35,553	-	-	35,553
d) Other comprehensive income						
Re-measurement loss on defined benefit plan	-	-	-	21	-	21
Total comprehensive income (c+d)	-	-	35,553	21	-	35,574
Transfer from cash flow hedge reserve to statement of profit and loss	-	-	-	-	(25)	(25)
Expenses on employee stock option scheme	-	33	-	-	-	33
Balance as at 31 March 2022	23,239	33	68,318	(112)	-	91,478

The accompanying summary of significant accounting policies and other explanatory information are an integral part of these standalone financial statements.

This is the standalone statement of changes in equity referred to in our report of even date.

For Walker, Chandiok & Co LLP
Chartered Accountants
Firm's Registration No. : 001076N/N500013

Rajni Mundra..

Rajni Mundra
Partner
Membership No. 058644

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS * MUMBAI

Place: Mumbai
Date: 26 May 2022

For and on behalf of the Board of Directors

Pareshkumar V. Dattani
Chairman and Managing Director
DIN : 00163591

Ajaykumar V. Dattani
Joint Managing Director
DIN : 00163739

Nidhi Batavia
Chief Financial Officer

Jude Patrick D'souza
Company Secretary and
Compliance Officer
Membership No. 44812

SANATHAN TEXTILES LTD.

Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2022

1. Corporate information

Sanathan Textiles Limited (formerly known as Sanathan Textiles Private Limited) (the 'Company') is a company domiciled in India under the provisions of the erstwhile Companies Act, 1956. The Company has been converted from Private Limited Company to Unlisted Public Limited Company pursuant to special resolution passed at the Extraordinary General Meeting of the shareholders of the Company held on 12 November 2021 and consequently the name of the Company has been changed to Sanathan Textiles Limited, and a revised fresh certificate of incorporation dated 18 November 2021, consequent to the aforementioned change, has been issued by the Ministry of Corporate Affairs. The Company's registered office is located at SRV No. 187/4/1/2, Near Surangi Bridge, Surangi, Dadra and Nagar Haveli (district), Dadra and Nagar Haveli, India - 396230.

The Company is engaged in the manufacture of polyester, texturized and cotton yarn (POY - Partially Oriented Yarn, FDY - Fully Drawn Yarn, DTY – Draw Textured Yarn, ATY - Air Textured Yarn, twisted yarn and polyester chips).

2. Basis of preparation and presentation

2.1 General information and statement of compliance:

The Standalone Financial Statements comprise of the Standalone Balance Sheet as at 31 March 2022, Standalone Statement of Profit and Loss (including other comprehensive income), Standalone Statement of Cash Flows and Standalone Changes in Equity for year ended 31 March 2022 and summary statement of significant accounting policies and other explanatory information (hereinafter collectively referred to as 'Standalone Financial Statement').

These Standalone Financial Statements have been prepared in accordance with the requirements of Indian Accounting Standards ('Ind AS'), prescribed under section 133 of the Companies Act, 2013 (the 'Act') read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

All amounts included in the Standalone Financial Statements are reported in Indian Rupees ('INR') in lakhs unless otherwise stated and "0" denotes amounts less than fifty thousand rupees.

Details of significant investments in subsidiary companies in accordance with Ind AS 27

Name of the subsidiary	Principal place of business	% Ownership interest held by the Company as at 31 March 2022
Sanathan Polycot Private Limited	India	100.00%
Universal Texturisers Private Limited	India	100.00%

2.2 Basis of measurement:

The Standalone Financial Statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. Further, the Standalone Financial Statements have been prepared on historical cost basis except for the following material items that have been measured at fair value as required by relevant Ind AS:

i. Certain financial assets and liabilities (including derivative financial instruments) measured at fair value (refer accounting policy on financial instruments);
ii. Defined benefit plan measured using actuarial valuation; and
iii. Share-based payments.

WALKER CHANDIOK & Co LLP * MUMBAI * CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD. YARNS FOR THE FABRIC OF LIFE

2.3 Use of estimate and judgement:

The preparation of Standalone Financial Statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Standalone Financial Statements.

a) **Recognition of deferred tax assets** – The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income (supported by reliable evidence) against which the deferred tax assets can be utilised.

b) **Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

c) **Contingent liabilities** – At each balance sheet date, basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

d) **Impairment of financial assets** – At each balance sheet date, based on historical default rates observed over expected life, existing market conditions as well as forward looking estimates, the management assesses the expected credit losses on outstanding receivables. Further, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with industry and country in which the customer operates.

e) **Defined benefit obligation ('DBO')** – Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

f) **Useful lives of depreciable assets** – Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utilisation of assets.

g) **Government grant** – Grants receivables are based on estimates for utilisation of the grant as per the regulations as well as analysing actual outcomes on a regular basis and compliance with stipulated conditions. Changes in estimates or non-compliance of stipulated conditions could lead to significant changes in grant income and are accounted for prospectively over the balance obligation period.

h) **Fair value measurements** – Management applies valuation techniques to determine fair value of equity shares (where active market quotes are not available). This involves developing estimates and assumptions around volatility, dividend yield which may affect the value of equity shares.

i) **Impairment of assets** - In assessing impairment, management estimates the recoverable amounts of each asset (in case of non-financial assets) based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future cash flows and the determination of a suitable discount rate.

j) **Provisions** - Provisions are recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding defined benefit plan) are not discounted to

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD.
YARNS FOR THE FABRICS OF LIFE

their present value and are determined based on best estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Estimates and judgements are continuously evaluated. They are based on historical experience and other factors including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

2.4 Summary of significant accounting policies:

(i) Functional and presentation currency

Items included in the Standalone Financial Statements of the Company are measured using the currency of the primary economic environment in which the Company operates i.e., the 'functional currency'. The Standalone Financial Statements are presented in INR, which is the functional and presentation currency of the Company.

(ii) Foreign currency transactions and translations

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the standalone statement of profit and loss in the year in which they arise.

(iii) Financial instruments

a. Initial recognition and measurement

The Company recognises financial assets and liabilities when it becomes a party to the contractual provisions of the instrument.

Financial assets are recognised at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets that are not at fair value through profit or loss ('FVTPL') are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are recognised on the trade date.

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The fair value of a financial liability at initial recognition is normally the transaction price. If the Company determines that the fair value at initial recognition differs from the transaction price, difference between the fair value at initial recognition and the transaction price shall be recognised as gain or loss unless it qualifies for recognition as an asset or liability. This normally depends on the relationship between the lender and borrower or the reason for providing the loan. Accordingly in case of interest-free loan from promoters to the Company, the difference between the loan amount and its fair value is treated as an equity contribution to the Company.

In accordance with Ind AS 113 'Fair Value Measurement', the fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

The Company's financial liabilities include trade, other payables, loans and borrowings including bank overdrafts.

b. Subsequent measurement

Non derivative financial instruments

(a) Financial assets carried at amortised cost
A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through other comprehensive income ('FVOCI')
A financial asset is subsequently measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Financial assets at FVTPL
A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(d) Financial liabilities
The measurement of financial liabilities depends on their classification.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the standalone statement of profit and loss, unless and to the extent capitalised as part of costs of an asset.

The EIR method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(e) Investment in subsidiary companies

Investment in subsidiaries is carried at cost in the separate financial statements.

(f) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedge is recognised in other comprehensive income and accumulated under cash flow hedge reserve. The Company classifies its forward contract that hedge foreign currency risk associated as cash flow hedge and measures them at fair value. The gain or loss relating to the ineffective portion is

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD. YARNS FOR THE FABRICS OF LIFE

recognised immediately in the standalone statement of profit and loss and is included in the 'other expense / other income' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion (as described above) are reclassified to the standalone statement of profit and loss in the periods when the hedged item affects the standalone statement of profit and loss, in the same line as the recognised hedged item. When the hedging instrument expires or is sold or terminated or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss at that time remains in equity until the forecast transaction occurs and when the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity are immediately reclassified to standalone statement of profit and loss within other income.

c. De-recognition of financial instruments

The Company derecognises a financial asset when the contractual right to receive the cash flows from the financial asset expire or it transfers the financial asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the standalone statement of profit and loss.

d. Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

(iv) Current versus non-current classification

(i) An asset is considered as current when it is:
   a. Expected to be realised or intended to be sold or consumed in the normal operating cycle, or
   b. Held primarily for the purpose of trading, or
   c. Expected to be realised within twelve months after the reporting period, or
   d. Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(ii) All other assets are classified as non-current.

(iii) Liability is considered as current when it is:
   a. Expected to be settled in the normal operating cycle, or
   b. Held primarily for the purpose of trading, or
   c. Due to be settled within twelve months after the reporting period, or
   d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

(iv) All other liabilities are classified as non-current.

(v) Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(vi) All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD.

(v) Property, plant and equipment ('PPE')

Recognition and initial measurement
PPE are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs and disposal
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. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repair and maintenance costs are recognised in standalone statement of profit and loss as incurred.

Items such as spare parts are recognised as PPE when they meet the definition of PPE. Otherwise, such items are classified as inventory.

An item of PPE initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in standalone statement of profit and loss when the asset is de-recognised.

Capital work-in-progress includes PPE under construction and not ready for intended use as on the balance sheet date.

Subsequent measurement (depreciation and useful lives)
Freehold land is carried at historical cost (after adjustment of fair value at the time of transition to Ind AS) and is a non-depreciable asset. All other items of PPE are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on PPE is provided on a straight-line basis, computed on the basis of useful lives (as set out below) prescribed in Schedule II to the Act, except for plant and equipment wherein based on the technical evaluation, useful life has been estimated to be 8 to 25 years.

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD YARNS FOR THE FABRICS OF LIFE

(This space has been intentionally left blank)

Class of PPE	Useful life
Buildings	30-60 years
Computers	3 - 6 years
Electrical installations and equipment	10 years
Furniture and fixtures	10 years
Factory equipment	15 years
Laboratory equipment	10 years
Office equipment	5 years
Vehicles	8-10 years
Plant and equipment	8-25 years

The residual values are not more than 5% of the original cost of the PPE. The residual values, useful lives and method of depreciation of are reviewed at each reporting date.

(vi) Leases

Company as a lessee – Right of use ('ROU') assets and lease liabilities

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Classification of leases
The Company enters into leasing arrangements for various assets. The assessment of the lease is based on several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to extend/purchase etc.

Recognition and initial measurement of ROU assets
At lease commencement date, the Company recognises a ROU asset and a lease liability on the standalone balance sheet. The ROU asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease (if any), and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent measurement of ROU assets
The Company depreciates the ROU assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The Company also assesses the ROU asset for impairment when such indicators exist.

Lease liabilities
At lease commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the ROU asset.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD

The Company has elected to account for short-term leases and low value leases using the practical expedients. Instead of recognising a ROU asset and lease liability, the payments in relation to these short-term leases and low value leases are recognised as an expense in standalone statement of profit and loss on a straight-line basis over the lease term.

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. The respective leased assets are included in the balance sheet based on their nature. Rental income is recognised on straight-line basis over the lease-term.

(vii)Impairment of assets

(a) Non-financial assets

Assessment is done at each balance sheet date as to whether there is any indication that an asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

(b) Financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets and the impairment methodology depends on whether there has been a significant increase in credit risk.

Trade receivables

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109 'Financial Instruments', which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Other financial assets

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

(This space has been intentionally left blank)

SANATHAN TEXTILES LTD. YARNS FOR THE FABRICS OF LIFE

(viii) Employee benefits

(a) Long-term employee benefits

(i) Defined contribution plan
The Company has defined contribution plan for post-employment benefits in the form of provident fund, and employees' state insurance fund. Under the defined contribution plan, the Company has no further obligation beyond making the contributions. Such contributions are charged to the standalone statement of profit and loss as incurred.

(ii) Defined benefit plan
The Company has defined benefit plan for post-employment benefits in the form of gratuity for its employees in India. Liability for defined benefit plan is provided on the basis of actuarial valuations, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method. The liability recognised in the Standalone Financial Statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs.

Discount factors are determined close to each period-end by reference to market yields on government bonds that have terms to maturity approximating the terms of the related liability. Service cost and net interest expense on the Company's defined benefit plan is included in employee benefits expense.

Actuarial gains or losses are recognised in other comprehensive income. Interest expense recognised in standalone statement of profit and loss is calculated by applying the discount rate used to measure the defined benefit obligation to the defined benefit liability.

(b) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are classified as short-term employee benefits. These benefits include salaries and wages, short-term bonus, incentives etc. These are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the standalone balance sheet.

(c) Share-based payments

The fair value of options granted under Sanathan Textiles Limited Employee Stock Option Plan ('ESOP 2021) recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions (e.g., the entity's share price)
- Excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- Including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holding shares for a specified period of time).

Total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD
YARNS FOR THE FABRICS OF LIFE

It recognises the impact of revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(ix) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed unless the likelihood of an outflow of resources is remote and there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Contingent asset is not recognised in the Standalone Financial Statements. However, it is recognised only when an inflow of economic benefits is probable.

(x) Borrowing cost

Borrowing costs includes interest expense on borrowings calculated using the EIR, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale ('qualifying asset') are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

EIR is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. EIR calculation does not include exchange differences.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(xi) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost of raw material comprises of cost of purchase and other cost incurred in bringing the inventory to their present condition and location. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase. Cost is determined on a moving weighted average basis.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD
THREADS FOR THE FABRICS OF LIFE

The cost of finished goods, intermediate goods and work-in-progress includes cost of direct materials and labour and a proportion of variable and apportionable fixed overhead expenditure based on the normal operating capacity.

In case of traded goods, cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a moving weighted average basis.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

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.

Further, inventories contain stores and packing materials. Adequate allowances are recognised as a measure of consumption over their expected life based on their usage.

Costs of conversion and other costs are determined on the basis of standard cost method adjusted for variances between standard costs and actual costs, unless such costs are specifically identifiable, in which case they are included in the valuation at actuals.

(xii) Income recognition

(a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products. Revenue is measured net of rebates, discounts and taxes. The Company applies the revenue recognition criteria to each component of the revenue transaction as set out below:

Sale of products
Revenue from sale of products is recognised when the Company satisfies performance obligation by transferring promised goods to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset which is generally on dispatch of goods. In cases where performance obligations are satisfied upon delivery, the revenue is recognised upon such delivery.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and goods and services tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives / discounts.

Revenue (other than sale of products)
Revenue (other than sale of products) is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(b) Other operating revenue

It majorly includes export incentives. Export incentives constituting duty drawback, incentives under Merchandise Exports from India Scheme (MEIS) and Duty-drawback Scheme which are accounted for on accrual basis where there is reasonable assurance that the Company will comply with the conditions attached to them and the export benefits will be received. Export incentives under Export Promotion

Capital Goods (EPCG) is notified by Government of India and are accounted for in the year of exports based on eligibility and when there is no uncertainty in its recognition.

(c) Interest income

Interest income is recorded on accrual basis using the EIR method.

(d) Dividend

Dividend income is recognised when the Company's right to receive dividend is established, which is generally when shareholders approve the dividend.

(e) Other income

Other income is recognised when no significant uncertainty as to its determination and realisation exists.

(xiii) Taxes

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in standalone statement of profit and loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

The current income-tax charge is calculated on the basis of the tax laws enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the Standalone Financial Statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

(xiv) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events including a bonus issue or share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD
FOR THE FABRICS OF LIFE

(xv) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than three months) that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

For the purpose of the standalone statement of cash flows, cash and cash equivalents consist of cash, balance in current accounts with banks and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(xvi) Initial public offer related transaction costs

The expenses pertaining to Initial Public Offer ('IPO') includes expenses pertaining to fresh issue of equity shares, offer for sale by selling shareholders and listing of equity shares and has been accounted for as follows:

- Incremental costs that are directly attributable to issuing new shares has been deferred until successful consummation of IPO upon which it shall be deducted from equity;
- Incremental costs that are not directly attributable to issuing new shares or offer for sale by selling shareholders, has been recorded as an expense in the statement of profit and loss as and when incurred; and
- Costs that relate to fresh issue of equity shares and offer for sale by selling shareholders has been allocated between those functions on a rational and consistent basis as per agreed terms.

(xvii) Government grants

Government grants are recognised only when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received.

Government grants related to or used for assets are included in the balance sheet as deferred government grant and recognised as income in the standalone statement of profit and loss in the proportion of export obligations that have been discharged.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and there is no uncertainty in receiving the same.

(xviii) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Non-current investments are carried at cost. However, provision for diminution in the value is made to recognise a decline other than temporary in the value of these investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the standalone statement of profit and loss.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD

(xix) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, who are considered as chief operating decision maker ('CODM').

(xx) Exceptional items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to assist users in understanding the financial performance achieved and in making projections of future financial performance, the nature and amount of such material items are disclosed separately as exceptional items.

(xxi) Events after the reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting year, the impact of such events is adjusted within the Standalone Financial Statements. Where the events are indicative of conditions that arose after the reporting year, the amounts are not adjusted, but are disclosed if those non-adjusting events are material.

(xxii) Recent accounting pronouncements

a) Amendment to Ind AS 16, Property, Plant and Equipment

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March 2022, has issued an amendment to Ind AS 16 which specifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The Group is evaluating the requirement of the said amendment and its impact on these Standalone Financial Statements.

b) Amendments to Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March 2022, has issued an amendment to Ind AS 37 which specifies that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The Group is evaluating the requirement of the said amendment and its impact on these Standalone Financial Statements.

c) Amendments to Ind AS 103, Business Combinations

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March 2022, has issued an amendment to Ind AS 103 and has added a new exception in the standard for liabilities and contingent liabilities. The Group is evaluating the requirement of the said amendment and its impact on these Standalone Financial Statements.

d) Amendments to Ind AS 109, Financial Instruments

The Ministry of Corporate Affairs ("MCA") vide notification dated 23 March 2022, has issued an amendment to Ind AS 109 which clarifies the fees an entity should include when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The Group is evaluating the requirement of the said amendment and its impact on these Standalone Financial Statements.

Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2022
(All amounts in Rupees lakhs, unless otherwise stated)

Note 3 : Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Electrical installations and equipment	Office equipment	Factory equipment	Laboratory equipment	Computers	Total
Gross block											
As at 1 April 2020	10,500	27,174	107,450	227	978	5,337	97	1,629	776	624	154,792
Additions	-	319	775	13	711	485	9	139	6	6	2,463
Deletions / adjustments	-	-	-	-	87	-	-	3	-	-	90
As at 31 March 2021	10,500	27,493	108,225	240	1,602	5,822	106	1,765	782	630	157,165
Additions	25	268	2,712	12	204	-	34	234	3	103	3,595
Deletions / adjustments	-	-	222	-	206	-	-	-	-	-	428
As at 31 March 2022	10,525	27,761	110,715	252	1,600	5,822	140	1,999	785	733	160,332
Accumulated depreciation											
As at 1 April 2020	-	5,597	54,322	132	462	2,540	70	420	380	556	64,479
Charge for the year	-	774	2,511	19	100	391	8	100	57	18	3,978
Reversal on deletions / adjustments	-	-	-	-	82	-	-	1	-	-	83
As at 31 March 2021	-	6,371	56,833	151	480	2,931	78	519	437	574	68,374
Charge for the year	-	783	2,593	20	180	431	9	113	56	19	4,204
Reversal on deletions / adjustments	-	-	173	-	143	-	-	-	-	-	316
As at 31 March 2022	-	7,154	59,253	171	517	3,362	87	632	493	593	72,262
Net block											
As at 31 March 2021	10,500	21,122	51,392	89	1,122	2,891	28	1,246	345	56	88,791
As at 31 March 2022	10,525	20,607	51,462	81	1,083	2,460	53	1,367	292	140	88,070

(i) Refer note 16 for information on PPE provided as collateral or security for borrowings or finance facilities availed by the Company.
(ii) Refer note 38(ii) for capital commitments.

Note 4 : Capital work-in-progress ('CWIP')

	As at 31 March 2022	As at 31 March 2021
Capital work-in-progress	239	103
Total	239	103

CWIP ageing schedule

As at 31 March 2022

Particulars	Amount of the CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	239	-	-	-	239
Projects temporarily suspended	-	-	-	-	-

As at 31 March 2021

Particulars	Amount of the CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	95	8	-	-	103
Projects temporarily suspended	-	-	-	-	-

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS * MUMBAI

SANATHAN TEXTILES LTD. * YARNS FOR THE FABRICS OF LIFE *

Note 5 : Investments

	As at 31 March 2022		As at 31 March 2021	
	Non-current	Current	Non-current	Current
1) Investments measured at cost				
(a) Investments in equity instruments (fully paid-up)				
Unquoted				
Investment in subsidiaries				
9,899,999 equity shares of Rs. 10 each of Sanathan Polycot Private Limited	990	-	-	-
4,998,499 equity shares of Rs. 10 each of Universal Texturisers Private Limited	1,350	-	-	-
2) Investments measured at fair value through profit or loss				
(a) Investments in mutual fund				
Quoted				
370,599 units of Aditya Birla Sun Life Liquid Fund - Growth - Regular Plan	-	1,262	-	-
265,835 units of Kotak Overnight Fund Direct - Growth Plan	-	3,014	-	-
28,084 units of Kotak Liquid Direct - Growth Plan	-	1,208	-	-
Total	2,340	5,484	-	-

	As at 31 March 2022	As at 31 March 2021
Aggregate carrying value of quoted investments	5,484	-
Aggregate market value of quoted investments	5,484	-
Aggregate carrying value of unquoted investments	2,340	-
Aggregate amount of impairment in value of investments	-	-

Refer note 34A for information on market risk.

Note 6 : Loans

	As at 31 March 2022		As at 31 March 2021	
	Non-current	Current	Non-current	Current
Unsecured, considered good				
Loan to subsidiary companies	93	127	-	-
Total	93	127	-	-

Amount due by private companies having common directors amounting to Rs. 220 lakhs (31 March 2021 : Rs. Nil) (refer note 32 (c))

Refer note 34A for information on credit risk.

Note 7 : Other financial assets

	As at 31 March 2022		As at 31 March 2021	
	Non-current	Current	Non-current	Current
Unsecured, considered good				
Security deposits#	137	63	42	-
Bank deposits with maturity of more than twelve months*	695	-	842	-
Bank deposits having remaining maturity less than twelve months*	-	5,088	-	2,836
Derivative financial asset (designated as hedging instrument)	-	-	-	37
Derivative financial asset (designated as derivative instrument)	-	23	-	-
Other receivables	-	60	-	93
Total	832	5,234	884	2,966

* whole amount is held as lien against bank guarantees, letter of credit issued by bank and with the sales tax department.
# Includes security deposit given to a private company having common directors amounting to Rs. 36 lakhs (31 March 2021 : Rs. Nil) (refer note 32(c)).

Refer note 34A for information on credit risk.
Refer note 34B and 34C for information on derivative financial instrument.
Refer note 16 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Company.

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD
YARNS FOR THE FABRICS OF LIFE

(This space has been intentionally left blank)

Note 8 : Income-tax assets (net)

	As at 31 March 2022	As at 31 March 2021
Advance tax (net)	346	346
Total	346	346

Note 9 : Other assets

	As at 31 March 2022		As at 31 March 2021	
	Non-current	Current	Non-current	Current
Capital advance	197	-	163	-
Advances other than capital advances				
Advance to suppliers	-	1,487	-	7,679
Advance to employees	-	16	-	15
Balances with government authorities	1,294	12,167	422	13,802
Prepaid expenses	119	257	99	197
Other assets	-	449	-	-
Total	1,610	14,376	684	21,693

Refer note 16 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Company.

Note 10 : Inventories
(Valued at cost or net realisable value, whichever is lower)

	As at 31 March 2022	As at 31 March 2021
Raw materials*	22,997	16,062
Work-in-progress	284	86
Finished goods	16,039	9,640
Intermediate products #	2,950	2,321
Stock-in-trade	1	27
Stores and packing materials*	2,121	1,753
Total	44,392	29,889
(Reversal of write down) / write down of inventories to net realisable value**	(126)	264

* Includes goods in transit in :
- Raw materials amounting to Rs. 6,763 lakhs (31 March 2021 : Rs. 3,601 lakhs)
- Stores and packing materials amounting to Rs. 25 lakhs (31 March 2021 : Rs. 69 lakhs)

** The impact is considered in "Changes in inventories of finished goods, work-in-progress and stock-in trade"

Intermediate products are manufactured components which are sold either after further processing or directly without further processing.

Refer note 16 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Company.

Note 11 : Trade receivables

	As at 31 March 2022	As at 31 March 2021
Unsecured		
Considered good	13,891	13,031
Less: Allowance for expected credit loss	(272)	(82)
	13,619	12,949
Credit impaired	230	247
Less: Allowance for expected credit loss	(230)	(247)
	-	-
Total	13,619	12,949

Movement in the allowance for expected credit loss	Amount
Balance as at 1 April 2020	333
Written back during the year (net)	(4)
Balance as at 31 March 2021	329
Created during the year (net)	173
Balance as at 31 March 2022	502

Refer note 34A for information on credit risk and market risk.
Refer note 16 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Company.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD.
FOR THE FABRICS OF LIFE

(This space has been intentionally left blank)

(All amounts in Rupees lakhs, unless otherwise stated)

Trade receivables ageing schedule - Gross

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables – considered good	13,891	-	-	-	-	13,891
(ii) Disputed trade receivables – credit impaired	-	19	-	-	211	230

As at 31 March 2021

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables – considered good	12,982	29	20	-	-	13,031
(ii) Disputed trade receivables – credit impaired	-	-	-	200	47	247

Note 12 : Cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
Balances with banks in current accounts	750	2,650
Bank deposit with original maturity of less than three months*	1,790	-
Cash on hand	3	3
Total	2,543	2,653

* whole amount is held as lien against banks guarantees and letter of credit issued by bank

Refer note 34A for information on credit risk and market risk.
Refer note 16 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Company.
There are no repatriation restrictions with regard to cash and cash equivalents.

Note 13 : Other bank balances

	As at 31 March 2022	As at 31 March 2021
Bank deposits with original maturity of more than three months and less than twelve months*	205	3,239
Total	205	3,239

* whole amount is held as lien against banks guarantees and letter of credit issued by bank

Refer note 34A for information on credit risk.
Refer note 16 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Company.

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD
YARNS FOR THE FABRICS OF LIFE

(This space has been intentionally left blank)

(All amounts in Rupees lakhs, unless otherwise stated)

Note 14 : Equity share capital

Authorised share capital

	Number of shares (in nos.)	Amount
Equity shares of Rs. 10 each		
Balance as at 1 April 2020	75,000,000	7,500
Balance as at 31 March 2021	75,000,000	7,500
Balance as at 31 March 2022	90,000,000	9,000

Issued, subscribed and fully paid-up share capital

	Number of shares (in nos.)	Amount
Equity shares of Rs. 10 each		
Balance as at 1 April 2020	71,943,000	7,194
Issued during the year	-	-
Balance as at 31 March 2021	71,943,000	7,194
Issued during the year	-	-
Balance as at 31 March 2022	71,943,000	7,194

a. **Terms and rights attached to the equity shares:**
The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per equity share. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive the remaining assets of the Company after distribution of all preferential amounts and liabilities. The distribution will be in proportion to the number of fully paid-up equity shares held by the shareholders. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

b. **Details of shareholders holding more than 5% shares in the Company**

Name of shareholder	As at 31 March 2022 Number of shares (in nos.)	% of Holding	As at 31 March 2021 Number of shares (in nos.)	% of Holding
Equity shares of Rs. 10 each, fully paid-up				
Paresh Kumar V. Dattani	7,012,600	9.75%	17,832,600	24.79%
Dinesh Kumar V. Dattani	7,112,800	9.89%	17,587,800	24.45%
Ajay Kumar V. Dattani	7,327,650	10.19%	18,147,900	25.23%
Anil Kumar V. Dattani	6,819,700	9.48%	17,294,700	24.04%
Nimbus Trust	10,475,000	14.56%	-	-
P&R Family Trust	10,475,000	14.56%	-	-
D&G Family Trust	10,475,000	14.56%	-	-
A&J Family Trust	10,475,000	14.56%	-	-

Above information has been furnished as per records of the Company, including its register of shareholders or members and other declarations received from shareholders regarding beneficial interest. The above shareholding represents both legal and beneficial ownership of shares.

c. The Company had issued 59,052,500 equity shares of Rs. 10 each during the financial year ended 31 March 2019 as bonus shares. Other than the aforementioned, the Company has not issued any other bonus shares and there has been no buy back of shares or any shares issued pursuant to contract without payment being received in cash during the five years immediately preceding the balance sheet date.

d. **Shareholding of promoters:**

As at 31 March 2022

Name of promoter	Shares held by promoters at the end of the year: Number of shares (in nos.)	% of total shares	% change during the year
Equity shares of Rs. 10 each, fully paid-up			
Paresh Kumar V. Dattani	7,012,600	9.75%	(60.68%)
Dinesh Kumar V. Dattani	7,112,800	9.89%	(59.56%)
Ajay Kumar V. Dattani	7,327,650	10.19%	(59.62%)
Anil Kumar V. Dattani	6,819,700	9.48%	(60.57%)
Nimbus Trust	10,475,000	14.56%	100.00%
P&R Family Trust	10,475,000	14.56%	100.00%
D&G Family Trust	10,475,000	14.56%	100.00%
A&J Family Trust	10,475,000	14.56%	100.00%

As at 31 March 2021

Name of promoter	Shares held by promoters at the end of the year: Number of shares (in absolute)	% of total shares	% change during the year
Equity shares of Rs. 10 each, fully paid-up			
Pareshkumar V. Dattani	17,832,600	24.79%	Nil
Dinesh Kumar V. Dattani	17,587,800	24.45%	Nil
Ajaykumar V. Dattani	18,147,900	25.23%	Nil
Anil Kumar V. Dattani	17,294,700	24.04%	9.50%

e. **Shares reserved for issue under options**
Information relating to the ESOP, including details of options issued, exercised and lapsed during the financial year and the options outstanding at the end of the reporting year, is as set out in note 46.

Note 15 : Other equity

	As at 31 March 2022	As at 31 March 2021
General reserve	23,239	23,239
Retained earnings	68,206	32,832
Employee stock options outstanding account	33	-
Cash flow hedge reserve	-	25
Total	91,478	56,096

Nature and purpose of reserves:

i) General reserve
This represents appropriation of profit by the Company.

ii) Retained earnings
Retained earnings comprises of current year and prior years undistributed earnings or losses after tax.

iii) Employee stock options outstanding account
The employee share-based compensation reserve is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this reserve will be transferred to equity share capital and securities premium upon exercise of stock options by employees. In case of forfeiture, corresponding balance will be transferred to retained earnings.

iv) Cash flow hedge reserve
It represents the effective portion of the fair value of derivative financial instruments designated as hedging instruments.

Walker Chandiok & Co LLP
MUMBAI
Chartered Accountants

SANATHAN TEXTILES LTD.
YARN FOR THE FABRICS OF LIFE

Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2022
(All amounts in Rupees lakhs, unless otherwise stated)

Note 16: Borrowings

	As at 31 March 2022		As at 31 March 2021	
	Non-current	Current	Non-current	Current
Secured				
Term loans (refer notes (A)(i) and (B)(i) below)				
Rupee loans	3,552	-	22,520	-
Foreign currency loans	24,450	-	14,355	-
Vehicle loans (refer notes (A)(ii) and (B)(ii) below)	-	-	519	-
Sub-total	28,002	-	37,394	-
Current maturities of long term borrowings				
Term loans (refer notes (A)(i) and (B)(i) below)				
Rupee loans	-	4,228		7,895
Foreign currency loans	-	5,457		5,099
Vehicle loans (refer notes (A)(ii) and (B)(ii) below)	-	-		183
	-	9,685	-	13,177
Cash credit facilities from banks (refer notes (A)(iii) and (B)(iii) below)	-	132	-	1,095
Unsecured				
Related party loans (refer note A (iv) and B (iv) below)	-	-	2,450	-
Total	28,002	9,817	39,844	14,272

Refer note 34A for information on liquidity risk and market risk.

Cash flow changes in liabilities arising from financing activities:

Particulars	Borrowings
As at 1 April 2020	64,961
Cash flows (net) *	(10,845)
As at 31 March 2021	54,116
Cash flows (net) *	(16,297)
As at 31 March 2022	37,819

* Net cash flows considered above are after considering impact of foreign currency translation loss amounting to Rs. 224 lakhs (31 March 2021 : Rs. 215 lakhs)

A) Details of interest rates terms and securities

i) Term loans

(a) Rupee loans and foreign currency loans from banks in India

For the year ended	Number of loans	Rate of Interest
31 March 2022	15	Interest rates range from 1 year Minimum Cost of funds based on Lending Rate ('MCLR')+1.85% per annum ('p.a.') to 1 year MCLR+1.55% p.a.+Strategic premium ('SP'), 6 month London Interbank Offered Rate ('LIBOR')+3.60% p.a., 6 months Euro London Interbank Offered Rate ('EURO LIBOR')+4.25% p.a.
31 March 2021	13	Interest rates range from 1 year MCLR+2.00% p.a. to 1 year MCLR+1.85% p.a.+SP, 6 month LIBOR+3.60% p.a., 6 month EURO-LIBOR+4.25% p.a.

The term loans are secured by :
a) First charge on pari passu basis on hypothecation of plants and equipment and all other movable and miscellaneous tangible PPE of the Company, both present and future, excluding Barmag made partially oriented yarn and fully drawn yarn plants.
b) First charge on pari passu basis on equitable mortgage of factory, land and building.
c) First charge on equitable mortgage of office premises on pari-passu basis.
d) First charge on equitable mortgage of immovable property of one of the directors (common charge for cash credit facilities and Rupee term loans).
e) Charge on pari passu basis for all current assets, both present and future.
f) Personal guarantees by directors and relatives of directors.

(b) Foreign currency loan from banks outside India

For the year ended	Number of loans	Rate of interest
31 March 2022	2	Interest rate of EURO-LIBOR+1.20% p.a. and LIBOR+1.85 % p.a for the respective loan
31 March 2021	2	Interest rate of EURO-LIBOR+1.20% p.a. and LIBOR+1.85 % p.a for the respective loan

These loans are secured by first and exclusive charge on the Barmag made partially oriented yarn and fully drawn yarn plants and air conditioner automation under Automated Storage Retrieval System ('ASRS').

ii) Vehicle loans

For the year ended	Number of loans	Rate of interest
31 March 2022	-	Not applicable
31 March 2021	15	Interest rate ranging from 7.28% p.a. to 10.50% p.a.

WALKER CHANDIOK & Co LLP MUMBAI CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD. YARNS FOR THE FABRICS OF LIFE

(All amounts in Rupees lakhs, unless otherwise stated)

iii) Cash credit facilities

For the year ended	Rate of Interest
31 March 2022	Interest rates range from 1 year MCLR+1.80% p.a.+SP to 1 year MCLR+2.30% p.a.+SP
31 March 2021	Interest rates range from 1 year MCLR+1.80% p.a.+SP to 1 year MCLR+2.30% p.a.+SP

The aforementioned facility is secured by first pari-passu charge by way of hypothecation and / or pledge of current assets, on all movable assets, both present and future and first charge on equitable mortgage of immovable property of one of the directors (common charge for cash credit facilities and Rupee term loans).

iv) Related party loans

Particulars	As at 31 March 2022	As at 31 March 2021	Rate of interest for the respective years
Key Management Personnel ('KMP')	-	1,139	8.00% to 10.00% per annum
Relative of KMP	-	719	8.00% to 10.00% per annum
Enterprises over which KMP have significant influence	-	592	8.00% to 10.00% per annum

B) Details of repayment terms

i) Term loans

As at 31 March 2022

Particulars	Number of instalments outstanding as at 31 March 2022	Amount*
Rupee term loans	2 quarterly instalment	2,758
Rupee term loans	2 monthly instalments	69
Rupee term loans	3 quarterly instalments	98
Rupee term loans	26 quarterly instalments	1,888
Rupee term loans	9 quarterly instalments	1,504
Rupee term loans	6 quarterly instalments	96
Rupee term loans	12 quarterly instalments	492
Rupee term loans	35 quarterly instalments	919
Foreign currency term loans	2 quarterly instalments	748
Foreign currency term loans	26 quarterly instalments	9,485
Foreign currency term loans	34 quarterly instalments	15,941
Foreign currency term loans	3 half yearly instalments	3,733

As at 31 March 2021

Particulars	Number of instalments outstanding as at 31 March 2021	Amount*
Rupee term loans	13 quarterly instalments	2,260
Rupee term loans	7 quarterly instalments	5,901
Rupee term loans	14 monthly instalments	965
Rupee term loans	10 quarterly instalments	130
Rupee term loans	40 quarterly instalments	18,486
Rupee term loans	16 quarterly instalments	574
Rupee term loans	30 quarterly instalments	2,204
Foreign currency term loans	6 quarterly instalments	2,160
Foreign currency term loans	30 quarterly instalments	11,293
Foreign currency term loans	5 half yearly instalments	6,053

*These amounts are exclusive of EIR impact as per Ind AS 109 'Financial instruments'.

ii) Vehicle loans

As at 31 March 2022
Vehicle loans have been repaid during the year.

As at 31 March 2021
Vehicle loans are repayable in 3 to 60 monthly instalments from 31 March 2021.

iii) Cash credit facilities
Cash credit is payable on demand.

iv) Related party loans
As at 31 March 2022
All the related party loans have been repaid during the year.

As at 31 March 2021
Related party loans were repayable as follows:

Year of repayment	Amount
Financial year 2023	1,693
Financial year 2024	240
Financial year 2026	140
Financial year 2027	227
Financial year 2028	151

For the year ended 31 March 2021, in view of COVID-19 pandemic, the Reserve Bank of India had, vide Circular No. RBI/2019-20/186 dated 27 March 2020 and Circular No. RBI/2019-20/244 dated 23 May 2020, *inter-alia*, permitted the lending institutions to defer the recovery of interest in respect of term loans during the period 1 March 2020 to 31 August 2020. Also as per the circular, the repayment schedule for such loans and the residual tenor, would be shifted by six months. Accordingly, the Company had applied for the aforementioned moratorium benefits for the period 1 March 2020 to 31 August 2020 for interest and principal repayment for all the term loans. The Company has duly made due repayments as per the moratorium scheme.

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD
YARNS FOR THE FABRICS OF LIFE

(All amounts in Rupees lakhs, unless otherwise stated)

C) Details related to borrowings secured against current assets
The Company has given current assets as security for borrowings obtained from banks. The Company duly submitted the required information to the banks on regular basis and the required reconciliation is presented below:

For the year ended 31 March 2022

Quarter ended	Particulars	Amount as per books of account	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
31 March 2022	Trade receivables	14,121	12,627	1,494	The primary reason for variance is owing to adjustment made on account of receivables aged more than 90 days which were not included in the reporting made to the bank.
	Inventories	44,392	44,383	9	No significant variation.
	Other current assets	27,969	15,221	12,748	The current assets reported included only balance with banks in current account, balance with government authority, prepaid expenses, derivative financial assets and other receivable. Investment in mutual funds, security deposits, advance to suppliers, bank deposits were not reported, resulting in the variation.
31 December 2021	Trade receivables	12,213	20,221	(8,008)	The primary reason for variance is owing to adjustment made on account of revenue cut off adjustment and receivables aged more than 90 days which were not included in the reporting made to the bank.
	Inventories	48,814	31,311	17,503	The primary reason for variance is owing to goods in transit which was not considered while reporting to the bank and adjustment made on account of period end cut off adjustment entries.
	Other current assets	22,925	14,315	8,610	The current assets reported included only balance with banks in current account, balance with government authority, prepaid expenses, derivative financial assets and other receivable. Investment in mutual funds, security deposits, advance to suppliers, bank deposits were not reported, resulting in the variation.
30 September 2021	Trade receivables	15,706	20,017	(4,311)	The primary reason for variance is owing to adjustment made on account of revenue cut off adjustment and receivables aged more than 90 days which were not included in the reporting made to the bank.
	Inventories	37,819	26,153	11,666	The primary reason for variance is owing to goods in transit which was not considered while reporting to the bank and adjustment made on account of period end cut off adjustment entries.
	Other current assets	29,583	75	29,508	The current assets reported included only balance with banks in current account. Other current assets including investments in mutual funds, current financial assets comprising of bank deposits, security deposits, derivative financial assets and other receivables (including insurance claim receivables), current non-financial assets comprising of balance with government authorities and advance to suppliers, and other bank balances were not reported, resulting in the variation.
30 June 2021	Trade receivables	22,633	43,898	(21,265)	The primary reason for variance is owing to inclusion of the inter plant trade receivables while reporting to the bank.
	Inventories	27,150	26,715	435	No significant variation.
	Other current assets	23,472	2,574	20,898	The current assets reported included only balance with banks in current account. Current financial assets comprising of bank deposits, security deposits, derivative financial assets and other receivables (including insurance claim receivables), current non-financial assets comprising of balance with government authorities and advance to suppliers, and other bank balances were not reported, resulting in the variation.

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS * MUMBAI

SANATHAN TEXTILES LTD * YARNS FOR THE FABRICS OF LIFE *

(All amounts in Rupees lakhs, unless otherwise stated)

For the year ended 31 March 2021

Quarter ended	Particulars	Amount as per books of account	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
31 March 2021	Trade receivables	13,278	12,949	329	No significant variation.
	Inventories	29,889	23,591	6,298	The primary reason for variance is owing to goods in transit which was not considered while reporting to the bank and adjustment made on account of period end cut off adjustment entries during the financial statement closure.
	Other current assets	30,551	133	30,418	The current assets reported included only balance with banks in current account. Other current assets including investments in mutual funds, current financial assets comprising of bank deposits, security deposits, derivative financial assets and other receivables (including insurance claim receivables), current non-financial assets comprising of balance with government authorities and advance to suppliers, and other bank balances were not reported, resulting in the variation.
31 December 2020	Trade receivables	13,149	24,265	(11,116)	The primary reason for variance is owing to inclusion of the inter plant trade receivables while reporting to the bank.
	Inventories	17,255	16,786	469	No significant variation.
	Other current assets	22,633	496	22,137	The current assets reported included only balance with banks in current account. Current financial assets comprising of bank deposits, security deposits, derivative financial assets and other receivables (including insurance claim receivables), current non-financial assets comprising of balance with government authorities and advance to suppliers, and other bank balances were not reported, resulting in the variation.
30 September 2020	Trade receivables	9,118	19,055	(9,937)	The primary reason for variance is owing to inclusion of the inter plant trade receivables while reporting to the bank.
	Inventories	15,783	15,472	311	No significant variation.
	Other current assets	20,069	50	20,019	The current assets reported included only balance with banks in current account. Current financial assets comprising of bank deposits, security deposits, derivative financial assets and other receivables (including insurance claim receivables), current non-financial assets comprising of balance with government authorities and advance to suppliers, and other bank balances were not reported, resulting in the variation.
30 June 2020	Trade receivables	9,973	17,006	(7,033)	The primary reason for variance is owing to inclusion of the inter plant trade receivables while reporting to the bank.
	Inventories	18,147	17,680	467	No significant variation.
	Other current assets	1,792	440	1,352	The current assets reported included only balance with banks in current account. Current financial assets comprising of bank deposits, security deposits, derivative financial assets and other receivables (including insurance claim receivables), current non-financial assets comprising of balance with government authorities and advance to suppliers, and other bank balances were not reported, resulting in the variation.

WALKER CHANDIOK & Co LLP * MUMBAI * CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD. * YARNS FOR THE FABRICS OF LIFE *

(All amounts in Rupees lakhs, unless otherwise stated)

Note 17 : Provisions

	As at 31 March 2022		As at 31 March 2021	
	Non-current	Current	Non-current	Current
Provision for employee benefits				
Provision for gratuity	652	139	544	191
Provision for compensated absences	-	145	-	79
Total	652	284	544	270

Disclosure for movement in provision for compensated absences:

Particulars	31 March 2022	31 March 2021
Opening provision at the beginning of the year	79	46
Created / (reversal) during the year (net)	66	33
Closing provision at the end of the year	145	79

Note 18 : Deferred tax liabilities (net)

	As at 31 March 2022	As at 31 March 2021
Deferred tax liabilities arising on account of		
On timing difference between depreciation as per books and as per the Income-tax Act, 1961	6,682	5,678
Others	32	48
	6,714	5,726
Deferred tax assets arising on account of		
Provision for employee benefits	416	228
Deferred government grants	23	90
Allowance for expected credit loss	126	83
	565	401
Deferred tax liabilities (net)	6,149	5,325

Movement in deferred tax assets and deferred tax liabilities :

Particulars	As at 31 March 2020	Recognised in profit or loss	Recognised in other comprehensive income	Recognised through other items of balance sheet	As at 31 March 2021
Deferred tax liabilities arising on account of					
On timing difference between depreciation as per books and as per the Income-tax Act, 1961	6,232	(554)	-	-	5,678
Others	64	(24)	8		48
	6,296	(578)	8	-	5,726
Deferred tax assets arising on account of					
Provision for employee benefits	264	(39)	3	-	228
Deferred government grants	222	(132)		-	90
Allowance for expected credit loss	116	(33)			83
Minimum Alternate Tax ('MAT') credit entitlement	1,960	(1,862)	-	(98)	-
Others	89	(54)	-	(35)	-
	2,651	(2,120)	3	(133)	401
Total deferred tax liabilities (net)	3,645	1,542	5	133	5,325

Particulars	As at 31 March 2021	Recognised in profit or loss	Recognised in other comprehensive income	Recognised through other items of balance sheet	As at 31 March 2022
Deferred tax liabilities arising on account of					
On timing difference between depreciation as per books and as per the Income-tax Act, 1961	5,678	1,004	-	-	6,682
Others	48	(8)	-	(8)	32
	5,726	996	-	(8)	6,714
Deferred tax assets arising on account of					
Provision for employee benefits	228	181	7	-	416
Deferred government grants	90	(67)	-	-	23
Allowance for expected credit loss	83	43	-	-	126
MAT credit entitlement	-	-	-	-	-
Others	-	-	-	-	-
	401	157	7	-	565
Total deferred tax liabilities (net)	5,325	839	(7)	(8)	6,149

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off the said balances.

Note 19 : Other liabilities

	As at 31 March 2022		As at 31 March 2021	
	Non-current	Current	Non-current	Current
Deferred government grants (refer note 39)	93	-	2	353
Advance from customers	-	440	-	385
Statutory dues payable	-	301	-	1,235
Total	93	741	2	1,973

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD.
YARNS FOR THE FABRICS OF LIFE

Note 20 : Trade payables

	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of		
micro enterprises and small enterprises	601	39
creditors other than micro enterprises and small enterprises *	30,341	35,499
Total	30,942	35,538

* Includes Rs. 10,127 lakhs (31 March 2021 : Rs. 10,750 lakhs) being amount payable to banks with whom vendors have discounted the bills.

Refer note 34A for information on liquidity risk and market risk.

Disclosure in respect of Micro, Small and Medium Enterprises ('MSME')
The management has identified enterprises which qualify under the definition of micro enterprises and small enterprises, as defined under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at the year end has been made in the standalone financial statements based on information received and available with the Company and has been relied upon by the statutory auditors.

	As at 31 March 2022	As at 31 March 2021
Principal amount remaining unpaid to any supplier	601	39
Interest due thereon		
The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

Trade payable ageing schedule:
As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	601	-	-	-	601
(ii) Others	27,155	28	1	2	27,186
Sub-total					27,787
Add: Unbilled dues					3,155
Total					30,942

As at 31 March 2021

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	39	-			39
(ii) Others	34,023	64	16	15	34,118
Sub-total					34,157
Add: Unbilled dues					1,381
Total					35,538

Note 21: Other current financial liabilities

	As at 31 March 2022	As at 31 March 2021
Interest accrued on borrowings	9	11
Employee related payables*	123	1,581
Other payables	3,420	1,290
Total	3,552	2,882

* Includes amount payable to related parties amounting Rs. Nil (31 March 2021 : Rs. 1,131 lakhs) (refer note 32(c)).

Refer note 34A for information on liquidity risk and market risk.
Refer note 34B for information on derivative financial instrument.

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD.

(This space has been intentionally left blank)

(All amounts in Rupees lakhs, unless otherwise stated)

Note 22 : Revenue from operations

	Year ended 31 March 2022	Year ended 31 March 2021
Sale of products	308,330	186,660
Sale of stock-in-trade	3,791	1,830
Other operating revenue		
Export incentives	790	335
Sale of scrap	5,621	3,011
Total	318,532	191,836

a) There are no customers contributing more than 10% of the revenue from operations.

b) Reconciliation of gross revenue with the revenue from operations

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Revenue as per contract price	319,827	192,445
Less: Discounts and rate differences	(1,295)	(609)
Net revenue recognised from operations	318,532	191,836

Note 23 : Other income

	Year ended 31 March 2022	Year ended 31 March 2021
Interest income on		
Loan to a subsidiary companies (refer note 32(b))	3	-
Bank deposits	276	181
Others	347	142
Fair value gain on investments measured at fair value through profit and loss	34	-
Insurance claims	53	7
Liabilities / provisions no longer required, written back	43	269
Gain on disposal of property, plant and equipment (net)	104	4
Allowance for expected credit loss, written back (net)	-	4
Net gain on foreign currency transaction and translation	757	854
Total	1,617	1,461

Note 24 : Changes in inventories of finished goods, stock-in-trade and work-in-progress

	Year ended 31 March 2022	Year ended 31 March 2021
Inventory at the end of the year		
Finished goods*	16,039	9,640
Intermediate products	2,950	2,321
Stock-in-trade	1	27
Work-in-progress	284	86
	19,274	12,074
Inventory at the beginning of the year		
Finished goods*	9,640	10,417
Intermediate products	2,321	1,956
Stock-in-trade	27	1
Work-in-progress	86	44
	12,074	12,418
Changes in inventories	(7,200)	344
**inter-alia,* includes changes in inventories of waste and scrap	(11)	86

Note 25 : Employee benefit expenses

	Year ended 31 March 2022	Year ended 31 March 2021
Salaries and wages	8,856	8,200
Contribution to provident fund and other funds	254	229
Gratuity (refer note 31(a))	150	133
Share-based payments to employees (refer note 46)	33	-
Staff welfare expenses	181	115
Total	9,474	8,677

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD. YARNS FOR THE FABRIC OF LIFE

Note 26 : Finance costs

	Year ended 31 March 2022	Year ended 31 March 2021
Interest expense		
on term loans	2,611	3,807
on cash credit facilities	1	487
on others	375	446
Other borrowing costs	259	268
Total	3,246	5,008

Note 27: Depreciation expense

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation on property, plant and equipment (refer note 3)	4,204	3,978
Total	4,204	3,978

Note 28: Other expenses

	Year ended 31 March 2022	Year ended 31 March 2021
(A) Manufacturing expenses		
Consumption of stores and packing materials	13,964	11,445
Repairs and maintenance		
Buildings	210	80
Plant and equipment	276	227
Other repairs and maintenance	71	71
Contract labour charges	6,279	4,559
Power and fuel	19,663	14,029
Other manufacturing expenses	231	160
Total manufacturing expenses (A)	40,694	30,571
(B) Selling expenses		
Commission expenses	2,277	2,664
Advertisement and sales promotion	58	103
Export expenses (Refer note below)	5,438	1,731
Freight expenses	1,178	829
Other selling expenses	57	19
Total selling expenses (B)	9,008	5,346
(C) Administrative and other expenses		
Rates and taxes	126	59
Legal and professional charges	345	156
Electricity expenses	70	54
Insurance	434	360
Auditor's remuneration (refer note 37)	35	30
Security charges	197	174
Bank charges	749	871
Printing and stationery	14	9
Communication expenses	30	18
Travelling and conveyance	269	195
Effluent treatment plant and greenbelt environmental expenses	57	44
Rent*#	145	64
Software charges	35	32
Contribution towards corporate social responsibility (refer note 36)	282	174
Sundry balances written off**	24	48
Donation - political parties	50	10
Donation - others	6	5
Allowance for expected credit loss	173	-
Directors' sitting fees (refer note 32(b))	12	-
Commission to non-executive directors (refer note 32 (b))	6	-
Miscellaneous expenses	167	80
Total administrative and other expenses (C)	3,226	2,383
Total other expenses (A + B + C)	52,928	38,300

* Pertains to rental for short term leases and low value leases. Refer note 43.
\# Includes rent paid to a private company having a common director amounting to Rs. 18 lakhs (31 March 2021 : Rs. Nil) (refer note 32(b)).
**Represents derecognition of financial assets measured at amortised cost.

WALKER CHANDIOK & CO LLP
MUMBAI
CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD.
FOR THE FABRICS OF LIFE

Note:
Export expenses

	Year ended 31 March 2022	Year ended 31 March 2021
- Freight expenses	4,675	1,258
- Clearing and forwarding charges	521	325
- Commission	156	89
- Insurance	69	47
- Others	17	12
	5,438	1,731

Note 29: Tax expense

(a) Income-tax expense in the standalone statement of profit and loss

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Current tax:		
Current tax on profits for the year	11,271	5,162
Current tax for earlier years	260	2
	11,531	5,164
Deferred tax:		
In respect of current year origination and reversal of temporary differences	839	1,542
Total tax expense	12,370	6,706

(b) Income-tax on other comprehensive income

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Deferred tax credit in respect of current year origination and reversal of temporary differences	7	5
	7	5

(c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	Year ended 31 March 2022	Year ended 31 March 2021
Accounting profit before income-tax	47,923	25,266
Applicable Indian statutory income-tax rate (in %)	25.168%	25.168%
Computed expected tax expense	12,061	6,359
Tax effect of amount which are not deductible / (taxable) in calculating taxable income	49	403
Prior years' tax adjustments	260	2
Change in income-tax rate	-	(1,920)
MAT credit entitlement recognised in the statement of profit and loss	-	1,862
Income-tax expenses through the standalone statement of profit and loss	12,370	6,706

Note 30 : Earnings per share ('EPS')

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Net profit attributable to equity shareholders	35,553	18,560
Weighted average number of shares		
Considered for calculating basic EPS (Number in lakhs)	719	719
Add : Effect of dilutive potential equity shares arising from outstanding stock options (refer note 1 below)	-	-
Considered for calculating diluted EPS (Number in lakhs)	719	719
Nominal value of each share (in Rupees)	10.00	10.00
Earnings per share		
Basic (in Rupees)	49.42	25.80
Diluted (in Rupees)	49.42	25.80

Note:
1. The effect of 98,340 potential equity shares outstanding as at 31 March 2022, considered as potential equity shares, is anti-dilutive and thus these shares are not considered in determining diluted earnings per share.

WALKER CHANDIOK & CO LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD. ★ YARNS FOR THE FABRICS OF LIFE

(This space has been intentionally left blank)

(All amounts in Rupees lakhs, unless otherwise stated)

Note 31 : Employee benefits

a) Defined benefit plan - gratuity

The Company operates one post-employment defined benefit plan i.e., gratuity. The plan (unfunded) is governed by the Payment of Gratuity Act, 1972 wherein employee who has completed continuous service of five years or more is eligible for gratuity on death, resignation, retirement or permanent disablement at 15 days salary (last drawn salary) for each completed year of service.

The following tables summaries the components of net benefit expense recognised in the standalone statement of profit and loss, standalone other comprehensive income and the amount recognised in the standalone balance sheet.

	As at 31 March 2022	As at 31 March 2021
Present value of the defined benefit obligation at the end of the year		
Non-current	652	544
Current	139	191
	791	735

	31 March 2022	31 March 2021
Change in the present value of the defined benefit obligation:		
Opening defined benefit obligation	735	617
Interest cost	53	39
Current service cost	97	94
Benefits paid	(66)	(25)
Actuarial loss on obligation		
Actuarial (gain) / loss from changes in financial assumptions	(53)	21
Experience adjustments loss / (gain) from on plan liabilities	25	(11)
Closing defined benefit obligation	791	735
Amount recognised in the standalone balance sheet:		
Present value of defined benefit obligation at the end of the year	791	735
Expense recognised through profit or loss:		
Current service cost	97	94
Interest cost	53	39
Net expense recognised through profit or loss	150	133
Expense recognised in the standalone other comprehensive income:		
Actuarial (gain) / loss on defined benefit obligation	(28)	10
	(28)	10

Actuarial assumptions used	31 March 2022	31 March 2021
Discount rate (% per annum)	7.20%	6.25%
Salary growth rate (% per annum)	5.00%	5.00%

Demographic assumptions used	31 March 2022	31 March 2021
Mortality rate	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)
Retirement age (in years)	65 years	65 years
Attrition rate (% per annum)	13.69%	19.53%
Average future service (in years)	29.40 years	30 years

These assumptions were developed by the management with the assistance of independent actuary. Discount rate is determined close to each year end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience. The estimate of salary growth rate considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Risk

Factor	Impact
Salary increases	Actual salary increases will increase the obligation. Increase in salary growth rate assumption in future valuations will also increase the obligation.
Discount rate	Reduction in discount rate in subsequent valuations can increase the obligation.
Mortality and disability	Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the obligation.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact the obligation.

WALKER CHANDIOK & CO LLP MUMBAI CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD. YARNS FOR THE FABRICS OF LIFE

(All amounts in Rupees lakhs, unless otherwise stated)

Sensitivity analysis
The standalone financial statements are sensitive to the actuarial assumptions. The changes to the defined benefit obligation for increase / decrease of 1% from assumed salary growth rate, attrition rate and discount rate are given below. The following table summaries the effects of changes in these actuarial assumptions on the defined benefit obligation at year end.

	As at 31 March 2022		As at 31 March 2021	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount rate				
Change in the defined benefit obligation	(40)	45	(28)	31
Salary growth rate				
Change in the defined benefit obligation	40	(36)	28	(25)
Attrition rate				
Change in the defined benefit obligation	4	(5)	0	(0)

The sensitivity analysis is based on a change in one assumption while not changing all other assumptions. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another since some of the assumptions may be co-related.

Maturity analysis of defined benefit obligation (discounted):

	As at 31 March 2022	As at 31 March 2021
Projected benefits payable in future years from the date of reporting		
One year	139	191
Two to five years	180	187
Five years and above	472	357

The weighted average duration of the defined benefit obligation at the end of the reporting year is 21 years (31 March 2021: 21 years)

b) Defined contribution plan
The Company has recognised following expenses in the standalone statement of profit and loss in respect of the defined contribution plans (refer note 25):

	Year ended 31 March 2022	Year ended 31 March 2021
Employer's contribution to provident fund	250	227
Employer's contribution to Employees' State Insurance Scheme	4	2

The Company has certain defined contribution plans. Contributions are made to recognised provident fund administered by the Government of India for employees @ 12.00% p.a. of their basic salary subject to mandatory maximum amount as per the regulations. The contribution of the Company is limited to the amount contributed and it has no further contractual obligation.

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD.
YARNS FOR THE FABRICS OF LIFE

(This space has been intentionally left blank)

(All amounts in Rupees lakhs, unless otherwise stated)

Note 32 : Related party disclosures

In accordance with the requirement of Ind AS 24 'Related Party Disclosures', name of the related parties, their relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place have been furnished as follows:

a) List of related parties and nature of relationships

Nature of relationship	Name of the related party: 31 March 2022	Name of the related party: 31 March 2021
Subsidiary companies	Sanathan Polycot Private Limited (with effect from 20 April 2021) Universal Texturisers Private Limited (with effect from 26 September 2021)	- -
Key managerial personnel ('KMP')	Paresh Kumar V. Dattani, Chairman and Managing Director Ajay Kumar V. Dattani , Joint Managing Director Anil Kumar V. Dattani, Executive Director Sammir Dattani, Executive Director Debabrata Sarkar (with effect from 22 November 2021), Independent Director Khurshed Thanawalla (with effect from 22 November 2021), Independent Director Bhumika Batra (with effect from 22 November 2021), Independent Director Vinay Aggarwal (with effect from 22 November 2021), Independent Director	Paresh Kumar V. Dattani, Director Ajay Kumar V. Dattani, Director Anil Kumar V. Dattani, Director Sammir Dattani, Director Vallabhdas Dattani (up to 31 March 2021), Director Dinesh Kumar V. Dattani (up to 31 March 2021), Director Mikesh Dattani (up to 31 March 2021), Director Varun Dattani (up to 31 March 2021), Director
Relative of KMP	Jyotsana Dattani Beena Dattani Geeta Dattani Sonali Dattani Aakash Dattani Aditi Dattani Vinodkumar Dattani Ritika Jolly Dattani Nirupama T. Sayani Sweta Vijay Gandhi Jayashree A. Dattani Mikesh Dattani Varun Dattani Vallabhdas Dattani Dinesh Kumar V. Dattani	Jyotsana Dattani Beena Dattani Geeta Dattani Sonali Dattani Aakash Dattani Aditi Dattani Vinodkumar Dattani Ritika Jolly Dattani Nirupama T. Sayani Sweta Vijay Gandhi Jayashree A. Dattani
Enterprise over which KMP are able to exercise significant influence	Vallabhdas V. Dattani (HUF) Paresh Kumar V. Dattani (HUF) Ajay Kumar V. Dattani (HUF) Anil Kumar V. Dattani (HUF) Mikesh A. Dattani (HUF) Sammir D. Dattani (HUF) Dinesh Kumar Dattani (HUF) Varun Dattani (HUF) Dattani Foundation Vajubhai Investments Private Limited Shantaben Dattani charitable trust Nimbus Trust (with effect from from 10 December 2021) P&B Family Trust (with effect from 10 December 2021) D&G Family Trust (with effect from 10 December 2021) A&J Family Trust (with effect from 10 December 2021)	Vallabhdas V. Dattani (HUF) Paresh Kumar V. Dattani (HUF) Ajay Kumar V. Dattani (HUF) Anil Kumar V. Dattani (HUF) Mikesh A. Dattani (HUF) Sammir D. Dattani (HUF) Dinesh Kumar Dattani (HUF) Varun Dattani (HUF) Dattani Foundation Vajubhai Investments Private Limited Shantaben Dattani charitable trust

Names above have been disclosed to the extent transactions have taken place.

WALKER CHANDIOK & Co LLP * MUMBAI * CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD. * YARNS FOR THE FABRICS OF LIFE

b) Transactions during the year:

Particulars	Subsidiary companies		KMP		Relatives of KMP		Enterprise over which KMP are able to exercise significant influence	
	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021	Year ended 31 March 2022	Year ended 31 March 2021
Salaries, wages and bonus	-	-	1,267	3,562	1,215	13	-	-
Commission to executive directors *	-	-	600	-	-	-	-	-
Commission to non-executive directors *	-	-	6	-	-	-	-	-
Loan received	-	-	1,128	264	375	9	20	41
Loan repaid	-	-	1,850	168	1,511	17	613	159
Interest expense	-	-	69	92	50	72	26	59
Contribution towards corporate social responsibility (refer note 36)	-	-	-	-	-	-	258	172
Donation - others	-	-	-	-	-	-	-	5
Directors' sitting fees	-	-	12	-	-	-	-	-
Investments made	2,340	-	-	-	-	-	-	-
Loans granted	256	-	-	-	-	-	-	-
Conversion of loan granted to security deposit	36	-	-	-	-	-	-	-
Interest income	3	-	-	-	-	-	-	-
Rent expense	18	-	-	-	-	-	-	-

c) Balances outstanding at the year end:

Particulars	Subsidiary companies		KMP		Relatives of KMP		Enterprise over which KMP are able to exercise significant influence	
	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021	As at 31 March 2022	As at 31 March 2021
Loans receivable	220	-	-	-	-	-	-	-
Security deposit - current	36	-	-	-	-	-	-	-
Investments	2,340	-	-	-	-	-	-	-
Unsecured loan	-	-	-	1,139	-	719	-	592
Provision for commission to executive director *	-	-	600	-	-	-	-	-
Provision for commission to non-executive director (refer note 28(C)) *	-	-	6	-	-	-	-	-
Employee related payables	-	-	-	1,130	-	1	-	-

*Provision for commission to directors amounting to Rs. 606 lakhs (31 March 2021 : Nil) is accrued but not due.

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS * MUMBAI

(This space has been intentionally left blank)

SANATHAN TEXTILES LTD. * YARNS FOR THE FABRICS OF LIFE *

Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2022
(All amounts in Rupees lakhs, unless otherwise stated)

d) Additional disclosure in respect of material transactions and balances

i) Transactions during the year (disclosure in respect of material transactions during the year in accordance with para 24 of Ind AS 24 'Related Party Disclosures')

Name of related parties	Nature of transactions	Year ended 31 March 2022	Year ended 31 March 2021
(a) Subsidiary companies			
Sanathan Polycot Private Limited	Investments made	990	-
Universal Texturisers Private Limited	Investments made	1,350	-
Universal Texturisers Private Limited	Loan granted	131	-
Sanathan Polycot Private Limited	Loan granted	125	-
Universal Texturisers Private Limited	Conversion of loan granted to security deposit	35	-
Universal Texturisers Private Limited	Rent expense	18	-
Universal Texturisers Private Limited	Interest income	3	-
(b) KMP			
Ajay Kumar V. Dattani	Salaries, wages and bonus	334	452
Anil Kumar V. Dattani	Salaries, wages and bonus	334	446
Paresh Kumar V. Dattani	Salaries, wages and bonus	334	650
Sammir Dattani	Salaries, wages and bonus	265	380
Vallabhdas Dattani	Salaries, wages and bonus	-	448
Dinesh Kumar V. Dattani	Salaries, wages and bonus	-	492
Varun Dattani	Salaries, wages and bonus	-	448
Mikesh Dattani	Salaries, wages and bonus	-	246
Ajay Kumar V. Dattani	Interest expense	29	39
Paresh Kumar V. Dattani	Interest expense	34	5
Dinesh Kumar V. Dattani	Interest expense	-	21
Ajay Kumar V. Dattani	Loan received	273	122
Paresh Kumar V. Dattani	Loan received	730	38
Anil Kumar V. Dattani	Loan received	-	36
Dinesh Kumar V. Dattani	Loan received	-	36
Ajay Kumar V. Dattani	Loan repaid	620	30
Paresh Kumar V.Dattani	Loan repaid	809	4
Vallabhdas Dattani	Loan repaid	-	76
Debabrata Sarkar	Directors' sitting fees	3	-
Khurshed Thanawalla	Directors' sitting fees	3	-
Bhumika Batra	Directors' sitting fees	5	-
Vinay Aggarwal	Directors' sitting fees	5	-
Anil Kumar V. Dattani	Loan repaid	63	103
(c) Relative of KMP			
Vallabhdas Dattani	Salaries, wages and bonus	284	-
Dinesh Kumar V. Dattani	Salaries, wages and bonus	352	-
Varun Dattani	Salaries, wages and bonus	262	-
Mikesh Dattani	Salaries, wages and bonus	297	-
Varun Dattani	Loan received	245	-
Vallabhdas Dattani	Loan repaid	-	-
Dinesh Kumar V. Dattani	Interest expense	15	-
(d) Enterprise over which KMP are able to exercise significant influence			
Dattani foundation	Contribution towards corporate social responsibility	258	172
Shantaben Dattani charitable trust	Donation - others	-	5
Vajubhai Investments Private Limited	Loan repaid	-	151

(All amounts in Rupees lakhs, unless otherwise stated)

ii) Balances outstanding at the year end:

Name of related parties	Nature of balances	As at 31 March 2022	As at 31 March 2021
(a) Subsidiary companies			
Sanathan Polycot Private Limited	Investments	990	-
Universal Texturisers Private Limited	Investments	1,350	-
Sanathan Polycot Private Limited	Loan receivable	125	-
Universal Texturisers Private Limited	Loan receivable	95	-
Universal Texturisers Private Limited	Security deposit - current	38	-
(b) KMP			
Ajay Kumar V. Dattani	Unsecured loan	-	548
Sammir Dattani	Employee related payables	-	142
Anil Kumar V. Dattani	Employee related payables	-	160
Dinesh Kumar V. Dattani	Employee related payables	-	141
Vallabhdas V. Dattani	Employee related payables	-	215
Varun Dattani	Employee related payables	-	252

e) Additional disclosure in respect of compensation to KMP

Particulars	As at 31 March 2022
(i) Short-term employee benefits	1,867
(ii) Post-employment benefits	-
(iii) Other long-term benefits (refer note 1 below)	-
(iv) Termination benefits	-
(v) Share-based payment	-

Notes:
1. The remuneration to the KMP and relatives of KMP does not include the provision made for gratuity, as gratuity for the Company is determined on an actuarial basis for the Company as a whole.
2. For personal guarantees and securities given by related parties, refer note 16.

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS * MUMBAI

(This space has been intentionally left blank)

SANATHAN TEXTILES LTD. * FOR THE FABRICS OF LIFE *

(All amounts in Rupees lakhs, unless otherwise stated)

Note 33 : Financial instruments

i) Fair values hierarchy

The following explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Level 1: quoted prices (unadjusted) in active markets for financial instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

Financial assets measured at fair value - recurring fair value measurements

Particulars	Level 1	Level 2	Level 3	Total
31 March 2022				
Financial assets				
Fair value through profit or loss				
Investments in mutual funds	5,484	-	-	5,484
Foreign exchange forward contracts (designated as derivative instruments)	-	23	-	23
Fair value through other comprehensive income				
Foreign exchange forward contracts (designated as hedging instruments)	-	-	-	-
31 March 2021				
Fair value through profit or loss				
Investments in mutual funds	-	-	-	-
Foreign exchange forward contracts (designated as derivative instruments)	-	-	-	-
Financial assets				
Fair value through other comprehensive income				
Foreign exchange forward contracts (designated as hedging instruments)	-	37	-	37

ii) Valuation techniques used to determine fair value

The fair value of the financial assets and liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants. The following methods were used to estimate the fair values:

- Other non-current financial assets and liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to be approximate to their fair value.

- Derivative financial assets and liabilities: The Company enters into derivative contracts with various counterparties, principally financial institutions with investment grade credit ratings. Forward foreign currency contracts are determined using forward exchange rates at the reporting date.

- Trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to the short-term maturities of these instruments.

- Borrowings taken by the Company are as per the Company's credit and liquidity risk assessment and there is no comparable instrument having the similar terms and conditions with related security being pledged and hence the carrying value of the borrowings represents the best estimate of its fair value.

Fair value of assets and liabilities which are measured at amortised cost for which fair value are disclosed:

Particulars	As at 31 March 2022		As at 31 March 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets (other than non-current investments)				
Loans	220	220	-	-
Investments*	5,484	5,484	-	-
Trade receivables	13,619	13,619	12,949	12,949
Cash and cash equivalents	2,543	2,543	2,653	2,653
Other bank balances	205	205	3,239	3,239
Derivative financial asset (designated as derivative instrument)*	23	23	-	-
Derivative financial asset (designated as hedging instrument)*	-	-	37	37
Other financial assets	6,043	6,043	3,813	3,813
Financial liabilities				
Borrowings	37,819	37,819	54,116	54,116
Trade payables	30,942	30,942	35,538	35,538
Other financial liabilities	3,552	3,552	2,882	2,882

iii) There have been no transfers amongst the levels of fair value hierarchy during the year.

* For financial asset and liabilities that are measured at fair value, the carrying value are considered equal to the fair value.

WALKER CHANDIOK & Co LLP * MUMBAI * CHARTERED ACCOUNTANTS

(This space has been intentionally left blank)

SANATHAN TEXTILES LTD. * YARNS FOR THE FABRICS OF LIFE

(All amounts in Rupees lakhs, unless otherwise stated)

Note 34 : Financial risk management

A) Financial risk management

i) Financial instruments by category

Particulars	As at 31 March 2022			As at 31 March 2021		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets (other than non-current investments)						
Loans	-	-	220	-	-	-
Investments	5,484	-	-	-	-	-
Trade receivables	-	-	13,519	-	-	12,949
Cash and cash equivalents	-	-	2,543	-	-	2,653
Other bank balances	-	-	205	-	-	3,239
Derivative financial asset (designated as derivative instrument)	23	-	-	-	-	-
Derivative financial asset (designated as hedging instrument)	-	-	-	4	33	-
Other financial assets	-	-	6,043	-	-	3,813
Total	5,507	-	22,630	4	33	22,654
Financial liabilities						
Borrowings	-	-	37,819	-	-	54,116
Trade payables	-	-	30,942	-	-	35,538
Other financial liabilities	-	-	3,552	-	-	2,882
Total	-	-	72,313	-	-	92,536

Notes:

a) The carrying value of trade receivables, cash and cash equivalents, loans ,other bank balances and other financial assets recorded at amortised cost, is considered to be a reasonable approximation of fair value.

b) The carrying value of borrowings, trade payables and other financial liabilities recorded at amortised cost is considered to be a reasonable approximation of their respective fair value.

c) All financial assets and financial liabilities are categorised under level 3 of fair value hierarchy except current investments and derivative financial assets / liabilities.

ii) Financial risk management

The Company's activities expose it to a variety of financial risks namely market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same.

The risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the relevant Committee is responsible for overseeing the Company's risk assessment and management policies and processes. The Company's financial risk management policy is set by the management.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, other bank balances, loans, trade receivables and other financial assets measured at amortised cost	Ageing analysis	Bank deposits, diversification of asset base, credit limits and collateral
Liquidity risk	Borrowings, trade payables and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - interest rate	Borrowings at variable rates and investment in mutual funds	Sensitivity analysis	Borrowings taken at floating rates and investments are quoted in market
Market risk - foreign exchange	Receivables and payables in other than functional currency	Sensitivity analysis	Hedging through forward contracts
Market risk - price risk	Investment in mutual funds	Sensitivity analysis	Portfolio diversification

(All amounts in Rupees lakhs, unless otherwise stated)

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, and arises principally from the Company's receivables from customers. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of allowance for expected credit loss for trade receivables.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits, continuously monitoring the credit worthiness of customers.

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. The Company has very limited history of customer default, and considers the credit quality of trade receivables for evaluation of allowance for expected credit loss.

The credit risk on liquid funds such as balance in current and deposit accounts with banks and derivative financial instruments (included in other financial assets) is limited because the counterparties are banks with high credit-ratings.

Expected credit loss on trade receivables

As at 31 March 2022	0-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
Trade receivables	6,486	4,386	2,159	1,090	14,121
Allowance for expected credit loss	22	55	93	332	502
Carrying amount of trade receivables	6,464	4,331	2,066	758	13,619

As at 31 March 2021	0-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
Trade receivables	9,419	2,392	1,081	386	13,278
Allowance for expected credit loss	39	33	54	203	329
	9,380	2,359	1,027	183	12,949

Trade receivables are generally settled in line with respective industry norms.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and committed borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities and by monitoring rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
The tables below provides details regarding the contractual maturities of financial liabilities into relevant maturity groupings (on discounted basis):

As at 31 March 2022	Up to one year	One to five years	More than five years	Total
Non-derivatives				
Borrowings	9,817	16,684	11,318	37,819
Trade payables	30,942	-	-	30,942
Other financial liabilities	3,552	-	-	3,552
Total non-derivative liabilities	44,311	16,684	11,318	72,313

As at 31 March 2021	Up to one year	One to five years	More than five years	Total
Non-derivatives				
Borrowings	14,272	27,536	12,308	54,116
Trade payables	35,538	-	-	35,538
Other financial liabilities	2,882	-	-	2,882
Total non-derivative liabilities	52,692	27,536	12,308	92,536

Trade payables are generally non-interest bearing and are normally settled in line with respective industry norms.

Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2022
(All amounts in Rupees lakhs, unless otherwise stated)

c) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk- sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments and all short term and long-term debt. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, trade payables, trade receivables, loans, investments, derivative financial instruments and other financial instruments. The Company is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Company's exposure to market risk is a function of investing and borrowing activities.

(i) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's foreign exchange risk arises from its foreign currency borrowings, trade receivables and trade payables denominated in foreign currencies. The results of the Company's operations can be affected as the Indian Rupees ('INR') is volatile against these currencies. The Company enters into derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures and also inherent hedging as it is engaged in the export of manufacturing products. The Company has a treasury team which monitors the foreign exchange fluctuations on a continuous basis and advises the management of any material adverse effect on the Company.

The following tables sets forth information relating to foreign currency exposure

	As at 31 March 2022		As at 31 March 2021	
	Foreign currency (in units)	Rupees (in lakhs)	Foreign currency (in units)	Rupees (in lakhs)
Liabilities				
Borrowings *				
- USD	26,612,638	20,174	10,601,486	7,793
- EURO	11,496,208	9,733	13,604,818	11,714
Interest payable				
- USD	10,561	8	13,313	10
- EURO	780	1	1,974	2
Trade payables				
- USD	13,752,423	10,425	4,610,256	3,389
- EURO	956,815	810	201,348	173
- JPY	79,654,400	496	14,664,900	97
Assets				
Trade receivables				
- USD	11,711,476	8,878	5,806,416	4,265
Cash and cash equivalents (EEFC accounts)				
- USD	-	-	-	-

The abovementioned exposure is unhedged

* Amounts are exclusive of EIR impact as per Ind AS 109 'Financial Instruments'

Foreign currency sensitivity analysis:

The following tables demonstrate the sensitivity to a reasonably possible change in different foreign exchange rates with INR, with all other variables held constant. The impact on the Company's profit or loss before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Impact on standalone statement of profit and loss for the year ended 31 March 2022		Impact on standalone statement of profit and loss for the year ended 31 March 2021	
5% movement	Strengthening of foreign currency	Weakening of foreign currency	Strengthening of foreign currency	Weakening of foreign currency
On foreign currency assets and liabilities				
- USD	(1,066)	1,066	(346)	346
- EURO	(527)	527	(594)	594
- JPY	(25)	25	(5)	5

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * MUMBAI

SANATHAN TEXTILES LTD. * YARNS FOR THE FABRICS OF LIFE *

(All amounts in Rupees lakhs, unless otherwise stated)

(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 market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company's investments in bank deposits are for short durations, and therefore do not expose the Company to significant interest rates risk.
a. Interest rate risk exposure
The exposure of Company's borrowing to interest rate changes at the end of the reporting year are as follows:

	As at 31 March 2022	As at 31 March 2021
Floating rate instruments:		
Borrowings	37,819	50,954

b. Interest rate sensitivity:
The sensitivity analysis below have been determined based on exposure to interest rates for borrowings at the end of the reporting year and the stipulated change taking place at the beginning of the year and held constant throughout the reporting year in case of borrowings that have floating rates.

If the interest rates had been 50 basis points higher or lower and all the other variables, in particular foreign currency exchange rates, were held constant, the effect on interest expense for the respective year and consequent effect on Company's profit or loss before tax in that year would have been as below:

	Impact on profit before tax	
	Year ended 31 March 2022	Year ended 31 March 2021
Floating rate instruments:		
50 basis points increase	(189)	(255)
50 basis points decrease	189	255

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

(iii) Price risk
The Company is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. These are exposed to price risk. The Company has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in mutual funds.

	As at 31 March 2022	As at 31 March 2021
Investments in mutual funds	5,454	-

	Impact on profit before tax	
	Year ended 31 March 2022	Year ended 31 March 2021
Price change by :		
100 basis points increase	55	-
100 basis points decrease	(55)	-

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS * MUMBAI

SANATHAN TEXTILES LTD. * YARNS FOR THE FABRICS OF LIFE *

B) Derivative financial instruments (designated as derivative instrument):
The Company holds derivative financial instrument i.e., foreign currency forward contracts to mitigate the risk of changes in exchange rate on foreign currency exposure. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on inputs which are directly or indirectly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward contracts:

Particulars	Buy / sell	As at 31 March 2022	
		Foreign currency (in units)	Fair value (in Rupee lakhs)
Foreign currency forward contracts in USD	Sell	3,750,000	2,914

Particulars	Buy / sell	As at 31 March 2021	
		Foreign currency	Fair value
Foreign currency forward contracts in USD	Sell	-	-

C) Derivative financial instruments (designated as hedging instruments):
The Company holds derivative financial instrument i.e., foreign currency forward contracts to mitigate the risk of changes in exchange rate on foreign currency exposure. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on inputs that is directly or indirectly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward contracts:

Particulars	Buy / sell	As at 31 March 2022	
		Foreign currency (in units)	Fair value (in Rupee lakhs)
Foreign currency forward contracts in USD	Sell	-	-

Particulars	Buy / sell	As at 31 March 2021	
		Foreign currency (in units)	Fair value (in Rupee lakhs)
Foreign currency forward contracts in USD	Sell	3,236,001	2,467

The objective of hedge accounting is to represent, in the Company's standalone financial statements, the effect of the Company's use of financial instruments to manage exposures arising from particular risks that could affect profit or loss. As part of its risk management strategy, the Company makes use of derivative financial instruments for hedging the risk arising on account of highly probable foreign currency forecasted sales.

The Company has a Board approved policy on assessment, measurement and monitoring of hedge effectiveness which provides a guideline for the evaluation of hedge effectiveness, treatment and monitoring of the hedge effective position from an accounting and risk monitoring perspective. Hedge effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. The Company assesses hedge effectiveness on prospective basis. The prospective hedge effectiveness test is a forward looking evaluation of whether or not the changes in the fair value or cash flows of the hedging position are expected to be highly effective in offsetting the changes in the fair value or cash flows of the hedged position over the term of the relationship.
For derivative financial instruments designated as hedge, the Company documents, at inception, the economic relationship between the hedging instrument and the hedged item, the hedge ratio, the risk management objective for undertaking the hedge and the methods used to assess the hedge effectiveness. The derivative contracts have been taken to hedge foreign currency fluctuations risk arising on account of highly probable foreign currency forecasted sales.
The hedge ratio is 1:1.
The Company applies cash flow hedge to hedge the variability arising out of foreign currency exchange fluctuations on account of highly probable foreign currency forecasted sales. Such contracts are generally designated as cash flow hedges.
The Company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The foreign exchange forward contracts are denominated in the same currency as the highly probable forecasted sales. Further, the entity has included the foreign currency basis spread and takes the forward rates in hedging relationship.
Hedge effectiveness is assessed through the application of dollar offset method and designation of forward contract as the hedging instrument. Further to determine hedge effectiveness, Company creates the hypothetical forward contract rate as on the date of reporting and takes mark-to-market rate of forward contract rate in order to determine hedge ineffectiveness. Hedge effectiveness is calculated using the following formula: Change in fair value of hedging instrument / change in fair value of hedged item. Effective portion of cash flow hedge is taken to cashflow hedge reserve, which is a separate portion within equity i.e. other comprehensive income (OCI) and ineffective portion is immediately charged to the standalone statement of profit and loss. Balances in cashflow hedge reserve are transferred to the standalone statement of profit and loss in the period, when sales occur and cash flows actually effects the profit or loss.

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS * MUMBAI

SANATHAN TEXTILES LTD. * YARNS FOR THE FABRICS OF LIFE *

(All amounts in Rupees lakhs, unless otherwise stated)

The table below enumerates the Company's hedging strategy, typical composition of the Company's hedge portfolio, the instruments used to hedge risk exposures and the type of hedging relationship:

Type of risk / hedge position	Hedged item	Description of hedging strategy	Hedging instrument	Description of hedging instrument	Type of hedging relationship
Cash flow hedge of foreign currency risk	Highly probable forecasted sales	Foreign currency denominated in proceeds from highly probable forecasted sales is converted into functional currency using a forward contract. Functional currency of the Company is INR.	Foreign exchange forward contracts	Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. These are customised contracts transacted in the over–the–counter market.	Cash flow hedge

The tables below provide details of the financial contracts that have been designated as cash flow hedge for the years presented:

Foreign exchange forward contracts								
Reporting date	Notional principal amounts (USD in units)	Derivative financial assets	Derivative financial liabilities	Change in fair value for the year recognised in other comprehensive income	Ineffectiveness recognised in the standalone statement of profit and loss	Line item in the standalone statement of profit and loss that includes hedge ineffectiveness	Amount reclassified from cash flow hedge reserve the standalone statement of profit and loss	Line item in the standalone statement of profit and loss affected by the reclassification
As at 31 March 2022	-	-	-	-	-	Not applicable	25	Revenue from operations
As at 31 March 2021	3,236,001	37	-	33	4	Other income	(73)	Revenue from operations

Note 35 : Capital management

The Company's objective while managing capital is to safeguard its ability to continue as a going concern, maintain an optimal and efficient capital structure and reduce the cost of capital.

The management assesses the Company's capital requirements in order to maintain an efficient overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of changes in the economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Company is not subject to externally imposed capital requirements.

The Company has complied with debt covenants as per the terms of the borrowing facility arrangements. The Company manages its capital requirements by overseeing the gearing ratio.

Particulars	As at 31 March 2022	As at 31 March 2021
Debt (excluding accrued interest)	37,819	54,116
Total equity	98,672	63,090
Gearing ratio (in %)	38.33%	85.78%

WALKER CHANDIOK & Co LLP * MUMBAI * CHARTERED ACCOUNTANTS

SANATHAN TEXTILES LTD. * FOR THE FABRIC OF LIFE *

Note 36 : Corporate social responsibility ('CSR')

As per section 135 of the Act, and rules therein, the Company is required to spend at least 2% of its average net profits for three immediately preceding financial years towards CSR activities. The Company has formulated a CSR committee as per the Act. The funds are utilised on the activities which are specified in Schedule VII of the Act. Details of CSR expenditure are as follows:

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
a. Gross amount required to be spent by the Company pursuant to section 135(5) of the Act	282	174
b. Amount of expenditure incurred :		
(i) Contribution made to Dattani Foundation for CSR activities	258	172
(ii) Purchase of oximeter for village	1	-
(iii) Distribution of preventive medicine in village	1	-
(iv) Repairing work of anganvadi	21	2
(v) Others	1	-
Total	282	174
c. Shortfall as at the year end (refer note)	206	-

Note :
The contribution to Dattani foundation for CSR activities amounting to Rs. 206 lakhs remained unspent as at 31 March 2022. Thus, in accordance with the provision of section 135 of the Act, amount has been transferred to scheduled bank account.

Note 37 : Payment to the auditor (excluding goods and service tax, as applicable)

	Year ended 31 March 2022	Year ended 31 March 2021
As auditors	33	33
For reimbursement of expenses	2	-
	35	33

Note 38 : Contingent liabilities and commitments

i) Contingent liabilities

	As at 31 March 2022	As at 31 March 2021
a) Central excise matters	507	507
b) Service tax matters	40	-
c) Income-tax matters	240	239
d) Goods and service tax matters	185	-
e) Sales tax matters	289	-

Notes:
1. It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.
2. The amounts disclosed above represent the best possible estimates arrived at on the basis of available information and does not include penalty, if any.

ii) Commitments
Commitments as at the reporting date amounts Rs. 1,305 (31 March 2021 : Rs. Nil), in addition to the commitment towards export obligation stated in note 39 below.

Note 39 : Government grants
The disclosures pursuant to Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance' are as follows:

	31 March 2022	31 March 2021
Deferred government grants at 1 April 2021	355	535
Government grant received during the year	418	39
Government grant offered to standalone statement of profit and loss during the year	680	219
Deferred government grants as at 31 March 2022	93	355
Current	-	353
Non-current	93	2

Government grants relating to PPE relate to duty saved on import of capital goods and spares under the Export Promotion Capital Goods scheme. Under this scheme, the Company is committed to export prescribed times of the duty saved on import of capital goods over a specified period of time. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities.

The primary conditions attached to the aforementioned grant is the fulfilment of export obligations, and thus, the grant is recognised in the standalone statement of profit and loss to the extent such obligations have been fulfilled.

Pending export obligations attached to above grant as at 31 March 2022 is Rs. 555 lakhs (31 March 2021 : Rs. 2,135 lakhs).

WALKER CHANDIOK & CO LLP * CHARTERED ACCOUNTANTS * MUMBAI

SANATHAN TEXTILES LTD. * YARNS FOR THE FABRICS OF LIFE *

(All amounts in Rupees lakhs, unless otherwise stated)

Note 40 : Segment reporting

(a) Operating segment

Ind AS 108 'Operating Segments' ("Ind AS 108") establishes standards for the way that business enterprises report information about operating segments and related disclosures about revenue, geographic areas and major customers. Based on the 'management approach' as defined in Ind AS 108, the Chief Operating Decision Maker ('CODM') monitors and reviews the operating results of the Company as one segment i.e., 'Yarn manufacturing'. Since the entire business falls within a single operational segment, these standalone financial statements are reflecting the information required by Ind AS 108.

(b) Geographical segment

(i) Revenue from operations disaggregated based on geography

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
India	276,974	167,649
Outside India	41,558	24,187
Revenue from operations	318,532	191,836

Note: Considering the nature of business in which the Company operates, the Company deals with various customers across multiple geographies. None of the geographies contribute materially to the revenue of the Company.

(ii) Non-current assets based on geography (location of assets)

Particulars	As at 31 March 2022	As at 31 March 2021
India	92,402	89,457
Outside India	87	163
Segment assets	92,489	89,620
Unallocable	1,041	1,188
Total non-current assets	93,530	90,808

Note 41 : Revenue from operations

(a) Performance obligation

The performance obligation of the Company is satisfied at a point in time.

Revenue from sale of products and stock-in-trade

Revenue from sale of products and stock-in-trade is recognised when the Company satisfies performance obligation by transferring promised goods to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset which is generally on dispatch of products or on delivery of products.

(b) Revenue from contract with customers

	Year ended 31 March 2022	Year ended 31 March 2021
Sale of products	306,330	186,650
Sale of stock-in-trade	5,731	1,830

(c) Trade receivables

The outstanding balance of trade receivables after considering allowance for expected credit loss is presented in below table:

	As at 31 March 2022	As at 31 March 2021
Trade receivables	15,519	12,349

(The space has been intentionally left blank)

(All amounts in Rupees lakhs, unless otherwise stated)

Note 42: Disclosure of ratios

Type of ratio	Formula for computation	Measure (in times / percentage)	31 March 2022	31 March 2021	Variation	Remarks
(a) Current ratio	Current asset / Current liabilities	Times	1.87	1.32	42%	Refer note a below
(b) Debt-equity ratio	Debt / Net worth	Times	0.38	0.86	-55%	Refer note b below
(c) Debt service coverage ratio	EBITDA / (Finance costs + Principal repayment of long term borrowings within one year)	Times	4.29	1.88	127%	Refer note c below
(d) Return on equity ratio	Profit after tax / Net worth	Percentage	36.03%	29.42%	22%	Refer note d below
(e) Inventory turnover ratio	Cost of goods sold / Average inventory	Times	5.45	4.12	32%	Refer note e below
(f) Trade receivable turnover ratio	Revenue from operations / Average gross trade receivables	Times	23.25	16.17	44%	Refer note f below
(g) Trade payable turnover ratio	Net purchases / Average trade payables	Times	6.52	3.90	67%	Refer note g below
(h) Net capital turnover ratio	Revenue from operations / Net assets	Times	2.48	1.79	38%	Refer note h below
(i) Net profit ratio	Profit after tax / Revenue from operations	Percentage	11.16%	9.66%	16%	Refer note i below
(j) Return on capital employed	EBIT / Capital employed	Percentage	40.39%	29.42%	37%	Refer note j below
(k) Return on investment	Profit before tax / Total assets	Percentage	26.70%	15.39%	73%	Refer note k below

Notes:

1 Debt = Non-current borrowings + Current borrowings
2 Net worth = Paid-up share capital + Reserves created out of profit - Accumulated losses
3 EBITDA = Earnings before finance costs, depreciation expense and tax
4 Cost of goods sold = Cost of materials consumed + Purchase of stock-in-trade + Changes in inventories of finished goods, stock-in-trade and work-in-progress
5 Net purchase = Purchase of stock-in-trade + Cost of materials consumed + Closing inventory of raw materials - Opening inventory of raw materials
6 Net assets = Property, plant and equipment (including CWIP) + Current assets - Current liabilities
7 EBIT = Earnings before interest and tax
8 Capital employed = Total equity + Non-current borrowings

Disclosure for change in ratio by more than 25%:

Type of ratio	Variation in ratio between 31 March 2022 and 31 March 2021	Reasons for variance
(a) Current ratio	42%	Owing to increase in current assets primarily due to increase in inventory and investments and reduction in current liabilities due to repayment of borrowings and quicker payment of trade payables
(b) Debt-equity ratio	(55)%	Owing to repayment of borrowings and increase in the profits which in turn led to increase in net worth
(c) Debt service coverage ratio	127%	Owing to increase in EBITDA vis-à-vis previous year
(d) Return on equity ratio	22%	Refer note below
(e) Inventory turnover ratio	32%	Owing to the increased sales and improved operating cycle
(f) Trade receivable turnover ratio	44%	Owing to increase in revenue vis-à-vis previous year and improvement in collectability of debtors
(g) Trade payable turnover ratio	67%	Owing to increase in purchases vis-à-vis previous year and shorter payments cycle
(h) Net capital turnover ratio	38%	Owing to increase in revenue vis-à-vis previous year and increase in the net assets
(i) Net profit ratio	16%	Refer note below
(j) Return on capital employed	37%	Owing to increase in EBIT and repayment of borrowings
(k) Return on investment	73%	Owing to increase in profit before tax

Note: Since the change in ratio is less than 25%, no explanation is required to be furnished.

Note 43 : Leases

The Company's leased assets primarily consists of leases for staff quarters and offices, having different lease terms primarily of twelve months or less and of low-value assets for which the Company has exercised exemption under Ind AS 116 'Leases'. Therefore, the lease payments related to such arrangements are charged to the standalone statement of profit and loss under the head 'Rent' in other expenses.

Note 44 : Code of social security

The Code of Social Security, 2020 ('Code') relating to employee benefits during employment and post employment received Presidential assent in September 2020. Subsequently, the Ministry of Labour and Employment had released the draft rules on the aforementioned Code. However, the same is yet to be notified, except section 142 of the Code that has been made effective by Central Government with effect from 3 May 2021.

WALKER CHANDIOK & CO LLP * MUMBAI * CHARTERED ACCOUNTANTS

(This space has been intentionally left blank)

SANATHAN TEXTILES LTD. * YARNS FOR THE FABRICS OF LIFE *

Note 45 : Disclosure required under section 186(4) of the Act

Unsecured loan

Name of the borrower	Rate of interest (in %)	Due date of repayment	Loan given during the year	As at 31 March 2022	As at 31 March 2021
Universal Texturisers Private Limited	6.25%	29 September 2031	129	93	-
Universal Texturisers Private Limited	4.38%	25 November 2022	2	2	-
Sanathan Polycot Private Limited	4.85%	31 March 2023	125	125	-

Notes:
1 The Company has granted unsecured loan of Rs. 129 lakhs on 29 September 2021 and Rs. 2 lakhs on 12 November 2021, maturing at the end of 10 years from the grant date and at the end of 1 year respectively. The loans are granted for general business purpose.

2 Loan amounting to Rs.36 lakhs has been converted to security deposit via the rent agreement with Universal Texturisers Private Limited effective 1 October 2021.

Investments

Name of the subsidiarity companies	Amount invested during the year	As at 31 March 2022	As at 31 March 2021
Sanathan Polycot Private Limited	990	990	-
Universal Texturisers Private Limited	1,350	1,350	-

Note 46 : Share-based payments

Equity settled share-based payments
The members of the Company had approved the Employee Stock Option Plan - 2021 (ESOP 2021) at the Annual General Meeting held on 25 November 2021. The plan envisages the grant of options to eligible employees. The holder of each option is eligible for one fully paid up equity share of the Company. According to the scheme, the employees selected by the Remuneration Committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions.

A summary of general terms of grants under ESOP 2021 are as follows:

Grant date	10 December 2021
Number of options granted	3,22,000
Vesting period (in years)	Over the period of 4 years
Vesting 1	15 % of the options will vest from the end of 1.5 years from date of grant (i.e. 30 June 2023)
Vesting 2	20 % of the options will vest from the end of 2.5 years from date of grant (i.e. 30 June 2024)
Vesting 3	25 % of the options will vest from the end of 3.5 years from date of grant (i.e. 30 June 2025)
Vesting 4	40 % of the options will vest from the end of 4.5 years from date of grant (i.e. 30 June 2026)
Exercise period (in years)	2 years from the date of vesting (management has discretion to modify the exercise period)
Exercise price per option (Rs.)	550

The details of activity under the ESOP 2021 plan is summarised below:

Particulars	No. of options	* WAEP (Rs.)
Outstanding at the beginning of the year	-	-
Granted during the year	322,000	550
Forfeited during the year	12,500	550
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year	309,500	550
Exercisable at the end of the year	-	-

* WAEP denotes weighted average exercise price of the option.

The weighted average fair value of options granted during the year ended 31 March 2022 is Rs. 113.9 for each option. The weighted average of remaining contractual life of options outstanding is 5.15 years.

The fair value of the options granted during the year has been calculated as per the Black-Scholes Option Pricing Model using the following significant assumptions and inputs:

Particulars	Amounts
Risk-free interest rate (% per annum)	
Vesting 1	4.98%
Vesting 2	5.55%
Vesting 3	5.99%
Vesting 4	6.37%
Expected life of options (in years)	2.5 years to 5.5 years
Expected volatility (% per annum)	
Vesting 1	50%
Vesting 2	45%
Vesting 3	42%
Vesting 4	47%
Expected dividends yield (% per annum)	0%
Weighted average share price (Rs.)	363
Exercise price (Rs.)	550

Volatility : Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during the year. In the absence of deep traded market in Company's equity options, the historical volatility, for similar sector based information on level 2 informations is considered as reasonable proxy of expected volatility.
Risk free rate : The risk free rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on zero coupon yield curve for government securities.

Expected life of the options : Expected life of the options is the period for which the Company expects the options to be live. The minimum life of stock options is the minimum period before which the options cannot be exercised and the maximum life of the option is the maximum period after which the options cannot be exercised. The Company has calculated expected life as the average of the minimum and the maximum life of the options.

Dividend yield : Expected dividend yield has been calculated by dividing the last declared dividend per share by the share price as on the date of grant.

WALKER CHANDIOK & Co LLP * CHARTERED ACCOUNTANTS * MUMBAI

SANATHAN TEXTILES LTD. * FOR THE FABRICS OF LIFE *

Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2022
(All amounts in Rupees lakhs, unless otherwise stated)

During the year ended on 31 March 2022, the Company has recorded an share-based payment expense of Rs. 33 lakhs (31 March 2021 : Rs. Nil)

Note 47 : Other statutory information

A The Company has not advanced or loaned or invested funds to any person or any entity, 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 a 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.

B The Company has not received any fund from any person or any entity, 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 a or on behalf of the Funding Party (Ultimate Beneficiaries); or
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

C The Company does not have any transactions and outstanding balances during the current as well previous year with Companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

Note 48: Impact of COVID-19 impact

The Company continues to closely monitor the impact of the Coronavirus Disease 2019 (COVID-19), which was declared as a pandemic by the World Health Organisation and has made detailed assessment of the impact of the aforementioned pandemic on its liquidity position and recoverability of its assets as at the balance sheet date and currently believes that there will not be any significant adverse impact on the long-term operations, financial position and performance of the Company.

These are the significant accounting policies and other explanatory information referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No. : 001076N/N500013

Rajni Mundra

Rajni Mundra
Partner
Membership No. 058644

WALKER CHANDIOK & Co LLP ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Place: Mumbai
Date: 26 May 2022

For and on behalf of the Board of Directors

Pareshkumar V. Dattani
Chairman and Managing Director
DIN : 00163591

Ajaykumar V. Dattani
Joint Managing Director
DIN : 00163759

Nidhi Batavia
Chief Financial Officer

Jude Patrick D'souza
Company Secretary and
Compliance Officer
Membership No. 44912

SANATHAN TEXTILES LTD. ★ YARNS FOR THE FABRICS OF LIFE ★