

Independent Auditor's Report

To the Members of Sanathan Textiles Limited

Report on the Audit of the Standalone Financial Statements

Walker Chandiok & Co LLP

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Opinion

1. We have audited the accompanying standalone financial statements of **Sanathan Textiles Limited** ('the Company'), which comprise the Standalone Balance Sheet as at 31 March 2023, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flows and the Standalone Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including 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 2023, 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.

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.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kochi, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiok & Co LLP is registered with limited liability with identification number AAC-2085 and has its registered office at L-41, Connaught Circus, Outer Circle, New Delhi, 110001, India

Independent Auditor's report to the members of Sanathan Textiles Limited on the standalone financial statements for the year ended 31 March 2023 (contd).

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 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 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 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 financial statements.
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 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 with reference to 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 Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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



Independent Auditor's report to the members of Sanathan Textiles Limited on the standalone financial statements for the year ended 31 March 2023 (contd).

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The 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 2023 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 financial statements of the Company as on 31 March 2023 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an 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 2023;
 - 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 2023;
 - 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 2023;



Independent Auditor's report to the members of Sanathan Textiles Limited on the standalone financial statements for the year ended 31 March 2023 (contd).

iv.

- a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 47A 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 persons or entities 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 47B 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 persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures 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 2023:

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Rajni Mundra

Rajni Mundra

Partner

Membership No.: 058644

UDIN: 23058644BGXZPH2608

Place: Mumbai

Date: 26 July 2023

Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited on the standalone financial statements for the year ended 31 March 2023

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') and Capital work-in-progress ('CWIP').
- (B) The Company has maintained proper records showing full particulars of intangible assets under development.
- (b) The Company has a regular program of physical verification of its PPE and CWIP 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 disclosed in the note 3 are held in the name of Company.
- (d) The Company has not revalued its PPE during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (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 as compared to book records.



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Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited on the standalone financial statements for the year ended 31 March 2023 (contd.)

- (b) As disclosed in note 16 (C) to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of Rs 5 crore 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:

Name of the Bank	Working capital limit sanctioned (Rupees in lakhs)	Nature of current assets offered as security	Quarter	Amount disclosed as per return (Rupees in lakhs)	Amount disclosed as books of accounts (Rupees in lakhs)	Difference (Rupees in lakhs)
Union Bank of India	2,400	All current assets	I	80,717	107,413*	(26,696)
Bank of Baroda	12,600					
Standard Chartered Bank	4,000					
Union Bank of India	2,400	All current assets	II	69,374	83,290#	(13,917)
Bank of Baroda	12,600					
Standard Chartered Bank	4,000					
Union Bank of India	2,400	All current assets	III	57,273	73,676#	(16,404)
Bank of Baroda	12,600					
Standard Chartered Bank	4,000					
Union Bank of India	2,400	All current assets	IV	61,992	80,897*	(18,905)
Bank of Baroda	12,600					
Standard Chartered Bank	4,000					

* Per books of accounts which were subject to audit.

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



Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited on the standalone financial statements for the year ended 31 March 2023 (contd.)

(iii)

- (a) The Company has made investment in and has provided loans to subsidiaries during the year as per details given below:

Particulars	Guarantees	Security	Loans (Rupees in lakhs)	Advances in nature of loans
Aggregate amount granted during the year:				
- Subsidiaries	Nil	Nil	3,170	Nil
Balance outstanding as at balance sheet date in respect of above cases:				
- Subsidiaries	Nil	Nil	1,766	Nil

- (b) The Company has not provided any guarantee or given any security or granted any advances in the nature of loans during the year. However, the Company has made investment in one entity amounting to Rs. 18,450 lakhs (year-end balance Rs. 21,057 lakhs) and in our opinion, and according to the information and explanations given to us, investments made and terms and conditions of the grant of loans are, prima facie, not prejudicial to the interest of the Company.
- (c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal and interest are regular.
- (d) There is no overdue amount in respect of loans or advances in the nature of loans granted to such companies, firms, LLPs or other parties.
- (e) The Company has granted loans which had fallen due during the year and were repaid on or before the due date. Further, no fresh loans were granted to any party to settle the overdue loans 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 and investments made as applicable. Further, the Company has not entered into any transaction covered under section 185 of the Act and has not entered into any transaction under 186 of the Act in respect of security and guarantee provided by it.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits 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.



Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited on the standalone financial statements for the year ended 31 March 2023 (contd.)

- (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, the Company is regular in depositing 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, with the appropriate authorities. 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:

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	Remarks, if any
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	-



Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited on the standalone financial statements for the year ended 31 March 2023 (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	Remarks, if any
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	-
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	-



Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited on the standalone financial statements for the year ended 31 March 2023 (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	Remarks, if any
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	22	-	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, Central 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 previously recorded in the books of accounts.
- (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 confirmations received from banks and 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 government or any government authority.
- (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, prima facie, not been utilised for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the standalone 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.



Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited on the standalone financial statements for the year ended 31 March 2023 (contd.)

- (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 and on the basis of our examination of the records of the Company, 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 no material fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, 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 per the provisions of 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 its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 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 losses in the current financial year as well as the immediately preceding financial year.



Annexure I referred to in Paragraph 12 of the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited on the standalone financial statements for the year ended 31 March 2023 (contd.)

- (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 indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) According to the information and explanations given to us, there is no unspent amounts towards Corporate Social Responsibility 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) According to the information and explanations given to us, the Company has transferred the remaining unspent amounts towards Corporate Social Responsibility (CSR) 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 Chandiook & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Rajni Mundra..

Rajni Mundra

Partner

Membership No.: 058644

UDIN: 23058644BGXZPH2608

Place: Mumbai

Date: 26 July 2023

Annexure II to the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited on the standalone financial statements for the year ended 31 March 2023

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 ('the Company') as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to 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 control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('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 Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the 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 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 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to 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 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 financial statements.



Annexure II to the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited on the standalone financial statements for the year ended 31 March 2023(contd.)

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to 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 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 financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023, based on the internal financial control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Rajni Mundra

Rajni Mundra
Partner
Membership No.: 058644

UDIN: 23058644BGXZPH2608

Place: Mumbai
Date: 26 July 2023

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

Particulars	Notes	As at 31 March 2023	As at 31 March 2022
Assets			
Non-current assets			
a) Property, plant and equipment	3	84,865	88,070
b) Capital work-in-progress	4	592	239
c) Intangible assets under development	4a	213	-
d) Financial assets	5	21,057	2,340
i) Investments	6	66	93
ii) Loans	7	550	832
iii) Other financial assets	8	431	346
e) Income-tax assets (net)	9	2,134	1,610
f) Other non-current assets			
Total non-current assets		109,908	93,530
Current assets	10	40,128	44,392
a) Inventories	5	4,741	5,484
b) Financial assets	11	14,174	13,619
i) Investments	12	765	2,543
ii) Trade receivables	13	8,693	5,293
iii) Cash and cash equivalents	6	1,700	127
iv) Bank balances other than (iii) above	7	64	146
v) Loans	9	10,389	14,376
vi) Other financial assets			
c) Other current assets		80,654	85,980
Total current assets		190,562	179,310
Total assets			
Equity and liabilities			
Equity			
a) Equity share capital	14	7,194	7,194
b) Other equity	15	107,171	91,478
Total equity		114,365	98,672
Liabilities			
Non-current liabilities			
a) Financial liabilities	16	22,164	28,002
i) Borrowings	17	699	652
b) Provisions	18	6,978	6,149
c) Deferred tax liabilities (net)	19	54	93
d) Other non-current liabilities		29,895	34,896
Total non-current liabilities			
Current liabilities			
a) Financial liabilities	16	5,936	9,817
i) Borrowings	20	1,478	601
ii) Trade payables		34,313	30,341
total outstanding dues of micro enterprises and small enterprises		2,310	3,552
total outstanding dues of creditors other than micro enterprises and small enterprises	21	2,015	741
iii) Other financial liabilities	19	250	284
b) Other current liabilities	17	-	606
c) Provisions		46,302	45,942
d) Current tax liabilities (net)		76,197	80,838
Total current liabilities		190,562	179,510
Total liabilities			
Total equity and liabilities			

The accompanying notes including a 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 Chandick & Co LLP
 Chartered Accountants
 Firm's Registration No. : 001076N/N500013

Rajni Munda
 Rajni Munda
 Partner
 Membership No. 058644



Place: Mumbai
 Date: 26 July 2023

For and on behalf of the Board of Directors

Pareek
 Pareek V. Dattani
 Chairman and Managing Director
 DIN : 00163591

Batavia
 Nishu Batavia
 Chief Financial Officer

Ajay Kumar V. Dattani
 Ajay Kumar V. Dattani
 Joint Managing Director
 DIN : 00163739

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



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

Particulars	Notes	Year ended 31 March 2023	Year ended 31 March 2022
Income			
a) Revenue from operations	22	332,921	318,532
b) Other income	23	1,761	1,617
Total income		334,682	320,149
Expenses			
a) Cost of materials consumed		233,491	206,327
b) Purchases of stock-in-trade		523	3,247
c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	6,514	(7,200)
d) Employee benefits expense	25	8,854	9,474
e) Finance costs	26	2,242	3,246
f) Depreciation expense	27	4,322	4,204
g) Other expenses	28	57,471	52,928
Total expenses		313,417	272,226
Profit before tax		21,265	47,923
Tax expense	29		
a) Current tax			
- for the year		4,765	11,271
- earlier years		43	260
b) Deferred tax		837	839
		5,645	12,370
Profit for the year		15,620	35,553
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement (loss) / gain on defined benefit plan		(32)	28
Income-tax relating to items that will not be reclassified to profit or loss		8	(7)
Other comprehensive income for the year		(24)	21
Total comprehensive income for the year		15,596	35,574
Earnings per share (face value of Rs. 10 each)	30		
Basic earnings per share (in Rupees)		21.72	49.42
Diluted earnings per share (in Rupees)		21.72	49.42

The accompanying notes including a 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 Chandio & Co LLP
Chartered Accountants
Firm's Registration No. : 001076/N/500013

Rajni Munda

Rajni Munda
Partner
Membership No. 058644



Place: Mumbai
Date: 26 July 2023

For and on behalf of the Board of Directors

Pareshkumar V. Dattani
Pareshkumar V. Dattani
Chairman and Managing Director
DIN : 00163591

Ajaykumar V. Dattani
Ajaykumar V. Dattani
Joint Managing Director
DIN : 00163739

Nidhi Batavia
Nidhi Batavia
Chief Financial Officer

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



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

	Year ended 31 March 2023	Year ended 31 March 2022
(A) Cash flow from operating activities		
Profit before tax	21,265	47,923
Adjustments for non-cash transactions and items considered separately		
Depreciation expense	4,322	4,204
Re-measurement loss on defined benefit plan	32	28
Expenses on share-based payments	97	33
Gain on disposal of property, plant and equipment (net)	(12)	(104)
Interest income on bank deposits	(343)	(276)
Interest income on loan to subsidiary companies	(62)	(3)
Fair value gain on investments measured at FVTPL	(78)	(34)
Finance costs	2,242	3,246
Net loss on foreign currency translation	489	97
Liabilities / provisions no longer required, written back	(29)	(43)
Adjustment for government grant	(78)	(680)
Net changes in the fair value in cash flow hedge	-	(25)
Net changes in the fair value of derivative financial instruments	(24)	(23)
Interest income on preference shares measured at FVTPL	(267)	-
Creation / (reversal) of inventory provision	354	(126)
Sundry balances written off	-	24
Profit on sale of units of mutual funds	(240)	-
(Reversal) / creation of allowance for expected credit loss (net)	(259)	173
Cash flow before changes in working capital	27,409	54,414
Changes in working capital		
Trade payables	4,852	(4,575)
Provisions and other liabilities	40	(85)
Inventories	3,910	(14,377)
Trade receivables	(181)	(717)
Other financial and non-financial assets	3,774	6,302
Cash generated from operations before taxes	39,824	40,961
Income taxes paid (net of refunds)	(5,499)	(11,404)
Net cash generated from operating activities (A)	34,325	29,558
(B) Cash flow from investing activities		
Purchases of property, plant and equipment, CWIP and IALD (including capital advances and capital creditors)	(2,229)	(3,313)
Proceeds from disposal of property, plant and equipment	42	216
Deposits matured	(2,770)	929
Investment in preference shares of subsidiary company	(18,450)	-
Investment in equity shares of subsidiary companies	-	(2,340)
Loan granted to subsidiary company	(1,546)	(220)
Interest income on loan to subsidiary companies	62	3
Sale proceeds from mutual fund / (Investment made in mutual funds)	1,052	(5,450)
Interest received on bank deposits	343	276
Net cash used in investing activities (B)	(23,486)	(9,899)
(C) Cash flow from financing activities		
Cash credit facilities and short term borrowings availed / (repaid) (net)	18	(4,455)
Long-term borrowings availed	-	1,000
Repayment of long-term borrowings	(10,393)	(13,066)
Payment of interest	(2,242)	(3,248)
Net cash used in financing activities (C)	(12,617)	(19,770)
Net increase in cash and cash equivalents (A+B+C)	(1,778)	(109)
Cash and cash equivalents at the beginning of the year	2,543	2,653
Cash and cash equivalents at the end of the year	765	2,543
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	677	750
Bank deposit with original maturity of less than three months	86	1,790
Cash on hand	2	3
	765	2,543

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

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

For Walker Chandok & Co LLP
 Chartered Accountants
 Firm's Registration No.: 001076/N/500013

Rajni Munda

Rajni Munda
 Partner
 Membership No. 058644



Place: Mumbai
 Date: 26 July 2023

For and on behalf of the Board of Directors

Pareesh Kumar V. Dattani
 Chairman and Managing Director
 DIN : 00163591

Nidhi Batavia
 Chief Financial Officer

Ajay Kumar V. Dattani
 Joint Managing Director
 DIN : 00163739

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



Sanathan Textiles 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 2021	14	71,943,000	7,194
Issued during the year			-
As at 31 March 2022	14	71,943,000	7,194
Issued during the year			-
As at 31 March 2023	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	Other retained earnings	Re-measurement of defined benefit plan	Cash flow hedge reserve		
Balance as at 1 April 2021	23,239	-	32,765	(133)	25		55,896
a) Profit for the year	-	-	35,553	-	-		35,553
b) Other comprehensive income	-	-	-	21	-		21
Re-measurement loss on defined benefit plan	-	-	-	21	-		35,574
Total comprehensive income (a+b)	-	-	35,553	21	(25)		(25)
Transfer from cash flow hedge reserve to standalone statement of profit and loss	-	-	-	-	-		33
Expenses on employee stock option scheme	-	33	-	-	-		-
Balance as at 31 March 2022	23,239	33	68,318	(112)	-		91,478
c) Profit for the year	-	-	15,620	-	-		15,620
d) Other comprehensive income	-	-	-	(24)	-		(24)
Re-measurement loss on defined benefit plan	-	-	-	(24)	-		-
Total comprehensive income (c+d)	-	-	15,620	(24)	-		15,596
Expenses on employee stock option scheme	-	97	-	-	-		97
Balance as at 31 March 2023	23,239	130	83,938	(136)	-		107,171

The accompanying notes including a 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, Chandlok & Co LLP
 Chartered Accountants
 Firm's Registration No. : 001076NIN500013

Rajni Munday

Rajni Mundra
 Partner
 Membership No. 058644



For and on behalf of the Board of Directors

Pareshkumar V. Dattani
 Chairman and Managing Director
 DIN : 00163591

Jaykumar 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 July 2023

Sanathan Textiles Limited**Notes to the standalone financial statements for the year ended 31 March 2023****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 2023, 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 2023 and note to the standalone financial statements including a 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.

The accounting policies are consistent for the year ended 31 March 2023 and 31 March 2022.

The standalone financial statements for the year ended 31 March 2023 were authorised and approved for issue by the Board of directors of the Company on 26 July 2023.

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 2023 and 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:



Sanathan Textiles Limited

Notes to the standalone financial statements for the year ended 31 March 2023

- 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.

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.



Sanathan Textiles Limited

Notes to the standalone financial statements for the year ended 31 March 2023

- 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 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. Investment in preference shares are treated as equity instruments if the same are convertible into equity shares or are redeemable out of the proceeds of equity instruments issued for the purpose of redemption of such investments. Investment in preference shares not meeting the aforesaid conditions are classified as debt instruments at FVTPL.

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.



Sanathan Textiles Limited

Notes to the standalone financial statements for the year ended 31 March 2023

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.



Sanathan Textiles Limited

Notes to the standalone financial statements for the year ended 31 March 2023

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.

(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.



Sanathan Textiles Limited**Notes to the standalone financial statements for the year ended 31 March 2023***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 ('CWIP') 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.

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) Intangible asset under development)

Intangible asset under development ('IAUD') includes intangible assets under implementations stage and not ready for intended use as on the balance sheet date.



Sanathan Textiles Limited

Notes to the standalone financial statements for the year ended 31 March 2023

(vii) 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.

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.



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Sanathan Textiles Limited

Notes to the standalone financial statements for the year ended 31 March 2023

(viii) 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.

(ix) 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.



Sanathan Textiles Limited

Notes to the standalone financial statements for the year ended 31 March 2023

(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.

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

(x) 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.



Sanathan Textiles Limited

Notes to the standalone financial statements for the year ended 31 March 2023

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.

(xi) 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.

(xii) 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.

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.



Sanathan Textiles Limited

Notes to the standalone financial statements for the year ended 31 March 2023

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.

(xiii) Income recognition

(a) Revenue recognition

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. A receivable is recognised by the Company when control is transferred as this is the case of point in time recognition where consideration is unconditional because only the passage of time is required. **No significant element of financing is deemed present**. 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 and sale of scrap. 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.

Sale of scrap is recognized 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.

(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.



Sanathan Textiles Limited

Notes to the standalone financial statements for the year ended 31 March 2023

(e) Other income

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

(xiv) 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.

(xv) 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 year attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

(xvi) 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.

(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.



Sanathan Textiles Limited

Notes to the standalone financial statements for the year ended 31 March 2023

Government grants related to or used for assets are included in the standalone 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.

(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

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from 1 April 2023, as below:

a) Amendment to Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.



Sanathan Textiles Limited

Notes to the standalone financial statements for the year ended 31 March 2023

b) Amendments to Ind AS 12 – Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

c) Amendments to Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.



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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 2021	10,500	27,493	108,225	240	1,502	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
Additions	-	311	274	3	277	0	12	232	-	38	1,147
Deletions / adjustments	-	-	7	-	91	-	-	-	-	-	98
As at 31 March 2023	10,525	28,072	110,982	255	1,786	5,822	152	2,231	785	771	161,381
Accumulated depreciation											
As at 1 April 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	72,662
Charge for the year	-	793	2,846	21	197	428	14	133	56	34	4,322
Reversal on deletions / adjustments	-	-	7	-	61	-	-	-	-	-	68
As at 31 March 2023	-	7,947	61,882	192	653	3,790	101	765	549	627	76,516
Net block											
As at 31 March 2022	10,525	20,607	51,462	81	1,083	2,460	53	1,367	292	140	88,070
As at 31 March 2023	10,525	20,125	49,090	63	1,133	2,032	51	1,466	236	144	84,865

(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.

(iii) All the title deeds of immovable properties are held in the name of the Company.

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

Particulars	As at 31 March 2023	As at 31 March 2022
CWIP	592	239
Total	592	239

Disclosure for movement in CWIP:

Particulars	As at 31 March 2023	As at 31 March 2022
Opening balance	239	103
Additions during the year	550	811
Capitalised during the year	(197)	(675)
Closing balance	592	239



CWIP ageing schedule

As at 31 March 2023

Particulars	Amount of the CWIP for a period of			Total
	Less than 1 year	1-2 years	More than 3 years	
Projects in progress	562	-	-	562
Projects temporarily suspended	-	-	-	-

As at 31 March 2022

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

There is no CWIP, whose completion is overdue or has exceeded its cost compared to its original plan as at 31 March 2023 and 31 March 2022.

Note 4a : Intangible assets under development (IAUD*)

	As at 31 March 2023	As at 31 March 2022
IAUD	213	-
Total	213	-

Disclosure for movement in IAUD:

	As at 31 March 2023	As at 31 March 2022
Particulars		
Opening balance	-	-
Additions during the year	213	-
Closing balance	213	-

IAUD ageing schedule

As at 31 March 2023

Particulars	Amount of the IAUD for a period of			Total
	Less than 1 year	1-2 years	More than 3 years	
Projects in progress	213	-	-	213
Projects temporarily suspended	-	-	-	-

There is no IAUD, whose completion is overdue or has exceeded its cost compared to its original plan as at 31 March 2023.



Sanathan Textiles Limited
Notes to the standalone financial statements for the year ended 31 March 2023
 (All amounts in Rupees lakhs, unless otherwise stated)

Note 5 : Investments

1) Investments measured at cost

(a) Investments in equity instruments (fully paid-up)

Unquoted

Investment in subsidiaries

9,899,999 equity shares (31 March 2022: 9,899,999) of Rs. 10 each of Sanathan Polycot Private Limited
 4,998,499 equity shares (31 March 2022: 4,998,499) of Rs. 10 each of Universal Texturisers Private Limited

As at 31 March 2023		As at 31 March 2022	
Non-current	Current	Non-current	Current

990	-	990	-
1,350	-	1,350	-

2) Investments measured at fair value through profit or loss (FVTPL)

(a) Investments in mutual fund

Quoted

114,074 units of Union Liquid Fund - Growth - Direct Plan (31 March 2022: Nil units)
 8,800 units of Kotak Overnight Fund Direct - Growth Plan (31 March 2022: 265,835 units)
 47,506 units of Kotak Liquid Direct - Growth Plan (31 March 2022: 28,084 units)
 NIL units of Aditya Birla Sun Life Liquid Fund - Growth - Regular Plan (31 March 2022: 370,599 units)

-	2,475	-	3,014
-	105	-	1,208
-	2,161	-	1,262

(b) Investment in preference shares (equity portion) - FVTPL

Unquoted

Investment in subsidiary

184,500,000 (31 March 2022: Nil) 7% non-convertible non-cumulative redeemable preference shares of Rs. 10 each of Sanathan Polycot Private Limited

12,656	-	-	-
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(c) Investment in preference shares (fair value-debt portion) - amortised cost

Unquoted

Investment in subsidiary

184,500,000 (31 March 2022: Nil) 7% non-convertible non-cumulative redeemable preference shares of Rs. 10 each of Sanathan Polycot Private Limited

6,061	-	-	-
21,057	4,741	2,340	5,484

Total

As at 31 March 2023		As at 31 March 2022	
4,741	5,484	4,741	5,484
21,057	2,340	-	-

Aggregate carrying value of quoted investments
 Aggregate market value of quoted investments
 Aggregate carrying value of unquoted investments
 Aggregate amount of impairment in value of investments

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

Note 6 : Loans

Unsecured, considered good

Loan to subsidiary companies

Total

Amount due by private companies having common directors amounting to Rs. 1,766 lakhs (31 March 2022: Rs. 220 lakhs) (refer note 32 (c))

Refer note 34A for information on credit risk.

As at 31 March 2023		As at 31 March 2022	
Non-current	Current	Non-current	Current
65	1,700	93	127
66	1,700	93	127

Note 7 : Other financial assets

Unsecured, considered good

Security deposits*

Bank deposits with maturity of more than twelve months*

Derivative financial asset (designated as derivative instrument)

Other receivables

Total

* 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 companies having common directors amounting to Rs. 22 lakhs (31 March 2022: Rs. 36 lakhs) (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.

As at 31 March 2023		As at 31 March 2022	
Non-current	Current	Non-current	Current
73	23	137	63
477	-	695	-
-	-	-	23
-	41	-	60
550	64	832	146



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Sanathan Textiles Limited
Notes to the standalone financial statements for the year ended 31 March 2023
 (All amounts in Rupees lakhs, unless otherwise stated)

Note 8 : Income-tax assets (net)

Advance tax (net)
Total

As at	As at
31 March 2023	31 March 2022
431	346
431	346

Note 9 : Other assets

Capital advance
Advances other than capital advances
Advance to suppliers
Advance to employees
Balances with government authorities
Prepaid expenses
Other assets (refer note ii below)
Total

As at		As at	
31 March 2023		31 March 2022	
Non-current	Current	Non-current	Current
753	-	197	-
-	467	-	1,487
-	23	-	16
1,293	9,635	1,294	12,167
88	264	119	257
-	-	-	449
2,134	10,389	1,610	14,376

Notes:

- (i) Refer note 16 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Company.
 (ii) Other assets as at the year end Rs. Nil (31 March 2022: Rs. 449 lakhs) mainly consists of Initial public offer related expenses.

Note 10 : Inventories

(Valued at cost or net realisable value, whichever is lower)

Raw materials*
Work-in-progress
Finished goods
Intermediate products #
Stock-in-trade
Stores and packing materials*
Total

As at	As at
31 March 2023	31 March 2022
25,088	22,997
269	284
10,080	16,039
2,410	2,950
1	1
2,280	2,121
40,128	44,392
354	(126)

Write down / (reversal of write down) of inventories to net realisable value**

* Includes goods in transit:

- Raw materials amounting to Rs. 11,378 lakhs (31 March 2022: Rs. 6,763 lakhs)
- Stores and packing materials amounting to Rs. 19 lakhs (31 March 2022: Rs. 25 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

Unsecured
Considered good
Less: Allowance for expected credit loss
Credit impaired
Less: Allowance for expected credit loss
Total

As at	As at
31 March 2023	31 March 2022
14,205	13,891
(31)	(272)
14,174	13,619
212	230
(212)	(230)
-	-
14,174	13,619

Movement in the allowance for expected credit loss

Balance as at 1 April 2021
Created during the year (net)
Balance as at 31 March 2022
Reversal during the year (net)
Balance as at 31 March 2023

Amount
329
173
502
(259)
243

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 unbilled receivables as at 31 March 2023 and 31 March 2022.

No trade or receivables are due from directors or other officers of the Company either severally or jointly with any other person, nor any trade or other receivable are due from firm or private companies respectively in which director is partner, a director or a member as at 31 March 2023 and 31 March 2022. Refer note 41(f).



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Sanathan Textiles Limited
Notes to the standalone financial statements for the year ended 31 March 2023
 (All amounts in Rupees lakhs, unless otherwise stated)

Trade receivables ageing schedule - Gross

As at 31 March 2023

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	11,749	2,456	-	-	-	14,205
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivable – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	212	212

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables – considered good	13,891	-	-	-	-	13,891
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivable – credit impaired	-	-	-	-	-	-
(iv) Disputed Trade receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	19	-	-	211	230

Note 12 : Cash and cash equivalents

Balances with banks in current accounts
 Bank deposit with original maturity of less than three months*
 Cash on hand
Total

As at 31 March 2023	As at 31 March 2022
677	750
86	1,790
2	3
765	2,543

* 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 : Bank balances other than (iii) above

Bank deposits with original maturity of more than three months and less than twelve months*
 Bank deposits having remaining maturity less than twelve months*
 Balances with banks in current accounts#
Total

As at 31 March 2023	As at 31 March 2022
3,937	205
4,675	5,088
81	-
8,693	5,293

* 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.

#Amount earmarked against corporate social responsibility expenditure in the scheduled bank under section 135 of the Act.
 There are no repatriation restrictions with regard to other bank balances other than those mentioned above.



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Sanathan Textiles Limited
Notes to the standalone financial statements for the year ended 31 March 2023
(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 31 March 2022	90,000,000	9,000
Balance as at 31 March 2023	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 2021	71,943,000	7,194
Issued during the year	-	-
Balance as at 31 March 2022	71,943,000	7,194
Issued during the year	-	-
Balance as at 31 March 2023	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 2023		As at 31 March 2022	
	Number of shares (in nos.)	% of Holding	Number of shares (in nos.)	% of Holding
Equity shares of Rs. 10 each, fully paid-up				
Nimbus Trust	10,475,000	14.56%	10,475,000	14.56%
P&B Family Trust	10,475,000	14.56%	10,475,000	14.56%
D&G Family Trust	10,475,000	14.56%	10,475,000	14.56%
A&J Family Trust	10,475,000	14.56%	10,475,000	14.56%
Ajay Kumar V. Dattani	7,327,650	10.19%	7,327,650	10.19%
Dinesh Kumar V. Dattani	7,112,800	9.89%	7,112,800	9.89%
Paresh Kumar V. Dattani	7,012,600	9.75%	7,012,600	9.75%
Anil Kumar V. Dattani	6,819,700	9.48%	6,819,700	9.48%

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 59,952,500 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 2023

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



Sanathan Textiles Limited

Notes to the standalone financial statements for the year ended 31 March 2023

(All amounts in Rupees lakhs, unless otherwise stated)

As at 31 March 2022

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

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.

Date of conversion in equity shares

Particulars	Date of conversion
	30 June 2025
Employee Stock Option Plan 2021	30 June 2026
	30 June 2027

Note 15 : Other equity

General reserve
Retained earnings
Employee stock options outstanding account
Total

As at 31 March 2023	As at 31 March 2022
23,239	23,239
83,802	68,206
130	33
107,171	91,478

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.



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Note 16 : Borrowings

	As at 31 March 2023		As at 31 March 2022	
	Non-current	Current	Non-current	Current
Secured				
Term loans (refer notes (A)(i) and (B)(i) below)				
Ruppee loans	14,912	-	3,552	-
Foreign currency loans	7,252	-	24,450	-
Sub-total	22,164	-	28,002	-
Current maturities of long term borrowings				
Term loans (refer notes (A)(i) and (B)(i) below)				
Ruppee loans	-	3,149	-	4,228
Foreign currency loans	-	2,637	-	5,457
	-	5,786	-	9,685
		150		132
Cash credit facilities from banks (refer notes (A)(iii) and (B)(iii) below)				
Total	22,164	5,936	28,002	9,817

Refer note 34A for information on liquidity risk and market risk.
The Company has used the borrowings for the specific purpose for which it was availed.
There are no defaults in the repayment of borrowings and interest during the year ended 31 March 2023 and 31 March 2022.

Cash flow changes in liabilities arising from financing activities:

Particulars	Borrowings
As at 1 April 2021	54,116
Cash flows (net) *	(16,297)
As at 31 March 2022	37,819
Cash flows (net) *	(9,719)
As at 31 March 2023	28,100

* Net cash flows considered above are after considering impact of foreign currency translation loss amounting to Rs. 656 lakhs (31 March 2022: Rs. 224 lakhs)

A) Details of interest rates terms and securities

i) Term loans

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

For the year ended	Number of loans	Rate of interest
31 March 2023	7	Interest rates range from 1 year Minimum Cost of funds based on Lending Rate (MCLR)+0.50% per annum (p.a.) to 1 year MCLR+1.95% 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 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.

The term loans are secured by :

- First charge on pari-passu basis on hypothecation of PPE 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.
- First charge on pari passu basis on equitable mortgage of factory, land and building.
- First charge on equitable mortgage of office premises on pari-passu basis.
- First charge on equitable mortgage of immovable property of one of the directors (common charge for cash credit facilities and Ruppee term loans).
- Charge on pari passu basis for all current assets, both present and future.
- 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 2023	2	Interest rate of EURO-LIBOR+1.20% p.a. and LIBOR+1.85 % p.a for the respective loan
31 March 2022	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 packing automation.



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Sanathan Textiles Limited

Notes to the standalone financial statements for the year ended 31 March 2023

(All amounts in Rupees lakhs, unless otherwise stated)

iii) Cash credit facilities

For the year ended	Rate of interest
31 March 2023	Interest rates range from 1 year MCLR+0.50% p.a.+SP to 1 year MCLR+1.80% p.a.+SP
31 March 2022	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).

B) Details of repayment terms

i) Term loans

As at 31 March 2023

Particulars	Number of instalments outstanding as at 31 March 2023	Amount*
Rupee term loans	2 quarterly instalments	39
Rupee term loans	22 quarterly instalments	1,564
Rupee term loans	8 quarterly instalments	340
Rupee term loans	5 quarterly instalments	885
Rupee term loans	31 quarterly instalments	795
Rupee term loans	32 quarterly instalments	14,550
Foreign currency term loans	1 half yearly instalments	1,260
Foreign currency term loans	1 half yearly instalments	87
Foreign currency term loans	22 quarterly instalments	8,543

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	1,594
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 half yearly instalments	748
Foreign currency term loans	26 quarterly instalments	9,485
Foreign currency term loans	26 quarterly instalments	15,941
Foreign currency term loans	3 half yearly instalments	3,733

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

ii) Cash credit facilities

Cash credit is repayable on demand.



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Sanathan Textiles Limited
Notes to the standalone financial statements for the year ended 31 March 2023
 (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 2023

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 2023	Trade receivables	14,417	10,969	3,448	The primary reason for variance is owing to adjustment made on account of receivables aged more than 90 days which were not included while making submissions to the bank.
	Inventories	40,128	39,634	494	No significant variation.
	Other current assets	26,352	11,389	14,963	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 included while making submissions to the bank, resulting in the variation.
31 December 2022	Trade receivables	15,594	12,125	3,469	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 while making submissions to the bank.
	Inventories	32,113	32,079	34	No significant variation.
	Other current assets	25,970	13,069	12,901	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 included while making submissions to the bank, resulting in the variation.
30 September 2022	Trade receivables	18,858	15,304	3,554	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 while making submissions to the bank.
	Inventories	42,235	41,758	478	No significant variation.
	Other current assets	22,197	12,312	9,885	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 included while making submissions to the bank, resulting in the variation.
30 June 2022	Trade receivables	17,246	13,259	3,987	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 while making submissions to the bank.
	Inventories	56,603	53,564	3,049	The primary reason for variance is owing to goods in transit which were not included while making submissions to the bank.
	Other current assets	33,564	13,904	19,660	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 included while making submissions to the bank, resulting in the variation.



Sanathan Textiles Limited
Notes to the standalone financial statements for the year ended 31 March 2023
(All amounts in Rupees lakhs, unless otherwise stated)

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 while making submissions to the bank.
	Inventories	44,392	44,363	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 included while making submissions to the bank, 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 while making submissions to the bank.
	Inventories	48,814	31,311	17,503	The primary reason for variance is owing to goods in transit which were not included while making submissions to the bank.
	Other current assets	22,925	14,315	8,610	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 included in the submissions made to the bank, 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 while making submissions to the bank.
	Inventories	37,819	26,153	11,666	The primary reason for variance is owing to goods in transit which were not included while making submissions to the bank.
	Other current assets	29,583	75	29,508	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 included in the submissions made to the bank, resulting in the variation.
30 June 2021	Trade receivables	22,633	43,888	(21,255)	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 while making submissions 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 included in the submissions made to the bank, resulting in the variation.



Sanathan Textiles Limited
Notes to the standalone financial statements for the year ended 31 March 2023
(All amounts in Rupees lakhs, unless otherwise stated)

Note 17 : Provisions

Provision for employee benefits
Provision for gratuity (refer note 31 (a))
Provision for compensated absences
Total

As at 31 March 2023		As at 31 March 2022	
Non-current	Current	Non-current	Current
699	227	652	139
-	23	-	145
699	250	652	284

Disclosure for movement in provision for compensated absences:

Particulars	31 March 2023	31 March 2022
Opening provision at the beginning of the year	145	79
Created during the year (net)	44	127
Paid during the year	(166)	(61)
Closing provision at the end of the year	23	145

Note 18 : Deferred tax liabilities (net)

Deferred tax liabilities arising on account of
On timing difference between depreciation as per books and as per the Income-tax Act, 1961
Others

As at 31 March 2023	As at 31 March 2022
7,291	6,882
28	32
7,319	6,714

Deferred tax assets arising on account of
Provision for employee benefits
Deferred government grants
Allowance for expected credit loss

266	416
14	23
61	126
341	565

Deferred tax liabilities (net)

6,978	6,149
--------------	--------------

Movement in deferred tax assets and deferred tax liabilities :

Particulars	As at 1 April 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
	401	157	7	-	565
Total deferred tax liabilities (net)	5,325	839	(7)	(8)	6,149

Particulars	As at 31 March 2022	Recognised in profit or loss	Recognised in other comprehensive income	Recognised through other items of balance sheet	As at 31 March 2023
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	609	-	-	7,291
Others	32	(4)	-	-	28
	6,714	605	-	-	7,319
Deferred tax assets arising on account of					
Provision for employee benefits	416	(158)	8	-	266
Deferred government grants	23	(9)	-	-	14
Allowance for expected credit loss	126	(65)	-	-	61
	565	(232)	8	-	341
Total deferred tax liabilities (net)	6,149	837	(8)	-	6,978

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has legally enforceable right to set off the said balances and Company's intent is to settle on a net basis as to realise asset and liabilities simultaneously, and deferred tax assets and deferred tax liabilities relate to the income tax levied by same tax authorities.

Note 19 : Other liabilities

Deferred government grants (refer note 39)
Advance from customers (refer note 41)
Statutory dues payable
Other liability*

As at 31 March 2023		As at 31 March 2022	
Non-current	Current	Non-current	Current
54	-	93	-
-	1,354	-	440
-	267	-	301
-	394	-	-
54	2,015	93	741

Other liability pertains to provision for corporate social responsibility (refer note 38)



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Sanathan Textiles Limited
Notes to the standalone financial statements for the year ended 31 March 2023
(All amounts in Rupees lakhs, unless otherwise stated)

Note 20 : Trade payables

	As at 31 March 2023	As at 31 March 2022
Total outstanding dues of micro enterprises and small enterprises	1,478	601
creditors other than micro enterprises and small enterprises *	34,313	30,341
Total	35,791	30,942

* Includes Rs. 8,568 lakhs (31 March 2022: Rs. 10,127 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 2023	As at 31 March 2022
Principal amount remaining unpaid to any supplier	1,478	601

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:

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 - undisputed	1,478	-	-	-	1,478
(ii) Others - undisputed	32,793	7	19	2	32,821
Sub-total					34,299
Add: Unbilled dues (undisputed and related to creditors other than micro enterprises and small enterprises)					1,492
Total					35,791

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 (undisputed and related to creditors other than micro enterprises and small enterprises)					3,155
Total					30,942

Note 21 : Other current financial liabilities

	As at 31 March 2023	As at 31 March 2022
Interest accrued on borrowings	9	9
Employee related payables*	656	123
Derivative financial liability (designated as derivative instrument)	1	-
Other payables#	1,644	3,420
Total	2,310	3,552

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

Refer note 34B for information on derivative financial instrument.

*Includes amount payable to related parties amounting to Rs 84 lakhs (31 March 2022: Rs. Nil) (refer note 31(c))

#Other payables consists of the following:

Expenses payable	1,644	2,820
Provision for commission to executive directors (refer note 32 (b))	-	600
	1,644	3,420



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Sanathan Textiles Limited
Notes to the standalone financial statements for the year ended 31 March 2023
(All amounts in Rupees lakhs, unless otherwise stated)

Note 22 : Revenue from operations

	Year ended 31 March 2023	Year ended 31 March 2022
Sale of products	325,414	308,330
Sale of stock-in-trade	443	3,791
Other operating revenue		
Export incentives	240	790
Sale of scrap	6,824	5,621
Total	332,921	318,532

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 2023	Year ended 31 March 2022
Revenue as per contract price	334,511	319,827
Less: Discounts and rate differences	(1,590)	(1,295)
Net revenue recognised from operations	332,921	318,532

Note 23 : Other income

	Year ended 31 March 2023	Year ended 31 March 2022
Interest income on		
Loan to a subsidiary companies (refer note 32(b))	82	3
Bank deposits	343	276
Income tax-refund	21	-
Others	443	347
Fair value gain on investments measured at FVTPL	78	34
Profit on sale of units of mutual funds	240	-
Interest income on preference shares (Fair value- Debt component) (refer note 32(b))	267	-
Insurance claims	7	53
Liabilities / provisions no longer required, written back	29	43
Gain on disposal of property, plant and equipment (net)	12	104
Reversal of allowance for expected credit loss(net)	259	-
Net gain on foreign currency transaction and translation	-	757
Total	1,761	1,617

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

	Year ended 31 March 2023	Year ended 31 March 2022
Inventories at the end of the year		
Finished goods*	10,080	16,039
Intermediate products	2,410	2,950
Stock-in-trade	1	1
Work-in-progress	269	284
	12,760	19,274
Inventories at the beginning 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
Changes in inventories	6,514	(7,200)
<i>*inter-alia, includes changes in inventories of waste and scrap</i>	(24)	(11)

Note 25 : Employee benefit expenses

	Year ended 31 March 2023	Year ended 31 March 2022
Salaries and wages	8,089	8,856
Contribution to provident fund and other funds (refer note 31(b))	253	254
Gratuity (refer note 31(a))	161	150
Share-based payments to employees (refer note 46)	97	33
Staff welfare expenses	254	181
Total	8,854	9,474



Sanathan Textiles Limited
Notes to the standalone financial statements for the year ended 31 March 2023
(All amounts in Rupees lakhs, unless otherwise stated)

Note 26 : Finance costs

Interest expense
on term loans
on cash credit facilities
on others
Other borrowing costs
Total

Year ended 31 March 2023	Year ended 31 March 2022
1,876	2,611
7	1
356	375
3	259
2,242	3,246

Note 27 : Depreciation expense

Depreciation on property, plant and equipment (refer note 3)
Total

Year ended 31 March 2023	Year ended 31 March 2022
4,322	4,204
4,322	4,204

Note 28 : Other expenses

(A) Manufacturing expenses

Consumption of stores and packing materials
Repairs and maintenance
Buildings
Plant and equipment
Other repairs and maintenance
Contract labour charges
Power and fuel
Other manufacturing expenses
Total manufacturing expenses (A)

Year ended 31 March 2023	Year ended 31 March 2022
13,156	13,964
109	210
342	276
75	71
6,349	6,279
24,527	19,663
333	231
44,891	40,694

(B) Selling expenses

Commission expenses
Advertisement and sales promotion
Export expenses (Refer note below)
Freight expenses
Other selling expenses
Total selling expenses (B)

1,818	2,277
15	58
4,220	5,438
1,315	1,178
103	57
7,471	9,008

(C) Administrative and other expenses

Rates and taxes
Legal and professional charges
Electricity expenses
Insurance
Auditor's remuneration (refer note 37)
Security charges
Bank charges
Printing and stationery
Communication expenses
Travelling and conveyance
Effluent treatment plant and greenbelt environmental expenses
Rent*
Software charges
Contribution towards corporate social responsibility (refer note 36)
Sundry balances written off**
Donation - political parties
Donation - others
Net loss on foreign exchange transactions and translations
Allowance for expected credit loss
Directors' sitting fees (refer note 32(b))
Commission to non-executive directors (refer note 32 (b))
Miscellaneous expenses^
Total administrative and other expenses (C)

79	126
441	345
65	70
459	434
35	35
230	197
838	749
11	14
30	30
412	269
48	57
100	145
40	35
541	282
-	24
-	50
0	6
962	-
-	173
33	12
9	6
776	167
5,109	3,226
57,471	52,928

Total other expenses (A + B + C)

* Pertains to rental for short term leases and low value leases (refer note 43).

Includes rent paid to private company having common directors amounting to Rs.37 lakhs (31 March 2022: Rs. 18 lakhs) (refer note 32(b)).

**Represents derecognition of financial assets measured at amortised cost.

^Inter-alia, includes initial public offer expenses amounting to Rs. 647 lakhs (31 March 2022 : Rs. Nil) pursuant to the expiry of the validity of the approval of the Draft Red Herring Prospectus filled by the Company with the Securities and Exchange Board of India. These expenses during the previous year were being carried forward under other current assets.



Sanathan Textiles Limited
Notes to the standalone financial statements for the year ended 31 March 2023
(All amounts in Rupees lakhs, unless otherwise stated)

Note:

Export expenses includes:

- Freight expenses
- Clearing and forwarding charges
- Commission expenses
- Insurance
- Other selling expenses

	Year ended 31 March 2023	Year ended 31 March 2022
	3,666	4,675
	338	521
	154	156
	49	69
	12	17
	4,219	5,438

Table of the aforementioned expenses included in export expenses have been categorised below:

Particulars	Freight expenses	Clearing and forwarding charges	Commission expenses	Insurance	Other selling expenses
Year ended 31 March 2023					
Included in:					
Export expenses	3,666	338	154	49	12
Expenses as per Note 28 (B)	1,315	-	1,818	-	103
Expenses as per Note 28 (C)	-	-	-	459	-
Total	4,981	338	1,972	508	115
Year ended 31 March 2022					
Included in:					
Export expenses	4,675	521	156	69	17
Expenses as per Note 28 (B)	1,178	-	1,818	434	103
Expenses as per Note 28 (C)	-	-	-	-	-
Total	5,853	521	1,974	503	120

Note 29 : Tax expense

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

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Current tax:		
Current tax on profits for the year	4,765	11,271
Current tax for earlier years	43	260
	4,808	11,531
Deferred tax:		
In respect of current year origination and reversal of temporary differences	837	839
Total tax expense	5,645	12,370

(b) Income-tax on other comprehensive income

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Deferred tax credit in respect of current year origination and reversal of temporary differences	(8)	7
	(8)	7

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

	Year ended 31 March 2023	Year ended 31 March 2022
Accounting profit before income-tax	21,265	47,923
Applicable Indian statutory income-tax rate (in %)	25.168%	25.168%
Computed expected tax expense	5,352	12,061
Tax effect of amount which are not deductible / (taxable) in calculating taxable income	250	49
Prior years' tax adjustments	43	260
Income-tax expenses through the standalone statement of profit and loss	5,645	12,370

Note 30 : Earnings per share ('EPS')

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Net profit attributable to equity shareholders	15,620	35,553
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)	21.72	49.42
Diluted (in Rupees)	21.72	49.42

Note:

The effect of 292,948 potential equity shares outstanding as at 31 March 2023 (31 March 2022 : 98,340 shares), considered as potential equity shares, is anti-dilutive and thus these shares are not considered in determining diluted earnings per share.



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Sanathan Textiles Limited
Notes to the standalone financial statements for the year ended 31 March 2023
(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 summarises 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.

Present value of the defined benefit obligation at the end of the year

Non-current
Current

As at 31 March 2023	As at 31 March 2022
699	652
227	139
926	791

Change in the present value of the defined benefit obligation:

Opening defined benefit obligation
Interest cost
Current service cost
Benefits paid
Actuarial loss on obligation
Actuarial (gain) from changes in financial assumptions
Experience adjustments loss from on plan liabilities
Closing defined benefit obligation

31 March 2023	31 March 2022
791	735
57	53
104	97
(58)	(66)
(10)	(53)
42	25
926	791

Amount recognised in the standalone balance sheet:

Present value of defined benefit obligation at the end of the year

926 791

Expense recognised through profit or loss:

Current service cost
Interest cost
Net expense recognised through profit or loss

104	97
57	53
161	150

Expense recognised in the standalone other comprehensive income:

Actuarial (gain) / loss on defined benefit obligation

32	(28)
32	(28)

Actuarial assumptions used

Discount rate (% per annum)
Salary growth rate (% per annum)

31 March 2023	31 March 2022
7.50%	7.20%
5.00%	5.00%

Demographic assumptions used

Mortality rate

Retirement age (in years)
Attrition rate (% per annum)
Average future service (in years)

31 March 2023	31 March 2022
Indian Assured Lives	Indian Assured Lives
Mortality (2012-14)	Mortality (2012-14)
60 years	65 years
13.69%	13.69%
23.30 years	29.40 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.



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Sanathan Textiles Limited
Notes to the standalone financial statements for the year ended 31 March 2023
 (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 summarises the effects of changes in these actuarial assumptions on the defined benefit obligation at year end.

	As at 31 March 2023		As at 31 March 2022	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount rate				
Change in the defined benefit obligation	(41)	45	(40)	45
Salary growth rate				
Change in the defined benefit obligation	40	(37)	40	(36)
Attrition rate				
Change in the defined benefit obligation	4	(6)	4	(5)

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 2023	As at 31 March 2022
Projected benefits payable in future years from the date of reporting		
One year	227	139
Two to five years	248	180
Five years and above	451	472

The weighted average duration of the defined benefit obligation at the end of the reporting year is 15 years (31 March 2022: 21 years)
 The Company expects to make a contribution of Rs. 116 lakhs (31 March 2022: Rs. 121 lakhs) to the defined benefit plan during the next period.

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 2023	Year ended 31 March 2022
Employer's contribution to provident fund	252	250
Employer's contribution to Employees' State Insurance Scheme	1	4

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.



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Sanathan Textiles Limited
Notes to the standalone financial statements for the year ended 31 March 2023
 (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	31 March 2023	31 March 2022
Subsidiary companies	Sanathan Polycot Private Limited Universal Textiles Private Limited	Sanathan Polycot Private Limited (with effect from 20 April 2021) Universal Textiles Private Limited (with effect from 26 September 2021)
Key managerial personnel (KMP)	Parash Kumar V. Dattani, Chairman and Managing Director Ajay Kumar V. Dattani, Joint Managing Director Anil Kumar V. Dattani, Executive Director Samir Dattani, Executive Director	Parash Kumar V. Dattani, Chairman and Managing Director Ajay Kumar V. Dattani, Joint Managing Director Anil Kumar V. Dattani, Executive Director Samir Dattani, Executive Director
Relative of KMP	Mukesh Dattani, son of KMP Varun Dattani, son of KMP	Mukesh Dattani, son of KMP Varun Dattani, son of KMP
Independent Directors (ID)	Debabrata Sarkar, Independent Director Khurshid Thaniwalla, Independent Director Bhumika Batra, Independent Director (until 12 January 2023) Vinay Agarwal, Independent Director Rupel Vora, Independent Director (with effect from 31 March 2023)	Debabrata Sarkar (with effect from 22 November 2021), Independent Director Khurshid Thaniwalla (with effect from 22 November 2021), Independent Director Bhumika Batra (with effect from 22 November 2021), Independent Director Vinay Agarwal (with effect from 22 November 2021), Independent Director
Enterprise over which KMP are able to exercise significant influence	Nimbus Trust P&G Family Trust (with effect from 10 December 2021) P&G Family Trust (with effect from 10 December 2021) A&J Family Trust (with effect from 10 December 2021) Dattani Foundation	Nimbus Trust (with effect from 10 December 2021) P&G Family Trust (with effect from 10 December 2021) P&G Family Trust (with effect from 10 December 2021) A&J Family Trust (with effect from 10 December 2021) Dattani Foundation

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

b) Transactions during the year:

Particulars	Subsidiary companies		KMP		Relatives of KMP		Enterprise over which KMP are able to exercise significant influence	
	Period ended 31 March 2023	Year ended 31 March 2022	Period ended 31 March 2023	Period ended 31 March 2022	Period ended 31 March 2023	Period ended 31 March 2022	Period ended 31 March 2023	Year ended 31 March 2022
Salaries, wages and bonus	-	-	1,000	1,287	-	1,215	-	-
Commission to executive directors	-	-	-	600	-	-	-	-
Commission to non-executive directors	-	-	-	-	-	-	-	-
Receipt of repayment of loans	1,65	-	-	-	6	-	-	-
Loans granted	3,110	250	-	-	9	-	-	-
Loans repaid	-	-	-	1,128	-	-	-	-
Investments made (Equity Component)	12,650	-	-	1,850	-	375	-	20
Investments made (Loan Component)	5,784	-	-	-	-	1,511	-	613
Directors' sitting fees	-	-	-	-	-	-	-	-
Interest income on preference shares (for value-debt component)	287	-	-	-	33	-	-	-
Contribution towards corporate social responsibility	-	-	-	-	-	-	-	-
Interest income	-	2,340	-	-	-	-	-	258
Conversion of loan granted to security deposit	14	36	-	-	-	-	-	-
Refund of security deposit	-	-	-	-	-	-	-	-
Interest income	82	3	-	69	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-
Receipt of unspent amount towards corporate social responsibility*	37	18	-	-	-	50	-	26
Rent expense	-	-	-	-	-	-	208	-

*The contribution to Dattani Foundation for CSR activities amounting to Rs. 208 lakhs remained unspent during the previous year. In accordance with the provision of section 135 of the Act, amount has been transferred to scheduled bank account of the Company in current year. Refer note 35.

c) Balances outstanding at the year end:

Particulars	Subsidiary companies		KMP		Relatives of KMP	
	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022	As at 31 March 2023	As at 31 March 2022
Loans receivable	-	-	-	-	-	-
Security deposit - current	1,766	220	-	-	-	-
Investments in equity shares	-	36	-	-	-	-
Provision for commission to executive director	2,340	2,340	-	600	-	-
Provision for commission to non-executive director	-	-	-	-	-	-
Employers' liability insurance	-	-	-	-	-	-
Investments made (Equity Component)	12,650	-	73	-	11	-
Investments made (Loan Component)	6,051	-	-	-	-	-



ii) 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		Year ended 31 March 2023		Year ended 31 March 2022	
Nature of transactions					
(a) Subsidiary companies					
Sanathan Polycot Private Limited	Investments in preference shares (equity component)	12,656	-	-	-
Sanathan Polycot Private Limited	Investments in preference shares (fair value-debt component)	5,794	-	-	-
Sanathan Polycot Private Limited	Investment in equity shares	690	-	-	990
Sanathan Polycot Private Limited	Investment in equity shares	1,350	-	-	1,350
Sanathan Polycot Private Limited	Receipt of repayment of loans	1,595	-	-	-
Sanathan Polycot Private Limited	Receipt of repayment of loans	30	-	-	-
Sanathan Polycot Private Limited	Loan granted	3,170	-	-	125
Sanathan Polycot Private Limited	Loan granted	-	-	-	131
Sanathan Polycot Private Limited	Rent expense	37	-	-	18
Sanathan Polycot Private Limited	Refund of security deposit	5	-	-	3
Sanathan Polycot Private Limited	Conversion of loan granted to security deposit	14	-	-	-
Sanathan Polycot Private Limited	Interest income on loans	57	-	-	36
Sanathan Polycot Private Limited	Interest income on preference shares (fair value-debt component)	267	-	-	-
(b) KMP					
Ajay Kumar V. Dattani	Salaries, wages and bonus	400	-	-	334
Anil Kumar V. Dattani	Salaries, wages and bonus	400	-	-	334
Parash Kumar V. Dattani	Salaries, wages and bonus	400	-	-	334
Sammi Dattani	Salaries, wages and bonus	400	-	-	265
Ajay Kumar V. Dattani	Interest expense	-	-	-	29
Parash Kumar V. Dattani	Interest expense	-	-	-	34
Ajay Kumar V. Dattani	Loan received	-	-	-	273
Parash Kumar V. Dattani	Loan received	-	-	-	730
Ajay Kumar V. Dattani	Loan repaid	-	-	-	820
Anil Kumar V. Dattani	Loan repaid	-	-	-	63
Parash Kumar V. Dattani	Loan repaid	-	-	-	809
(c) ID					
Debabrata Sarkar	Director's sitting fees	8	-	-	3
Khushtiel Thakawalla	Director's sitting fees	9	-	-	3
Bhumika Batra	Director's sitting fees	6	-	-	3
Vinay Aggarwal	Director's sitting fees	8	-	-	3
Rupa Vora	Director's sitting fees	2	-	-	-
(d) Relative of KMP					
Varun Dattani	Salaries, wages and bonus	100	-	-	262
Mitesh Dattani	Salaries, wages and bonus	100	-	-	262
Vallabhdas Dattani	Salaries, wages and bonus	-	-	-	284
Dinesh Kumar V. Dattani	Salaries, wages and bonus	-	-	-	352
Varun Dattani	Loan received	-	-	-	245
(e) Enterprise over which KMP are able to exercise significant influence					
Dattani foundation	Contribution towards corporate social responsibility	-	-	-	258
Dattani foundation	Receipt of unspent amount towards corporate social responsibility	206	-	-	-
ii) Balances outstanding at the year end:					
Name of related parties		As at 31 March 2023		As at 31 March 2022	
(a) Subsidiary companies					
Sanathan Polycot Private Limited	Investments in equity shares	990	-	-	990
Sanathan Polycot Private Limited	Investments in preference shares (equity component)	12,656	-	-	-
Sanathan Polycot Private Limited	Investments in equity shares	1,350	-	-	1,350
Sanathan Polycot Private Limited	Loan receivable	1,700	-	-	125
Sanathan Polycot Private Limited	Investments in preference shares (fair value-debt component)	6,981	-	-	-
Sanathan Polycot Private Limited	Loan receivable	18	-	-	95
Sanathan Polycot Private Limited	Security deposit - current	22	-	-	36
(b) KMP					
Ajay Kumar V. Dattani	Employee related payables	18	-	-	-
Anil Kumar V. Dattani	Employee related payables	18	-	-	-
Parash Kumar V. Dattani	Employee related payables	18	-	-	-
Sammi Dattani	Employee related payables	19	-	-	-
(c) Relative of KMP					
Varun Dattani	Employee related payables	5	-	-	-
Mitesh Dattani	Employee related payables	6	-	-	-



e) Additional disclosure in respect of compensation to KMP

Particulars	As at 31 March 2023	As at 31 March 2022
(i) Short-term employee benefits	1,600	1,867
(ii) Post-employment benefits	-	-
(iii) Other long-term benefits (refer note 1 below)	-	-
(iv) Retirement 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.
3. All the transactions executed with the related parties are done at the arm's length basis.



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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: Inputs for the assets or liabilities that are based on observable market data (unobservable inputs)

Financial assets measured at fair value - recurring fair value measurements

Particulars	Level 1	Level 2	Level 3	Total
31 March 2023				
Financial assets				
Measured at FVTPL				
Investments in mutual funds	4,741	-	-	4,741
Investments in preference shares (fair value-equity portion)	-	12,656	-	12,656
Financial liabilities				
Measured at FVTPL				
Foreign exchange forward contracts (designated as derivative instruments)	-	1	-	1
Financial assets				
Measured at amortised cost				
Investment in preference shares (fair value-debt portion)	-	6,061	-	6,061
31 March 2022				
Financial assets				
Measured at FVTPL				
Investments in mutual funds	5,484	-	-	5,484
Foreign exchange forward contracts (designated as derivative instruments)	-	23	-	23

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:

- Investment in preference shares : Fair value is calculated using a discounted cash flow model with market assumptions.
- 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 2023		As at 31 March 2022	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets (other than investments in equity shares)				
Loans	1,766	1,766	220	220
Investments in mutual funds*	4,741	4,741	5,484	5,484
Investments in preference shares (equity portion)*	12,656	12,656	-	-
Investments in preference shares (fair value-debt portion)	6,061	6,061	-	-
Trade receivables	14,174	14,174	13,619	13,619
Cash and cash equivalents	765	765	2,543	2,543
Other bank balances	8,693	8,693	205	205
Derivative financial asset (designated as derivative instrument)*	-	-	23	23
Other financial assets	614	614	6,043	6,043
Financial liabilities				
Borrowings	28,100	28,100	37,819	37,819
Trade payables	35,791	35,791	30,942	30,942
Derivative financial liability (designated as derivative instrument)	1	1	-	-
Other financial liabilities	2,309	2,309	3,552	3,552

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

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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



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Note 34 : Financial risk management

A) Financial risk management

i) Financial Instruments by category

Particulars	As at 31 March 2023			As at 31 March 2022		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets (other than investments in equity shares)						
Loans	-	-	1,766	-	-	220
Investments in mutual fund	4,741	-	-	5,484	-	-
Investments in preference shares (equity portion)	12,656	-	-	-	-	-
Investments in preference shares (fair value-debt portion)	-	-	6,061	-	-	-
Trade receivables	-	-	14,174	-	-	13,619
Cash and cash equivalents	-	-	765	-	-	2,643
Other bank balances	-	-	8,693	-	-	205
Derivative financial assets (designated as hedging instrument)	-	-	-	23	-	-
Other financial assets	-	-	614	-	-	6,043
Total	17,397	-	32,073	5,507	-	22,630
Financial liabilities						
Borrowings	-	-	28,100	-	-	37,819
Trade payables	-	-	35,791	-	-	30,942
Derivative financial liability (designated as derivative instrument)	1	-	-	-	-	-
Other financial liabilities	-	-	2,309	-	-	3,552
Total	1	-	66,200	-	-	72,313

Notes:

- 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.
- 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.
- All financial assets and financial liabilities are categorised under level 3 of fair value hierarchy except investment in mutual funds, investment in preference shares 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 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, 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



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.

Credit risk exposure

i) Expected credit loss on trade receivables under simplified approach i.e. provision matrix approach using historical trends

As at 31 March 2023	0-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
Trade receivables	10,107	870	559	2,882	14,417
Allowance for expected credit loss	17	10	14	202	243
Carrying amount of trade receivables	10,090	860	544	2,680	14,174

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
Trade receivables are generally settled in line with respective industry norms.	6,464	4,331	2,066	758	13,619

ii) Expected credit loss for other financial assets (measured at an amount equal to 12 month expected credit losses)

As at 31 March 2023	Particulars	Estimated gross carrying amount at default	Expected credit loss	Carrying amount net of impairment provision
	Loans	1,766	-	1,766
	Investment	25,798	-	25,798
	Cash and cash equivalents	765	-	765
	Bank balances other than (iii) above	8,693	-	8,693
	Other financial asset	614	-	614

As at 31 March 2022	Particulars	Estimated gross carrying amount at	Expected credit loss	Carrying amount net of impairment provision
	Loans	220	-	220
	Investment	7,824	-	7,824
	Cash and cash equivalents	2,543	-	2,543
	Other bank balances	5,293	-	5,293
	Other financial asset	978	-	978



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 2023	Up to one year	One to five years	More than five years	Total
Non-derivatives				
Borrowings	5,936	14,537	7,627	28,100
Trade payables	35,791	-	-	35,791
Other financial liabilities	2,310	-	-	2,310
Total non-derivative liabilities	44,037	14,537	7,627	66,201
As at 31 March 2022	Up to one year	One to five years	More than five years	Total
Non-derivatives				
Borrowings	9,817	15,684	11,318	37,819
Trade payables	30,942	-	-	30,942
Other financial liabilities	3,552	-	-	3,552
Total non-derivative liabilities	44,311	15,684	11,318	72,313

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



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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 set forth information relating to foreign currency exposure

	As at 31 March 2023		As at 31 March 2022	
	Foreign currency (in units)	Rupees (in lakhs)	Foreign currency (in units)	Rupees (in lakhs)
Liabilities				
Borrowings *				
- USD	1,532,537	1,260	26,612,638	20,174
- EURO	9,630,800	8,630	11,496,208	9,733
Interest payable				
- USD	9,149	8	10,561	8
- EURO	1,200	1	780	1
Trade payables				
- USD	20,448,984	16,813	13,752,423	10,425
- EURO	632,340	567	956,816	810
- JPY	51,433,200	318	79,654,400	496
Assets				
Trade receivables				
- USD	3,542,865	2,913	11,711,478	8,878

The above-mentioned 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 2023		Impact on standalone statement of profit and loss for the year ended 31 March 2022	
	Strengthening of foreign currency	Weakening of foreign currency	Strengthening of foreign currency	Weakening of foreign currency
5% movement				
On foreign currency assets and liabilities				
- USD	(758)	758	(1,086)	1,086
- EURO	(460)	460	(527)	527
- JPY	(16)	16	(25)	25



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(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:

Floating rate instruments:	Impact on profit before tax	
	As at 31 March 2023	As at 31 March 2022
Borrowings	28,100	37,819

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 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:

Floating rate instruments:	Impact on profit before tax	
	As at 31 March 2023	As at 31 March 2022
50 basis points increase	(141)	(189)
50 basis points decrease	141	189

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.

Investments in mutual funds

	Impact on profit before tax	
	As at 31 March 2023	As at 31 March 2022
	4,741	5,484

Price change by :

100 basis points increase	47	55
100 basis points decrease	(47)	(55)



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 2023	Fair value (in Rupee lakhs)
Foreign currency forward contracts in USD	Sell	Foreign currency (in units) 978,140	805
Particulars	Buy / sell	As at	
		31 March 2022	Fair value (in Rupee lakhs)
Foreign currency forward contracts in USD	Sell	Foreign currency (in units) 3,750,000	2,914

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

Debt (excluding accrued interest)

Total equity

Gearing ratio (in %)

	As at	As at
	31 March 2023	31 March 2022
	28,100	37,819
	114,365	96,672
	24.57%	38.33%



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Note 36 : Corporate social responsibility (CSR)

As per section 135 of the Act, and rules thereon, 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 2023	Year ended 31 March 2022
a. Gross amount required to be spent by the Company pursuant to section 135(5) of the Act	541	282
b. Amount of expenditure incurred :		
(1) Construction/acquisition of any asset	-	-
(2) On purposes other than (1) above	90	-
(i) Contribution made towards medical treatment of patients from economically weaker sections of the society	40	-
(ii) Contribution made towards mother and child health and nutrition delivery project	74	-
(iii) Contribution towards children welfare	8	-
(iv) Tree plantation	5	-
(v) Contribution towards promotion of education	-	259
(vi) Contribution made to Dattani Foundation for CSR activities	-	1
(vii) Purchase of oximeter for village	-	1
(viii) Distribution of preventive medicine in village	-	1
(ix) Repairing work of anganwadi	-	21
(x) Others	9	1
Total	226	282
c. Shortfall as at the year end out of the amount required to be spent by the Company during the year	315	206
d. Shortfall as at the year end out of the amount required to be spent by the Company during the previous years	79	-
e. Provision for CSR		
Add: Created during the year	206	282
Less: Paid during the year (out of previous years' shortfall) (refer note 2)	315	-
Closing	(127)	(76)
	394	206

Notes :

- The contribution made 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.
- Amount spent for purchase of fire tender and ambulance van for the locality of Silvassa.
- There has been a shortfall as at the year end for the CSR amount owing to the fact that the Company did not get any CSR implementing agencies in health and safety in Punjab region and hence the management decided to use these fund in subsequent years toward approved ongoing CSR projects. Company has subsequently transferred the amount to scheduled bank account.

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

As auditors*

For reimbursement of expenses

*Tender allia includes an amount of Rs. 14 lakhs paid towards audit of the special purpose financial statement. This amount has been shown under miscellaneous expenses.

Note 38 : Contingent liabilities and commitments

i) Contingent liabilities

- Central excise matters
- Service tax matters (refer note 5 below)
- Income-tax matters (refer note 6 below)
- Goods and service tax matters
- Sales tax matters

Notes:

- 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.
- The amounts disclosed above represent the best possible estimates arrived at on the basis of available information and does not include penalty, if any.
- The Company is contesting all of the above demands and the management believes that its positions are likely to be upheld at the appellate stage. The management believes that the ultimate outcome of these proceedings are not expected to have a material impact on the Company's financial statement and hence no provision has been made in this regard.
- This Company's pending litigation comprises of claims against the Company pertaining to proceedings pending with various direct tax and indirect tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where the provisions are required to be made as contingent liabilities where applicable in its standalone financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its standalone financial statements.
- Service tax matters included the amount paid under protest amounting to Rs. 40 lakhs (31 March 2022 : Rs. 40 lakhs)
- Income-tax matters included the amount paid under protest amounting to Rs. 16 lakhs (31 March 2022 : Rs. 16 lakhs)

ii) Commitments

Commitments as at the reporting date amounts Rs. 1,478 lakhs (31 March 2022: Rs. 1,005 lakhs), 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:

Deferred government grants at beginning of the year
 Government grant received during the year
 Government grant offered to standalone statement of profit and loss during the year
Deferred government grants as at the end of the year

	31 March 2023	31 March 2022
	93	355
	30	418
	78	680
	54	93

Current
 Non-current

	-	-
	54	93

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 fulfillment 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 2023 is Rs. 322 lakhs (31 March 2022 : Rs. 555 lakhs).

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

India
 Outside India

Revenue from operations

	Year ended 31 March 2023	Year ended 31 March 2022
	208,802	276,974
	34,019	41,558
	332,821	318,532

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

India
 Outside India

Segment assets

Unallocable

Total non-current assets

	As at 31 March 2023	As at 31 March 2022
	108,601	92,402
	988	87
	108,989	92,489
	603	1,041
	109,508	93,530



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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 product which is generally on dispatch of products or on delivery of products.

(b) Revenue from contract with customers

Sale of products
Sale of stock-in-trade

Year ended 31 March 2023	As at 31 March 2022
325,414	308,330
443	3,791

(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 2023	As at 31 March 2022
14,174	13,619

Trade receivables

(d) Contract balances

The following table provides information about contract liabilities from contract with customers:

Contract liabilities
Advance from customers
Total contract liabilities

As at 31 March 2023	As at 31 March 2022
1,354	440

(e) Significant changes in the contract liabilities balances during the year are as follows:

Contract liabilities - Advance from customers

Particulars	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	440	385
Add: Addition during the year	1354	440
Less: Amount of revenue recognised during the year	(440)	(385)
Balance at the end of the year	1,354	440

The aggregate amount of transaction price allocated to the performance obligations (net to complete) for the year ended 31 March 2023 is Rs. 1,354 lakhs (31 March 2022: Rs. 440 lakhs). This balance represents the advance received from customers (gross) against sale of goods. The management expects to further bill and collect the remaining balance of total consideration in the coming year. These balances will be recognised as revenue in subsequent year as per the policy of the Company.

(f) Revenue from sale of products and stock-in-trade does not includes any significant financing component. Customers are required to pay interest if the payment is made after the contractual due date.



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Note 42 : Disclosure of ratios

Type of ratio	Formula for computation	Measure (in times / percentage)	31 March 2023	31 March 2022	Variation	Remarks
(a) Current ratio	Current asset / Current liabilities	Times	1.74	1.87	(7%)	Refer note a below
(b) Debt-equity ratio	Debt / Net worth	Times	0.25	0.38	(35%)	Refer note b below
(c) Debt-service coverage ratio	Earnings available for debt service / (Finance costs + Principal repayment of long term borrowings within one year)	Times	3.47	4.28	(19%)	Refer note c below
(d) Return on equity ratio	Cost of goods sold / Average inventory	Percentage	14.66%	43.66%	(67%)	Refer note d below
(e) Inventory turnover ratio	Revenue from operations / Average gross trade receivables	Times	5.69	5.45	4%	Refer note e below
(f) Trade receivable turnover ratio	Net purchases / Average trade payables	Times	23.33	23.25	0%	Refer note f below
(g) Trade payable turnover ratio	Revenue from operations / Working capital	Times	7.08	6.52	9%	Refer note g below
(h) Net capital turnover ratio	Profit after tax / Revenue from operations	Times	9.69	7.86	22%	Refer note h below
(i) Net profit ratio	EBIT / Capital employed	Percentage	4.69%	11.16%	(58%)	Refer note i below
(j) Return on capital employed	Profit before tax / Total assets	Percentage	15.73%	35.87%	(56%)	Refer note j below
(k) Return on investment			11.16%	26.70%	(58%)	Refer note k below

Notes:

- Debt = Non-current borrowings + Current borrowings
- Net worth = Paid-up share capital + Reserves created out of profit - Accumulated losses
- Earnings available for debt service = Profit before tax + Non cash operating expense + Interest + Other adjustment (if any)
- 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
- Net purchase = Purchase of stock-in-trade + Cost of materials consumed + Closing inventory of raw materials and stores and packing materials - Opening inventory of raw materials and stores and packing materials
- Working capital = Current assets - Current liabilities
- EBIT = Earnings before interest and tax
- Capital employed = Total tangible net worth + Total debt + Deferred tax liabilities

Disclosure for change in ratio by more than 25%:

Type of ratio	Variation in ratio between 31 March 2023 and 31 March 2022	Reasons for variance
(a) Current ratio	(71%) Refer note below	
(b) Debt-equity ratio	(35%) Variation is primarily owing to repayment of borrowings.	
(c) Debt-service coverage ratio	(19%) Refer note below	
(d) Return on equity ratio	(67%) Variation is primarily owing to increase in the cost of goods sold.	
(e) Inventory turnover ratio	4% Refer note below	
(f) Trade receivable turnover ratio	0% Refer note below	
(g) Trade payable turnover ratio	9% Refer note below	
(h) Net capital turnover ratio	22% Refer note below	
(i) Net profit ratio	(58%) Variation is primarily owing to increase in the cost of goods sold which has led to corresponding decline in the net profit of the Company	
(j) Return on capital employed	(56%) Similar to (i) above	
(k) Return on investment	(58%) Similar to (i) above	

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



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Sanathan Textiles Limited
Notes to the standalone financial statements for the year ended 31 March 2023
 (All amounts in Rupees lakhs, unless otherwise stated)

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.

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 2023	As at 31 March 2022
Universal Texturisers Private Limited	6.25%	29 September 2031	-	90	93
Universal Texturisers Private Limited	4.08%	25 November 2022	-	-	2
Sanathan Polycot Private Limited	4.82%	20 April 2023	20	-	-
Sanathan Polycot Private Limited	8.28%	06 July 2023	1,150	-	-
Sanathan Polycot Private Limited	6.14%	16 July 2023	60	-	-
Sanathan Polycot Private Limited	6.33%	07 August 2023	5	-	-
Sanathan Polycot Private Limited	8.26%	17 August 2023	15	-	-
Sanathan Polycot Private Limited	6.30%	30 August 2023	10	-	-
Sanathan Polycot Private Limited	6.32%	06 September 2023	10	-	-
Sanathan Polycot Private Limited	6.32%	09 September 2023	200	-	-
Sanathan Polycot Private Limited	6.88%	14 February 2024	1,700	1,700	-
Sanathan Polycot Private Limited	4.65%	31 March 2023	-	-	125

Note:

The loans are granted for general business purpose.

Investments

Name of the subsidiary companies	Amount invested during the year	As at 31 March 2023	As at 31 March 2023
Sanathan Polycot Private Limited	18,450	19,440	990
Universal Texturisers Private Limited	-	1,350	1,350



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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 envisaged 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	322,000
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	Year ended 31 March 2023		Year ended 31 March 2022	
	No. of options	* WAEF (Rs.)	No. of options	* WAEF (Rs.)
Outstanding at the beginning of the year	300,500	550	-	-
Granted during the year	-	-	322,000	550
Forfeited during the year	23,000	550	12,500	550
Expired during the year	-	-	-	-
Outstanding at the end of the year	286,500	550	309,500	550
Exercisable at the end of the year	-	-	-	-

* WAEF denotes weighted average exercise price of the option

The weighted average fair value of options outstanding during the year ended 31 March 2023 is Rs. 128.01 (31 March 2022: Rs. 113.9) for each option. The weighted average of remaining contractual life of options outstanding is 4.15 years (31 March 2022 : 5.15 years).

The fair value of the options granted at the grant date 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)	4.98%
Vesting 1	5.68%
Vesting 2	5.89%
Vesting 3	6.07%
Vesting 4	2.5 years to 5.5 years
Expected life of options (in years)	50%
Expected volatility (% per annum)	45%
Vesting 1	42%
Vesting 2	47%
Vesting 3	0%
Vesting 4	363
Expected dividends yield (% per annum)	550
Weighted average share price (Rs.)	
Exercise price (Rs.)	

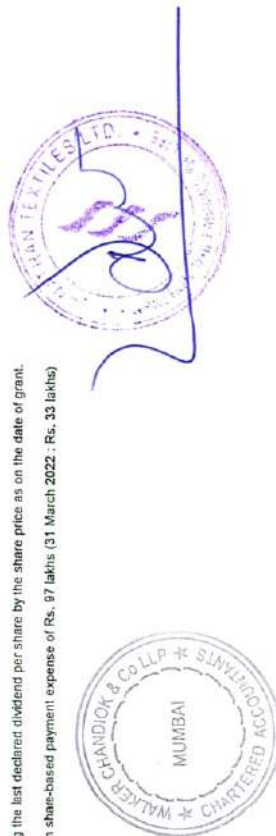
Volatility : Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during the year. In the absence of deep traded market in Company's equity options, the historical volatility, for similar sector based information on level 2 informations is considered as reasonable 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.

During the year ended on 31 March 2023, the Company has recorded an share-based payment expense of Rs. 97 lakhs (31 March 2022 : Rs. 33 lakhs)



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.

D The Company is not holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Further, no proceedings have been initiated or pending against the Company for holding any benami property under the Act and rules mentioned above.

E The Company has not been declared wilful defaulter by any bank or financial institution or any other lender.

F No income has been surrendered or disclosed as income during the current year.

G The Company has not traded or invested in crypto currency or virtual currency during the current year.

H The Company has complied with the number of layers prescribed under section 2(87) of the Act.

I The Company has not entered into any scheme of arrangement in terms of section 230 to 237 of the Act during the current year.

J There are no charges or satisfaction which are yet to be registered with Registrar of Companies during the current year.

Note 48 : Previous year's figures have been regrouped or reclassified wherever necessary to correspond with the current year classification/ disclosure.

These are the notes to the standalone financial statements including a summary of the significant accounting policies and other explanatory information referred to in our report of even date.

For Walker Chandlok & Co LLP

Chartered Accountants
 Firm's Registration No. : 001076NNS00013

Rajni Munday..

Rajni Munda
 Partner
 Membership No. 058644



For and on behalf of the Board of Directors

[Signature]

Pareek Kumar V. Dattani
 Chairman and Managing Director
 DIN : 00163591

[Signature]

Nidhi Batavia
 Chief Financial Officer

[Signature]

Ajay Kumar V. Dattani
 Joint Managing Director
 DIN : 00163739

[Signature]

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



Place: Mumbai
 Date: 25 July 2023