

ANNUAL **REPORT** 2025-26



THREADING
NEW FRONTIERS

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STATUTORY REPORTS

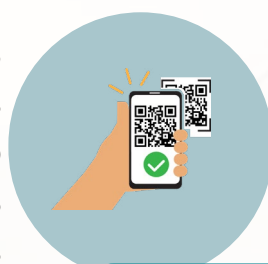
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An electronic version of this Report
is available at:

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



Scan this QR code to navigate
Company-related information

CORPORATE INFORMATION

Managing Director

Mr. Krishna Madhusudan Jhunjunwala

Whole-time Director

Mr. Kanav Krishna Jhunjunwala

Executive Director

Ms. Neha Krishna Jhunjunwala

Non-Executive Independent Directors

Mr. Sachin Shashikant Abhyankar

Mr. Bharat K. Jhamvar

Mr. Paulo Manuel Ferreira Moura De Castro

Chief Financial Officer

Mr. Kayvanna Shah

Company Secretary & Compliance Officer

Mr. Mustafa Yusuf Manasawala
(appointed w.e.f. November 11, 2025)

Auditors

CNK & Associates LLP (Statutory Auditors)
CS Swati Gupta, Practicing Company Secretary
(Secretarial Auditor)
Kasina & Associates (Cost Auditors)

Bankers in India

Standard Chartered Bank

Citibank N.A.

DBS Bank India Limited

HDFC Bank

IndusInd Bank

PT Bank Maybank Indonesia Tbk

Bank Of Bahrain & Kuwait

Yes Bank

Overseas

Citibank N.A.

Registered Office

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

Corporate Office

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

Share Transfer Agent

MUFG Intime India Private Limited (Formerly known as Link Intime India Private Limited) C 101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli West, Mumbai-400083 Ph.: +91-22 - 49186000; Fax: 49186060; Email: mumbai@in.mpms.mufg.com

Plant Locations

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

Forward-looking statements

The report contains information that includes forward-looking statements. These statements pertain to the Company's anticipated financial position, operational results, business plans, and potential opportunities. They are commonly recognised by words such as "believe," "plan," "anticipate," "estimate," "expect," "may," "will," or similar terms. These forward-looking statements are based on certain assumptions or foundations. We have selected these assumptions or foundations in good faith, believing them to be reasonably valid in significant aspects. Nevertheless, it's important to note that actual results, performances, or accomplishments might differ significantly from what is suggested or implied in these forward-looking statements. We want to emphasise that we are not obligated to constantly update or revise these forward-looking statements, regardless of whether new information, future events, or other factors emerge.

For more information, visit

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

THREADING NEW FRONTIERS

Every frontier begins with a single thread of vision, of courage, and of conviction. At Sarla Performance Fibers Limited, progress is woven into the very fabric of how we think, create, and serve. This year, we do not simply arrive at new horizons; we thread through them with precision, purpose, and the spirit of pioneers who understand that the finest cloth is born from the most demanding conditions. As a vanguard in man-made fibre yarns, our fibres bridge the worlds of performance and possibility across a wide spectrum of industries. Threading New Frontiers is our declaration, carrying the strength of our legacy boldly into uncharted territory, strand by strand, industry by industry, partnership by partnership. We do not wait for the future; we spin it into existence.

“Each fibre we engineer carries not just tensile strength, but the strength of intent — threading new frontiers of innovation, resilience, and partnership that shape the industries of tomorrow.”

Pioneer Spirit

Venturing beyond convention to create fibres that redefine what performance means for the industries we serve.

Purposeful Innovation

Weaving technology into every strand, advancing our processes, our products, and our promise to partners worldwide.

Enduring Trust

Threading relationships that hold, built on consistency, expertise, and the confidence of those who choose us, year after year.



MADHUSUDAN JHUNJHUNWALA 1941 - 2021

As we commemorate the fifth anniversary of the passing of Mr. Madhusudan Jhunjhunwala, our esteemed Founder and former Chairman, on July 19, 2021, we pause to reflect with heartfelt gratitude on the enduring legacy he has left behind. Through 28 dedicated years, his vision, values, and leadership were instrumental in shaping the very soul and direction of our organization.

Mr. Jhunjhunwala's progressive mindset and steadfast principles were the driving force behind our journey, from humble beginnings to becoming a name of repute in the yarn manufacturing industry. His influence lives on in every milestone we achieve, every innovation we pursue, and the deep sense of togetherness that defines who we are as a team.

We honour his memory and the quiet strength of character he embodied. His vision continues to light our path, to pursue excellence, welcome progress, and move forward together toward our common purpose. His legacy stands as the bedrock upon which our future aspirations are built.

May his life and contributions remain a source of inspiration, a testament to the truth that passion, vision, and perseverance can take us to places we once only dreamed of. We carry his memory with us always, and we celebrate the profound and lasting impression he made on our company and on each one of us.

*“When the world sought shortcuts,
he stood firm in integrity and perseverance.
When the world celebrated unchecked ambition,
he counselled a harmony of boldness and prudence.
When the world found comfort in the familiar,
he dared us to think differently and welcome change.”*

THREADING

NEW FRONTIERS

Before the light has touched the sky,
before the world has said its first goodbye,
a thread is already there, quiet and spun,
soft against your skin before the day's begun.

It wraps you close in innerwear so fine,
a gentle hold, a warmth that feels like mine.
The t-shirt breathes with you through morning air,
a second skin, a lightness beyond compare.

Socks bring comfort to the coldest floor,

gloves keep the bitter winter from the door.
Athleisure bends and stretches, moves and flows,
following your body wherever life goes.

Shoes you lace with hope for roads ahead,
every step supported, every path well led.
Car seats hold you gently mile by mile,
seat belts guard you safely all the while.

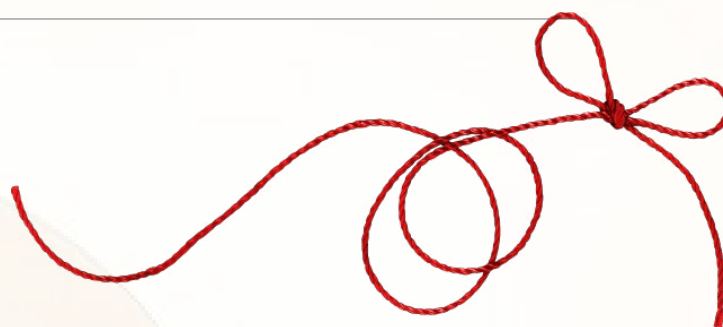


Through the busy hours, the rush, the hum,
threads are always present, faithful as the sun.
Masks that shield the faces that we love,
bandage cloths that heal with the softness of a glove.

Mops that sweep with care through quiet rooms,
curtains soften daylight as the morning blooms.
And when the evening folds the busy day to rest,
mattress threads receive you, holding you the best.

Quilts wrap close around you, warm and deep,
stitched with love and tenderness to keep.
From the first soft breath of a brand new day,
to the last dim light as night finds its way.

Not asking to be seen, not asking to be known,
just woven through the life that you have grown.
In every yarn a heartbeat, in every fibre care,
a thread that quietly loves you — always there.



MARKING

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Years of Excellence

AT SARLA !



WHO WE ARE ABOUT SARLA

Three decades ago, Sarla Performance Fibers began as a producer of commoditised yarn. Today, it stands as a name synonymous with high-performance textile solutions, technical excellence, and enduring client partnerships. This transformation was not accidental. It was the result of deliberate choices: to innovate when the industry stood still, to invest in adaptive technology when change was uncertain, and to hold quality as a non-negotiable standard at every stage of production.

What defines Sarla is not merely what we manufacture, but how we have navigated the complexities of a demanding industry. Across shifting market conditions and evolving customer expectations, we have remained a stable and trusted partner to businesses spanning diverse sectors. Each yarn solution we offer is purposefully crafted to address real-world challenges, backed by the kind of reliability that only decades of experience can build.

For 28 years, Mr. Madhusudan Jhunjhunwala shaped the identity of this organisation, instilling values that would outlast any market cycle. Under the continued stewardship of Mr. Krishna Jhunjhunwala, Sarla carries that legacy forward with the same focus and ambition, meeting new challenges without losing sight of what has always set us apart.

At Sarla, we see purpose in every fibre and commitment in every solution we deliver. We believe the textile industry deserves more than functional products, it deserves a partner that thinks ahead, acts with integrity, and strives consistently to raise the standard. As we look to the future, we do so with confidence, clarity, and a firm resolve to carve an enduring place in the global textile landscape.

Our Mission



To deliver customised, high-performance yarn solutions with a strong client-centric approach. Sarla offers a seamless, end-to-end product portfolio tailored to exceed market expectations through continuous innovation and quality excellence.

To lead through innovation and collaboration, driving sustainable value for clients, stakeholders, employees, and the community. We aim to unlock the potential of every thread, fostering growth through purposeful, future-ready textile solutions.

Our Vision



Our Values



At Sarla, our values are not statements on a wall. They are the principles that shape every decision we make, every relationship we build, and every product that leaves our facility. They are what our clients rely on, and what our people take pride in.



INTEGRITY

We uphold integrity by consistently acting with honesty, fairness, and transparency in all our business dealings, building trust that endures beyond any transaction.



CUSTOMER-CENTRIC

We place our customers at the heart of everything we do, prioritising their satisfaction and striving to deliver exceptional value in every interaction and solution we offer.



INNOVATION

We foster a culture of innovation by encouraging creativity, embracing adaptability, and pursuing continuous improvement across every function of our organisation.



EXCELLENCE

We are committed to excellence in all that we do, maintaining high standards of performance and quality from the production floor to the final product delivered to our clients.



ACCOUNTABILITY

We embrace accountability by taking full ownership of our actions, decisions, and outcomes, holding ourselves to the highest standard of responsibility to uphold trust and reliability.

SARLA AT GLANCE

Pioneering Excellence Through Innovation and Integrated Manufacturing

Sarla Performance Fibers Limited (SPFL) is a name that has come to define high-performance yarn manufacturing in India. Operating across six modern production facilities in Silvassa, Vapi, and Dadra,



SPFL manufactures a comprehensive range of polyester and nylon yarns that serve industries with the most demanding quality requirements.



Recognised as the foremost vertically integrated manufacturer of textured sewing threads in India, SPFL delivers end-to-end solutions with complete control over quality at every stage.



Offers a diverse portfolio of over 250 specialised yarn and thread types in an extensive palette of 5,000 colour shades.



Our ultra-soft nylon yarns are engineered to meet the exacting demands of activewear, swimwear, hosiery, undergarments, narrow fabrics, tapes, and medical textiles.



Among the earliest manufacturers in India to develop High Tenacity Nylon 6 and 66 spinning capabilities, serving both sewing and high-demand industrial applications.



SPFL was the first Indian manufacturer to introduce barre-free nylon yarn, a breakthrough that ensures superior fabric uniformity, visual consistency, and superior aesthetics in finished goods.



SPFL houses India's largest manufacturing capacity for both air-covered and conventionally covered yarns, enabling large-scale, reliable supply for clients across segments.



Clients rely on SPFL as a dependable, one-stop partner for customised yarn and thread requirements, backed by deep technical expertise and a consistent record of delivery.

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Manufacturing facilities across Silvassa, Vapi & Dadra

250+

Specialised yarn & thread types

5,000

Colour shades available

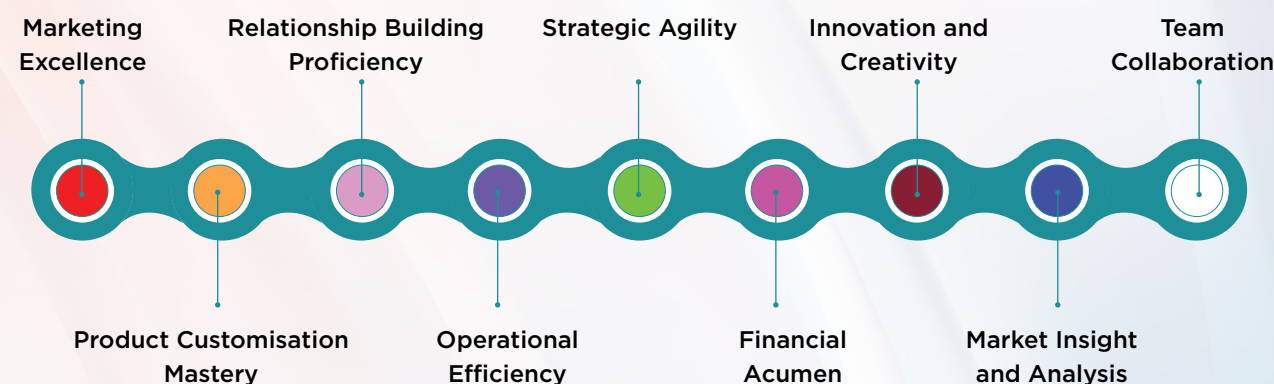
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Core fibre types — polyester & nylon

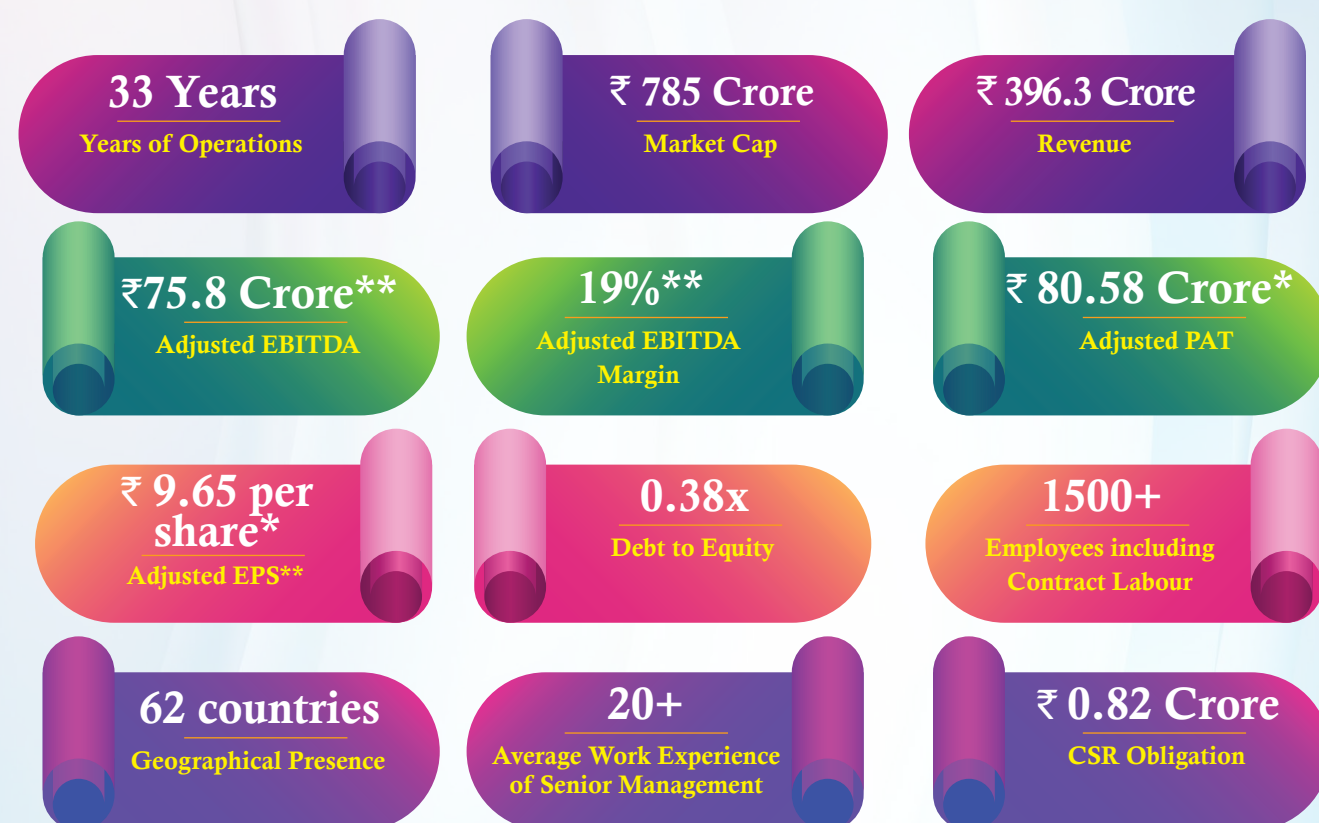
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Countries — Geographical Presence

OUR CORE STRENGTHS



PERFORMANCE HIGHLIGHTS OF FY2025-26



*Adjusted PAT and EPS are computed excluding the exceptional loss arising from the sale of investment in Sarlaflex Inc., USA

**Adjusted EBITDA excludes the one-time mark-to-market (MTM) loss on Euro-denominated borrowings.

SARLA'S CORE STRENGTHS

Driven by Purpose, Defined by Excellence

At Sarla, quality and performance are not aspirations — they are the foundation on which every decision is made. Our core strengths reflect capabilities deliberately built and refined over time, working in concert to deliver exceptional value and enduring trust to every stakeholder we serve.



LETTER FROM THE MANAGING DIRECTOR



Dear Shareholders,

It gives me immense pleasure to present the 33rd Annual Report of your Company. FY 2025-26 was a year marked by significant global uncertainty, driven by trade policy disruptions, geopolitical tensions, supply chain challenges, and volatile commodity prices. Despite these headwinds, your company demonstrated resilience, agility, and strategic focus, reinforcing the strength of the foundation built over more than three decades. Our commitment to innovation, operational excellence, and disciplined capital allocation enabled us to navigate a challenging environment while continuing to create long-term value for stakeholders.

The global economy during the year witnessed moderating inflation and monetary easing across several major economies, helping avoid a broad-based recession despite persistent geopolitical and trade-related uncertainties. India once again stood out as one of the fastest-growing major economies, supported by stable macroeconomic conditions and policy initiatives aimed at stimulating domestic demand.

The Indian textile industry began the year on a positive note with strong demand from the US market; however, reciprocal US tariffs introduced during the second half created temporary challenges. Political instability in Bangladesh further accelerated the diversification of global sourcing strategies, while disruptions in Middle East shipping routes and rising crude oil prices added pressure on logistics costs and supply chains. Through proactive planning, export diversification, and close customer engagement, your Company successfully navigated these challenges and strengthened its market position.

The medium to long-term outlook for the Indian MMF and textile industry remains highly encouraging, supported by both favourable trade developments and strengthening global competitiveness. The proposed free trade agreements (FTAs) with the United Kingdom and the European Union are expected to significantly improve the position of Indian textile exporters by eliminating the historical tariff disadvantage of 10-12% in these key markets, thereby enhancing access to high-value export opportunities. In addition, Indian exporters continue to enjoy a tariff advantage of approximately 8% over Chinese competitors in the United States due to the additional duties imposed on Chinese imports, further strengthening India's attractiveness as a sourcing destination. While near-term uncertainties persist, ongoing discussions around the proposed India-US trade agreement and the gradual normalisation of geopolitical conditions provide additional reasons for optimism. For Sarla, these developments align well with our strategic focus on quality, innovation, value-added products, and export-led growth. During FY 2025-26, we made encouraging progress in expanding our customer base in the United States, and we expect these efforts,

together with the evolving global trade landscape, to support sustainable growth and profitability in the years ahead.

Against this backdrop, our strategic priorities remained firmly focused on improving asset utilization, increasing the share of value-added products, and strengthening operational efficiencies. During the year, we incurred capital expenditure of INR 4.8 crore, primarily towards technology upgrades, while over the last six years we have invested nearly INR 125 crore in building future-ready manufacturing capabilities. Looking ahead, we have earmarked approximately INR 20 crore towards modernization, automation, and selective capacity expansion. Innovation continues to be at the core of our strategy. COMFILO, India's first barre-free nylon yarn launched last year, has received encouraging market acceptance and is expected to witness stronger traction ahead. We also introduced a cooling yarn with advanced moisture-management properties and are developing a nylon-based yarn capable of delivering spandex-like stretch characteristics without the use of spandex, a product that has the potential to redefine standards in circular knitting while enhancing sustainability.

India's man-made fibre (MMF) industry is well-positioned for sustained long-term growth, supported by a low per-capita consumption base of approximately 3 kg and favourable structural demand drivers. Rising disposable incomes, rapid urbanisation, expansion of organised retail, and increasing e-commerce penetration are driving a shift in consumer preferences towards higher-quality, performance-oriented, and value-added textile products. Consumers are increasingly willing to pay a premium for superior functionality, durability, and comfort, creating significant opportunities for differentiated MMF products. This trend aligns closely with Sarla's strategic focus on innovation and value addition, with value-added products currently contributing approximately 50% of our revenue. We expect this share to increase further as we continue to develop specialised solutions tailored to evolving customer requirements, strengthening our market position and supporting long-term profitable growth.

On the financial front, the Company reported standalone revenue of INR 396 crore during FY 2025-26, representing a decline of 6% compared to the previous year. This moderation was primarily driven by temporary demand softness arising from US tariff-related uncertainties, which impacted order flows during the second half of the year. Despite these challenges, the underlying fundamentals of our business remained resilient. Standalone EBITDA margin stood at 14%, compared to 19% in the previous year. However, this decline was significantly influenced by a one-time foreign exchange loss on Euro-denominated borrowings. Excluding this non-recurring impact, EBITDA margin would have been approximately 19%. The balance reduction was largely attributable to raw material price volatility, elevated energy and logistics costs, and a subdued demand environment. While these factors affected near-term profitability, we believe they are transitory in

nature. Our long-term objective of sustaining EBITDA margins above 20% remains firmly intact, supported by a richer product mix, growing contribution from value-added products, continued cost optimisation initiatives, and an expected recovery in demand across key export markets. Looking ahead, supported by an expected recovery in demand across key export markets, continued expansion of our value-added product portfolio, and ongoing operational efficiency initiatives, we are targeting revenue growth of approximately 15% in FY 2026-27.

Our balance sheet continues to be a source of strength, with a debt-to-equity ratio of 0.38x, and we remain firmly on track towards becoming a gross debt-free company. Reflecting our confidence in the Company's long-term prospects and commitment to enhancing shareholder value, the Board approved a share buyback aggregating INR 44 crore at a price of INR 110 per share. During the year, we also maintained a 100% customer retention rate while continuing to expand our customer base, underscoring the trust our customers place in our quality, consistency, innovation, and service standards.

A key strategic decision during the year was the sale of preference shares of our loss-making US subsidiary, Sarlaflex Inc. While this resulted in the recognition of a one-time loss of INR 77.13 crore relating to preference shares, it represents a decisive step towards improving capital allocation, strengthening our balance sheet, and enhancing management focus on core growth opportunities. We believe this action will contribute meaningfully to improving Return on Capital Employed over the medium term.

It is heartening to witness the next generation of leadership making a meaningful impact on our organisation. Mrs. Neha Jhunjhunwala, Director, has been instrumental in strengthening our marketing initiatives and deepening client engagement, infusing fresh thinking and renewed vigour into our business development efforts. Her growing responsibilities are a testament to the Board's confidence in her vision and commitment to the organisation's long-term progress. At the same time, the collective dedication of every member of our team deserves equal acknowledgement, they remain the cornerstone of all that we accomplish together.

As we enter FY 2026-27, we do so with confidence and optimism. The investments made over recent years, our growing portfolio of differentiated value-added products, expanding customer relationships, and strong financial discipline collectively position Sarla for its next phase of growth. On behalf of the Board of Directors and the entire Sarla family, I extend my sincere gratitude to our shareholders, employees, customers, business partners, and all stakeholders for their continued trust and support. Your confidence inspires us to innovate, grow, and create sustainable long-term value for all.

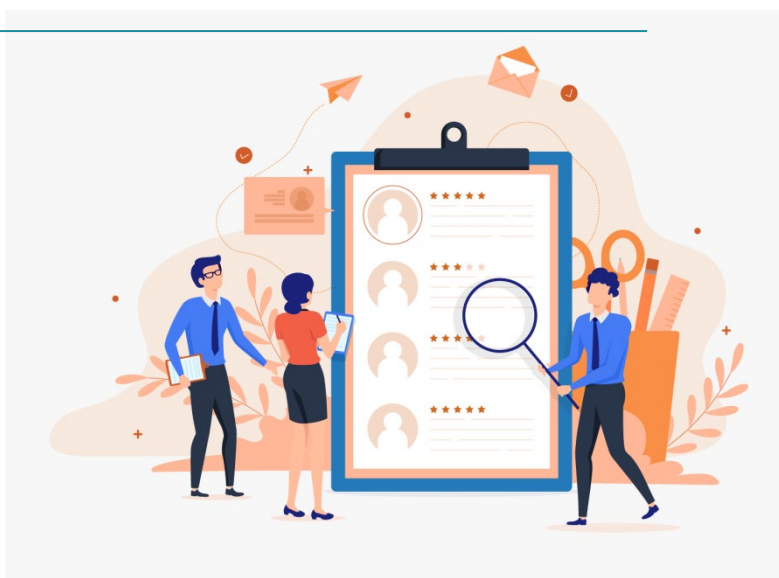
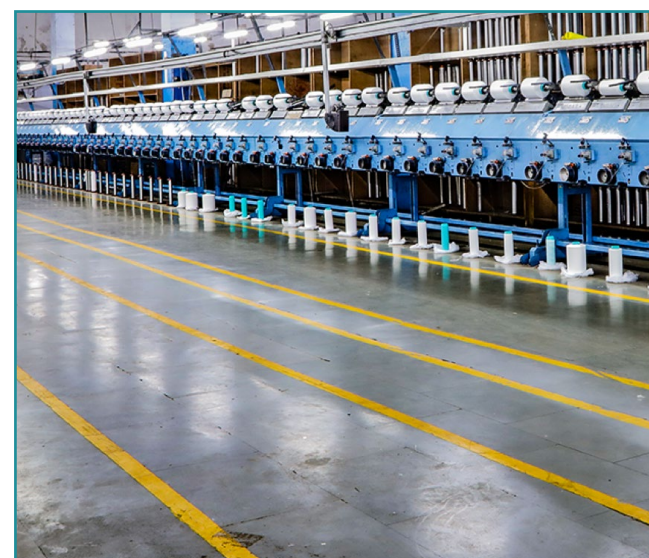
Warm regards,

Krishna M. Jhunjhunwala
Chairman & Managing Director

“ Amid a challenging global environment, we remained focused on what matters most—innovation, operational excellence, and long-term value creation. Through new product development, portfolio enhancement, and prudent financial management, we strengthened the foundations of our business. As market conditions improve and new trade opportunities emerge, we are confident in our ability to deliver profitable growth and enhanced shareholder value. ”

COMPANY OVERVIEW

Sarla Performance Fibers Limited is an ISO 9001:2015 certified company and a prominent name in the global textile industry. The company specialises in the production and export of polyester and nylon textured, twisted, and dyed yarns, including covered yarns, high-tenacity yarns, and sewing threads. What began as a manufacturer of basic yarns has since evolved into a strategically focused producer of complex, high-value yarns. At the heart of this evolution lies Sarla's defining strength — the ability to deeply customise products to meet the precise and individual needs of every customer.



Promoter

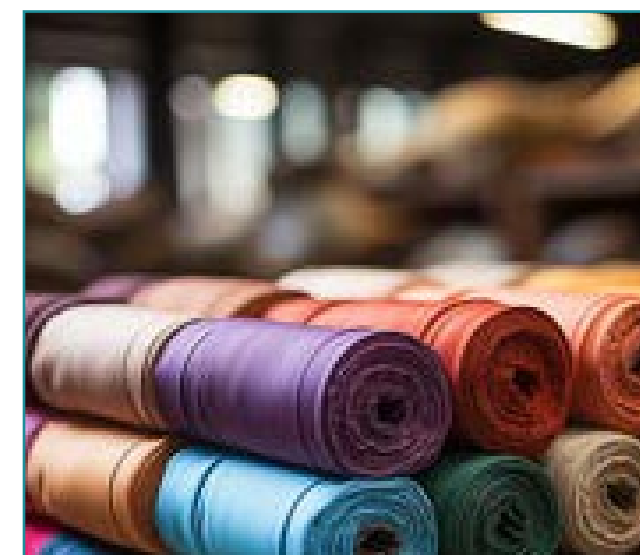
Sarla is built on the solid foundation of a closely-knit, family-run business, guided by professional management across all areas of operation. This distinctive blend of familial values and strong governance is further reinforced by a long-standing market presence and the deep expertise of its promoters. The company embodies a legacy of credibility, sustainability, and an unwavering drive for growth, currently led by its Chairman, Mr. Krishna Madhusudan Jhunjhunwala.

Manufacturing Facilities and Processes

Headquartered in Mumbai, Sarla manages state-of-the-art manufacturing facilities strategically located in Silvassa, Dadra, and Vapi — approximately 160 km north of Mumbai. The principal units in Silvassa, supported by an auxiliary facility in Dadra just 10 km away, are vertically integrated to cover the entire value chain from spinning through to advanced high-bulk and high-stretch processing. The company is equipped to fulfil customised orders ranging from a few hundred to several thousand kilograms, with in-house bonding and kings pool winding operations enabling the production of over 250 value-added yarns and threads tailored to niche requirements.



Sarla holds India's largest capacity in air covering, as well as in single and double conventional covering. Its dyeing facility in Vapi, located within the Gujarat Industrial Development Corporation zone, is equipped with advanced technology capable of processing all fibre types — from stretch nylon to high-tenacity yarns and textured sewing threads. The Colour Bank houses over 5,000 shades, with the in-house laboratory developing an average of 8 new colours daily. Digital colour matching by certified technicians ensures exact shade replication, while automated dyeing systems support batch sizes ranging from 1 kg to 500 kg. All facilities are ISO 9001:2015 certified, and with an average machine age of less than five years — among the lowest in the industry — Sarla continues to set the benchmark for innovation, efficiency, and technological advancement.



Global Presence

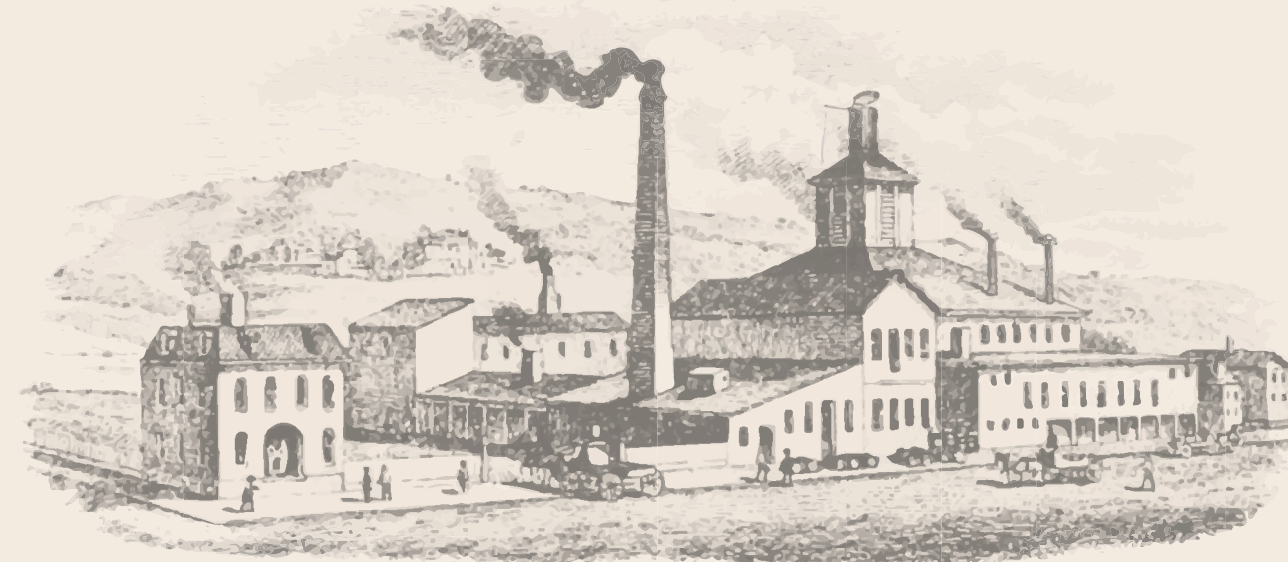
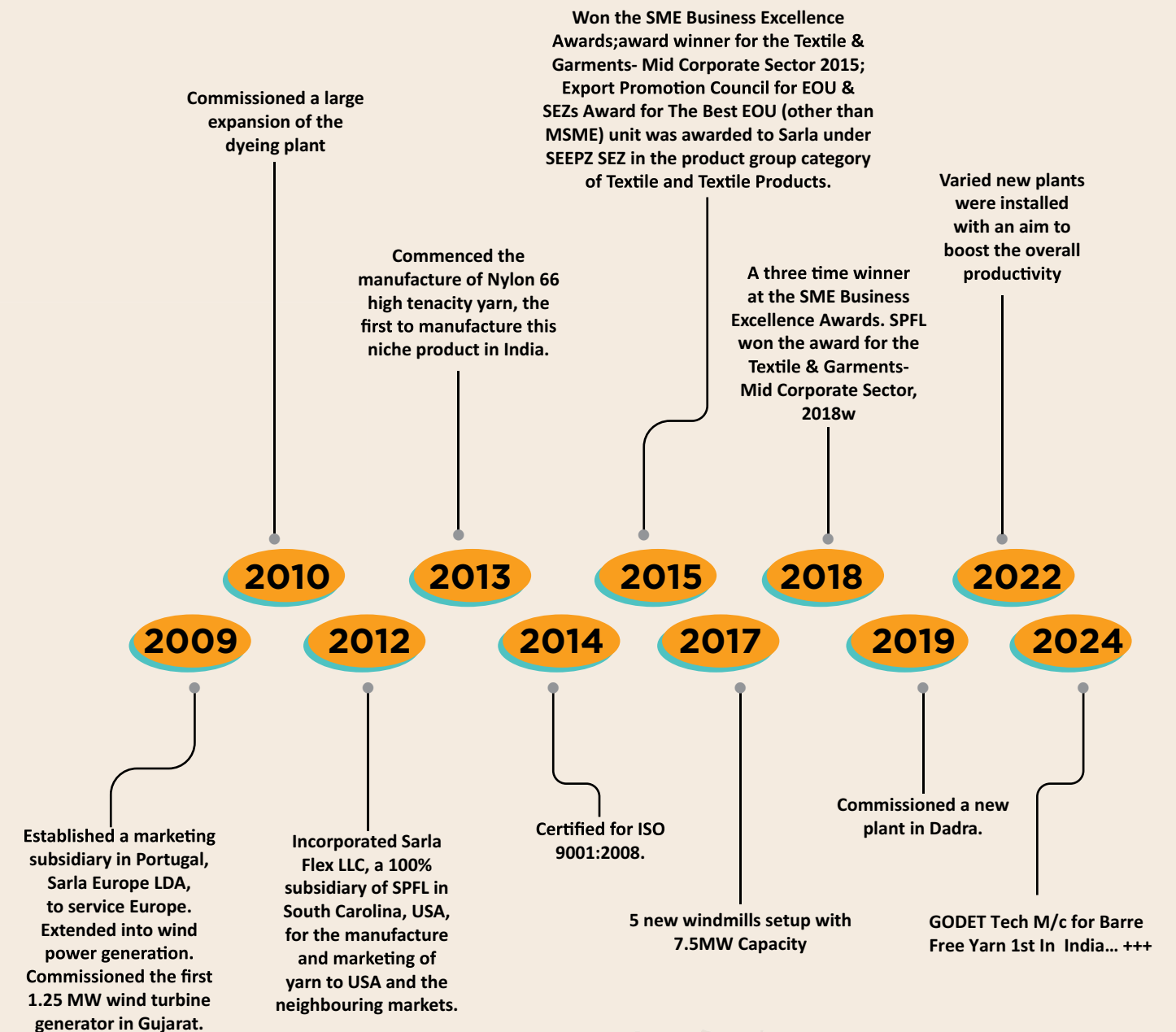
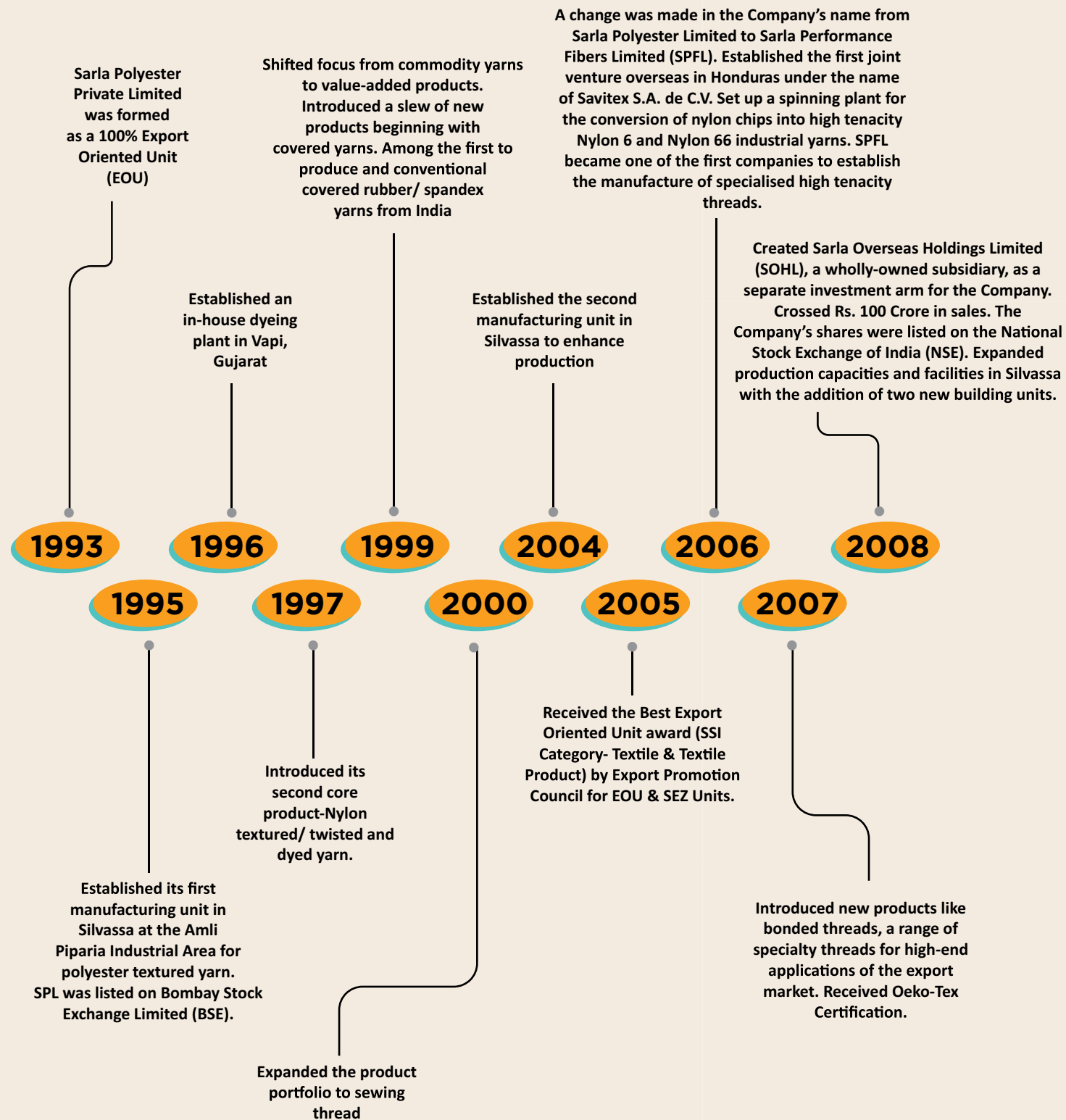
Sarla has established a strong and expansive international footprint, with exports reaching more than 62 countries. The company also operates through its step-down subsidiary, Sarla Europe LDA, based in Portugal, which serves both European and South American markets. This global expansion is driven by a clear strategic intent — to be closer to customers, enabling faster service and more efficient delivery. Across every market it operates in, Sarla is supported by a loyal and growing customer base that spans the world's most significant textile-consuming regions.

Product Portfolio

Sarla's yarn offerings span a comprehensive range — including continuous filament yarns, high-tenacity yarns and threads, dyed yarns, covered spandex and Lycra yarns, and barre-free nylon yarns, of which Sarla is the only manufacturer in India. Its threads serve diverse and demanding segments such as automobiles, premium footwear, high-end apparel, and embroidery. Across the broader product range, applications extend to narrow fabrics, hosiery, medical bandages, knitted and denim fabrics, leather goods, soft luggage, automotive seat belts and trims, mops, towels, shoe uppers, automotive airbags, and upholstery, among others.



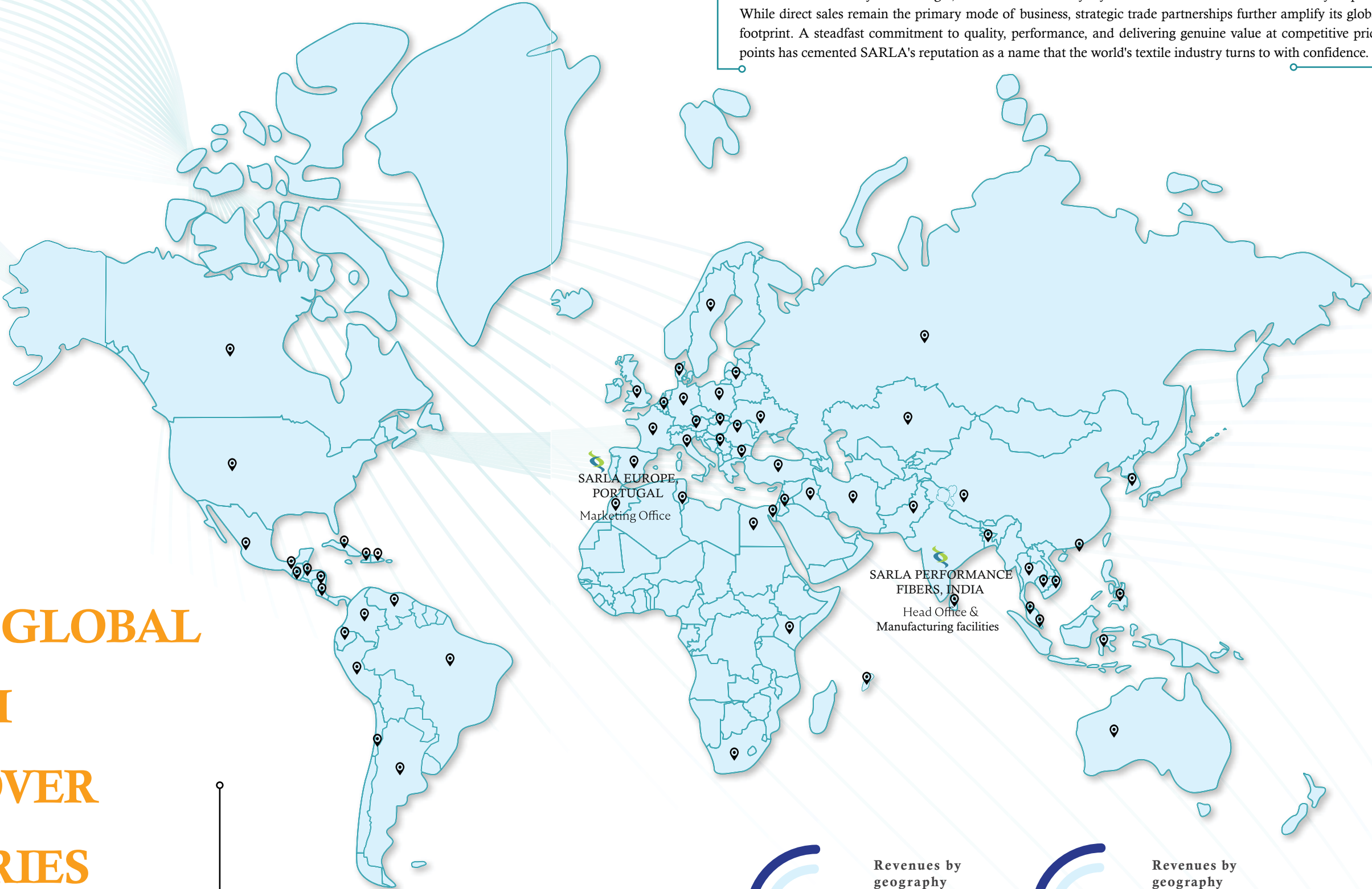
KEY MILESTONES



GLOBAL PRESENCE

SARLA has earned its standing as one of the most reliable yarn suppliers to leading international brands, serving clients through both direct relationships and trusted intermediary networks. The depth of these partnerships speaks for itself — nearly two-thirds of the company's revenue in FY2025–26 came from clients who have been with SARLA for five years or longer, a testament to the loyalty and confidence the brand consistently inspires. While direct sales remain the primary mode of business, strategic trade partnerships further amplify its global footprint. A steadfast commitment to quality, performance, and delivering genuine value at competitive price points has cemented SARLA's reputation as a name that the world's textile industry turns to with confidence.

SARLA,
A TRUSTED GLOBAL
NAME WITH
REACH IN OVER
62 COUNTRIES



📍 Represents customers



Revenues by geography

FY 2025-26
39.47% Domestic
60.53% International



Revenues by geography

FY 2024-25
44.30% Domestic
55.70% International



PRODUCT DASHBOARD



Sarla's Comprehensive Product Line Offers One Stop Solutions. The Company's Assortment of Specialized Yarns Caters to a Wide Range of Complex and Stringent Applications.

COMFILO



Barré-Free Nylon Yarn

Meet COMFILO – India's First Barré-Free Nylon Yarn

Say goodbye to unpredictable fabric flaws and hello to flawless perfection. Introducing **COMFILO** India's first **Barré-Free Nylon Yarn**, developed by **Sarla**, and designed to eliminate the notorious barré defect that disrupts fabric consistency and quality.

COMFILO isn't just a yarn. It's a revolution.

Engineered for perfection. Designed for sustainability. Made for visionaries.

After months of intensive R&D and innovation with state-of-the-art **OLT system technology**, **COMFILO** has emerged as a true game-changer—delivering a seamless, luxurious finish that elevates every textile it touches.

- No more barré lines
- Superior surface consistency
- Waste reduction across production batches
- Flawless performance across multiple fabric types

Whether you're crafting **luxury fashion**, **performance-driven athleisure**, or **cutting-edge apparel**, COMFILO gives designers and manufacturers the freedom to **create without compromise**.

India's first Barré-Free Nylon Yarn

"**COMFILO** offers exceptionally flawless consistency & moisture-wicking functionality, making it ideal for summer textiles. Its UV-stabilization ensures colorfastness and fabric integrity under prolonged sun exposure, while high crimp-rigidity enhances shape retention in lightweight designs. The yarn's unique softness helps manufacturers create highly comfortable products that feel cool and gentle on the skin of the user. Its faultless texture acts as a canvas for vibrant aesthetic designs—perfect for activewear, resort wear, and summer-ready fashion."

Revolutionizing Key Textile Segments:

- Circular Knitting
- Fashion Garments
- Taffeta Fabrics
- Sportswear

For decades, barré has been a costly challenge—until now. While others hesitated, **Sarla became the first and only manufacturer in India** to conquer this problem, bringing a globally recognized innovation home.



Textured Polyester



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

Characteristics

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

Applications

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

Textured Sewing Thread



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

Characteristics

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

Applications

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

Barré-Free Nylon Yarn



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

Characteristics

Sarla produces more than 250 varieties of valueadded yarns and threads.

Applications

The value of our product is most visible in the colour, strength and durability of sewing threads furniture upholstery, automotive upholstery, narrow fabrics cum tapes, as well as circular and flat knitted products.

The result is positive feedback from the customers of our consumers, making us a go-to brand.

High Bulk High Stretch Polyester



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

Characteristics

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

Applications

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

High Tenacity Yarns



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

Characteristics

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

Applications

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

Covered Yarns



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

Characteristics

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

Applications

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

Based on our experience and conversations with customers in the last many years, customers the world over seek to source yarn from Sarla year after year for the following reasons. One, Sarla is a specialist that does not just focus on selling yarn; it focuses on advising customers on what yarn application would be best placed to take their business ahead. Two, Sarla is not focused on marketing what it has in stock; it is focused on marketing and customising yarns in line with what customers need. Three, does not merely manufacture; it delivers in time to match the inventory needs of its customers. The bottomline: Sarla does not manufacture and market; the Company delivers an end-to-end solution that starts from product design and ends at timely product delivery.



OUR Clientele

**Nurturing
Cherished Brands:
The Inseparable Bond
with
Our Valued
Customers**





Nike

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

PRADA

Prada

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

Amante

Amante Lingerie

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



Adidas

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



JW MARRIOTT

JW Marriott

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

GOLDTOE

Gold Toe

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



FRUIT OF THE LOOM

Fruit of the Loom

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



Disney

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

Calvin Klein

Calvin Klein

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



Tommy Hilfiger

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



Warner Brothers

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



Target

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



Jockey International, Inc. is an American manufacturer and retailer of underwear, sleepwear, and sportswear for men, women, and children. The company is based in Kenosha, Wisconsin



Delta Galil fuels the growth of global brands with its next-generation fabrics and products. With almost 50 years of design and innovation expertise in the intimates and activewear categories, Delta Galil is the preferred partner for iconic, disruptive, and digitally native brands.



Walmart

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



One of the world's largest manufacturers of basic apparel, including activewear, underwear, and socks.



Madeira USA is the high quality machine embroidery thread and embroidery supplies market leader. Turn to Madeira for embroidery thread, embroidery backing



American & Efrid LLC

One of the world's foremost manufacturers of industrial sewing thread, embroidery thread and technical textiles, A&E's global presence extends from Asia to Europe to the Americas



Fritz Moll is a company with tradition specializing in elastic products of high quality for fashion and technical applications and have been developing and producing high-quality ribbons and lace at the Germany location for 150 years.

DECATHLON

Decathlon

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



At FALKE, you can find a wide range of luxurious men's socks, sport socks, base layers and underwear. Our products are designed to provide exceptional comfort



A century-old American OEM manufacturer of cords, webbing, braids, and narrow textiles — supplying global brands like New Balance, Adidas, and Under Armour across the fashion, athletic, military, and outdoor sporting goods industries



Coats Group Inc, is a British multinational company. It is the world's largest thread and structural components' manufacturer for apparel, footwear, and performance materials. Founded over 250 years ago, the UK-based company has operations across 50 countries with a workforce of over 17,000 employees.



AMANN Group: Premium sewing threads & smart yarns Since 1854, AMANN has been one of the internationally leading producers supplying the industry with premium sewing and embroidery threads and smart yarns.



MAS Fabrics

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



Hanes

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

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

OUR STRATEGIC PILLARS



Financial Capital

Our thoughtful approach to resource management has allowed us to consistently generate sustainable returns for our stakeholders. We have made ongoing investments in the company's expansion and in Research & Development (R&D) to spur innovation and strengthen our product offerings. Despite these continued commitments, our disciplined financial stewardship has kept our debt-to-equity ratio at healthy levels, underscoring our dedication to fiscal responsibility.

Operating in an industry marked by significant working capital demands and price volatility, we have sustained strong financial stability and a resilient operating margin. This resilience stems from our sound risk management framework and our ability to adapt swiftly to evolving market conditions. Through stringent financial controls and forward-looking strategies, we have streamlined our working capital and effectively managed risks arising from price fluctuations.

Going forward, we will continue to harness our financial strength to drive innovation, boost operational efficiency, and deliver lasting value to our shareholders. Our commitment remains centered on preserving financial health while making strategic investments in areas that advance our growth ambitions and reinforce our long-term vision.

Capital Employed
INR 721.5 Crore;

Revenue
INR 401.2 Crore

EBITDA Margin
29%



Manufacturing Capital

Our manufactured capital is built on a strong manufacturing foundation, state-of-the-art technologies, and advanced machinery. Seamless logistics for both raw materials and finished goods play a vital role in optimizing operational performance across our strategically positioned facilities in Silvassa, Dadra, and Vapi.

Over the past six years, the company has invested more than INR 125 crore in modernizing its facilities and expanding production capacity, a testament to its long-standing commitment to growth and operational excellence. Building on this foundation, approximately INR 20 crore has been earmarked for FY27 towards modernization, automation, and selective capacity expansion. These investments reflect a deliberate focus on advanced technologies, sustainable practices, and efficiency improvements, all directed towards delivering long-term stakeholder value. By continuously scaling operations and introducing new products, the company remains well-positioned to anticipate and respond to evolving domestic and global market dynamics.

During the year, the company launched Barre-free nylon yarn "COMFILO, making it the only manufacturer of this product in India. This breakthrough further cements our market leadership and highlights our commitment to product innovation and differentiation. Building on this momentum, the company this year introduced a cooling yarn with advanced moisture-management technology. In parallel, development is underway on a nylon-based yarn engineered to deliver spandex-like stretch without the use of spandex, an innovation with the potential to redefine circular knitting standards and advance sustainability goals.

As India's foremost producer of Nylon yarn and the exclusive manufacturer of Nylon 66 yarn in the country, Sarla remains steadfast in its pursuit of continuous innovation and technological progress. With an average machine age of under five years — among the youngest in the industry — we are well-equipped to deliver superior-quality products at competitive prices, consistently addressing the diverse requirements of our customers.

Gross block -

INR 442.5 Crore;

products variants
6 Plants; 250+

Credentials

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



ISO: 9001: 2015
certification



Oeko-Tex
Standard 100



Global Recycle
Standard (GRS)
Certificate

Human Capital



Our workforce brings together a rich mix of management professionals, employees, and contract workers, each contributing their unique experience and expertise to our operations. In the labour-intensive textile industry — where skilled craftsmanship and streamlined processes are paramount — our people are at the heart of our success. We invest in our workforce by providing comprehensive facilities and continuous training, empowering them to build their capabilities and remain in step with evolving industry developments. This commitment nurtures a culture of continuous improvement and reflects our dedication to operational excellence across all areas of production.

The long tenures of many of our team members — several of whom have been with us for over five years — speak to the deep-rooted culture of trust and loyalty within our organisation. Their sustained presence brings stability to our operations while fostering knowledge transfer, skill development, and a spirit of innovation. By leveraging the strengths of our skilled workforce and cultivating an environment built on loyalty and forward thinking, we are well-positioned to drive consistent growth, uphold the highest quality standards, and respond effectively to the ever-changing demands of the textile market.

No. of Employees

1500+;

Average years of employees

15+ years;

Average experience of Senior Management

20+ years

Average experience of board members

40+ years;



Intellectual Capital

At Sarla, our intellectual capital serves as the cornerstone of our operational excellence and competitive advantage. Guided by an unwavering commitment to innovation, we have built a dynamic and agile organisation capable of swiftly adapting to shifting market demands while sustaining a decisive edge over the competition. This focus empowers us to optimize operations, manage costs effectively, and continually enrich our product portfolio, keeping us at the forefront of industry evolution.

Our dedicated Research & Development and quality control teams are central to this endeavour. They play a pivotal role in consistently producing high-quality yarns that bolster our brand reputation and reinforce our market presence. The strength of our intellectual capital is evidenced by the wide range of quality certifications we hold, each reflecting our rigorous standards and steadfast commitment to surpassing industry benchmarks.

Furthermore, our pursuit of innovation and excellence has earned us several prestigious awards, further solidifying our standing within the textile sector. Sarla's intellectual capital remains a key catalyst for our success, enabling us to deliver exceptional value to our customers and stakeholders alike. Through a relentless focus on continuous improvement, quality, and innovation, we continue to be a trusted and forward-looking leader in the industry.



Awards and Accolades

2018



Business Excellence Award

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

2015



Business Excellence Award

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

2015



Best Export Oriented Unit

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

2014



Best Global Business Award

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

2012



Best Export Oriented Unit

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

NATURAL CAPITAL

“*SPFL will pursue knowledge, practices, and decisions encouraging environmentally friendly and ecologically responsible manufacturing operations which will help protect the environment and sustain its natural resources for current and future generations.*”

Krishna M. Jhunjhunwala,
Managing Director

ENERGY CONSERVATION

A program has been implemented to replace lighting in the manufacturing facilities with more energy efficient lamps.

Where feasible, less efficient motors have been replaced with new less energy consuming motors on the manufacturing machines.

Utilizing energy generated by recently set up wind power plants

RECYCLING

Cardboard cartons, manufacturing process waste (polyester and nylon), and damaged plastic products such as cones and tubes are recycled

Allied material for Sarla's internal processes and in internal transfers between Silvassa and Vapi are re-used and recycled.

SARLA'S DYE HOUSE & DYEING PROCESS

Sarla's dye house is equipped with a system to be energy efficient.

The dyeing machines and the dyeing process is designed to reduce water and energy consumption.

All process water used in dyeing is treated before returning it safely to the environment.

Eco-friendly steam boiler.

As part of its commitment to social responsibility and environmental sustainability, Sarla has actively diversified into wind energy. This journey began in 2009 with the installation of its first 1.25 MW wind turbine in Gujarat. A second turbine followed in Maharashtra in 2011.

In 2012, Sarla deepened its investment in green energy with the commissioning of two additional turbines in Maharashtra, bringing the total capacity across Gujarat and Maharashtra to 7.25 MW. The company expanded into Madhya Pradesh in 2015 with the installation of two more turbines, and in 2016, added three more in Gujarat.

Today, Sarla operates nine wind turbines across three states, generating a combined 14.75 MW of clean energy—demonstrating its enduring commitment to a greener, more sustainable future.

40% of Sarla's consumable energy comes from the in-house solar panels and wind turbines.

Nylon Dope Dyed Yarns

At Sarla, sustainability is woven into everything we do. Our eco-friendly **dope-dyed nylon yarns** are crafted with care for the planet—using **zero water**, cutting **energy consumption by up to 80%**, and reducing **carbon emissions and chemical use** dramatically. By embedding color directly into the fiber during production, we eliminate traditional dyeing steps, saving 50-80% water and energy, and slashing chemical usage by up to 80%.

Social and Relationship Capital



At Sarla, responsible corporate citizenship lies at the core of how we engage with our communities and partners — including vendors, suppliers, and customers. We place great emphasis on building positive and collaborative relationships with our stakeholders, grounded in trust, loyalty, and a shared sense of responsibility. Our approach to business reaches well beyond financial performance — we are committed to transparency, sustainability, and forging long-term partnerships across all our operations. By staying attuned to evolving customer needs and championing inclusive growth within the communities we serve, we nurture a strong ecosystem of mutual support and shared value.

We hold a firm commitment to social initiatives and Corporate Social Responsibility (CSR), which serve as key pillars in uplifting communities and advancing sustainable development. Our CSR endeavours are broad and far-reaching, spanning programmes such as health camps, vocational training, and infrastructure development — all designed to meaningfully improve the quality of life in the regions where we operate.

With a focus on continuous improvement, we aspire to broaden our positive impact, ensuring that our growth translates into tangible benefits for society at large. Through sustained efforts in community outreach, environmental sustainability, and education, we remain dedicated to building a more inclusive and sustainable future for all our stakeholders.

20+ Equipment vendors
100+ Raw material suppliers
340 Customers
INR 0.82 Crore CSR Obligation



Our Ethical Responsibilities to Stakeholders

We strongly believe that within any organisational framework, true value is created through a collective effort to address the varied needs of all stakeholders. This conviction is rooted in our understanding that sustainable business value can only be achieved by generating meaningful and lasting impact across the entire stakeholder spectrum.

Employees are nurtured with purpose and dedication to become domain experts, supporting their personal career growth while simultaneously strengthening the organisation through the accumulation of knowledge and specialized expertise.

Vendors offer valuable perspectives on our evolving product portfolio and dynamic process requirements. Through close and collaborative partnerships, they are enabled to design and deliver tailored raw materials and equipment that align precisely with our operational demands.

Customers receive customised, value-added solutions that go well beyond conventional product supply. This approach enhances their competitive positioning and elevates the quality of their downstream offerings.

Shareholders benefit from consistent dividends and the prospect of long-term capital appreciation, underpinned by a thorough understanding of our operations and strategic direction.

Government bodies gain from our contributions through job creation, adherence to regulatory frameworks, and tax revenues — reinforcing a relationship built on mutual benefit and accountability.

Our all-encompassing commitment to every stakeholder reflects our dedication to inclusive growth and shared prosperity, affirming our role as a responsible and conscientious corporate citizen.

Employee Value

Year	FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26
Salaries and wages (Rs. Crore)	17	17	20	21	23
Talent retention %	80	71	70	80	80

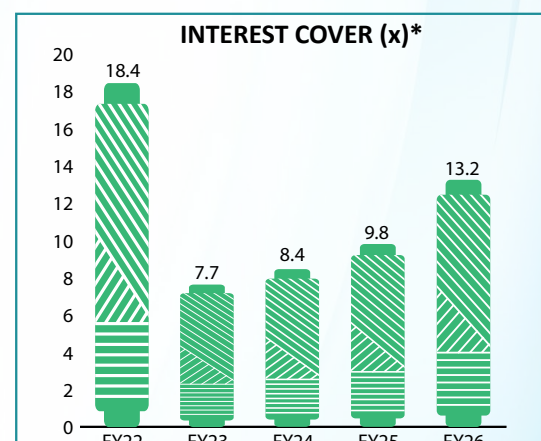
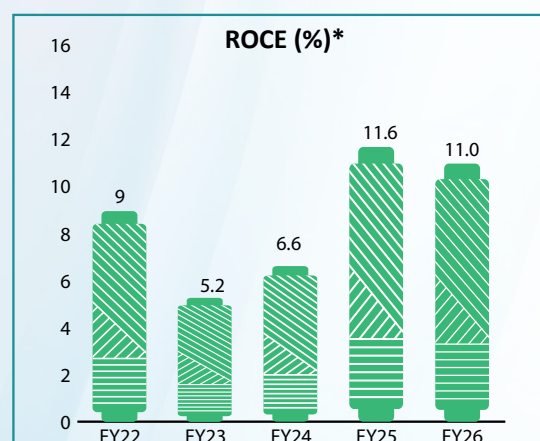
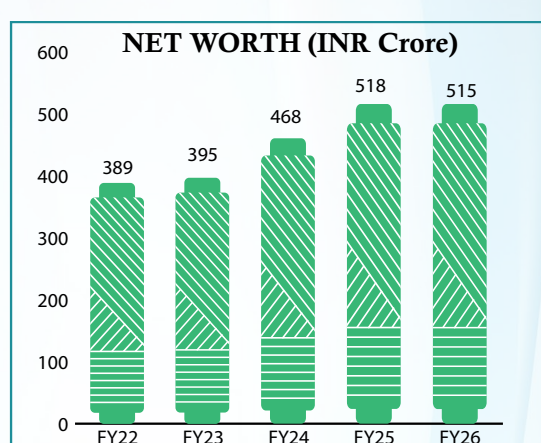
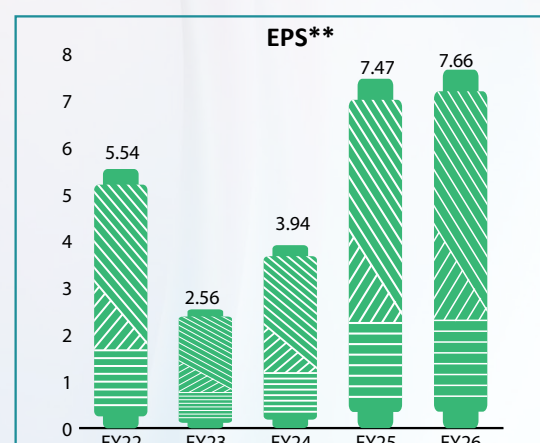
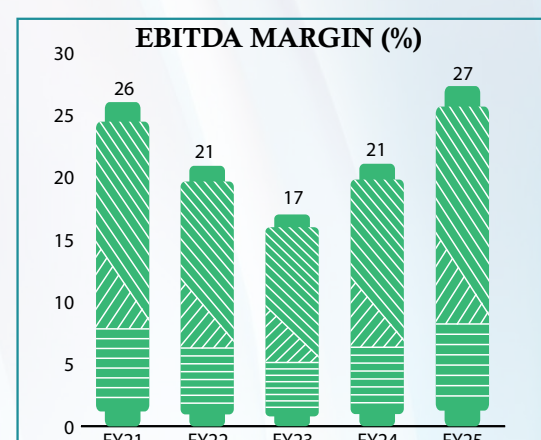
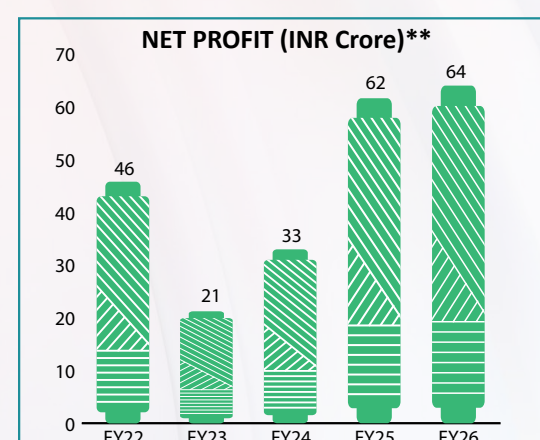
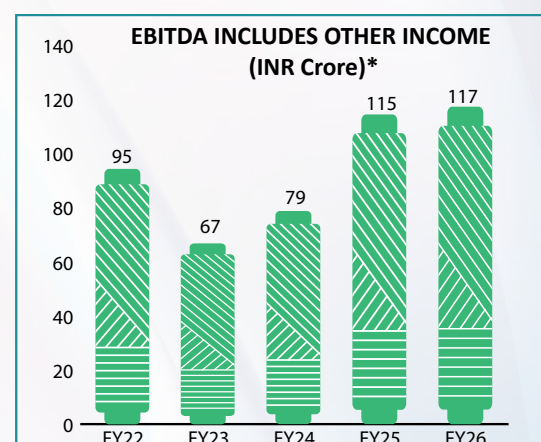
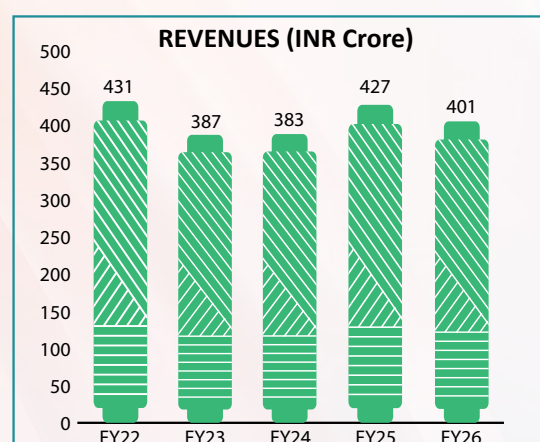
Customer value

Year	FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26
Unique customers	273	283	294	352	340
% of revenues from customers of five years or more	71	71	81	75	75
Export as a % of overall revenues	51	52	56	56	60

Key Financial Highlights

	Financial Year 2022	Financial Year 2023	Financial Year 2024	Financial Year 2025	Financial Year 2026
Revenues (₹ Crore)	431	387	383	427	401
EBITDA (₹ Crore)	95	67	79	115	117
Net Profit (₹ Crore)*	46	21	33	62	64
EBITDA Margin (%)	21	17	21	27	29
EPS*	5.54	2.56	3.94	7.47	7.66
Net Worth (₹ Crore) (Standalone)	389	395	468	518	515
ROCE (%)	9	5.2	6.6	11.6	11.0
INTEREST COVER (x)*	18.4	7.7	8.4	9.8	13.2

STORY IN CHARTS



* EBITDA, EBITDA Margin, ROCE and Interest coverage ratios exclude the one-time exceptional loss pertaining to the sale of investment in Sarlaflex Inc., USA and the one-time MTM loss on Euro-denominated borrowings.

** Net Profit and EPS exclude the one-time exceptional loss pertaining to the sale of investment in Sarlaflex Inc., USA

MANAGEMENT DISCUSSION AND ANALYSIS



Industry Insight

Global Economy: The Year Under Review

The global economy in FY 2025-26 navigated a challenging landscape shaped by escalating trade protectionism, geopolitical realignments, and divergent regional growth trajectories. The United States introduced sweeping tariff measures from early 2025, pushing average effective tariff rates to their highest level since the 1930s and triggering significant supply chain recalibrations worldwide. Despite this turbulence, the global economy demonstrated resilience, supported by front-loading of trade activity, a surge in AI-related investment, and broadly accommodative financial conditions, with the IMF projecting global growth at approximately 3.3% for the year.

Inflationary pressures moderated through much of FY 2025-26, enabling monetary easing in several advanced economies. Crude oil prices softened to an average of around USD 69 per barrel, a welcome development for energy-intensive manufacturers globally. Concurrently, US-China tensions accelerated supply chain diversification toward South and Southeast Asia, opening meaningful export opportunities for emerging economies across multiple sectors.

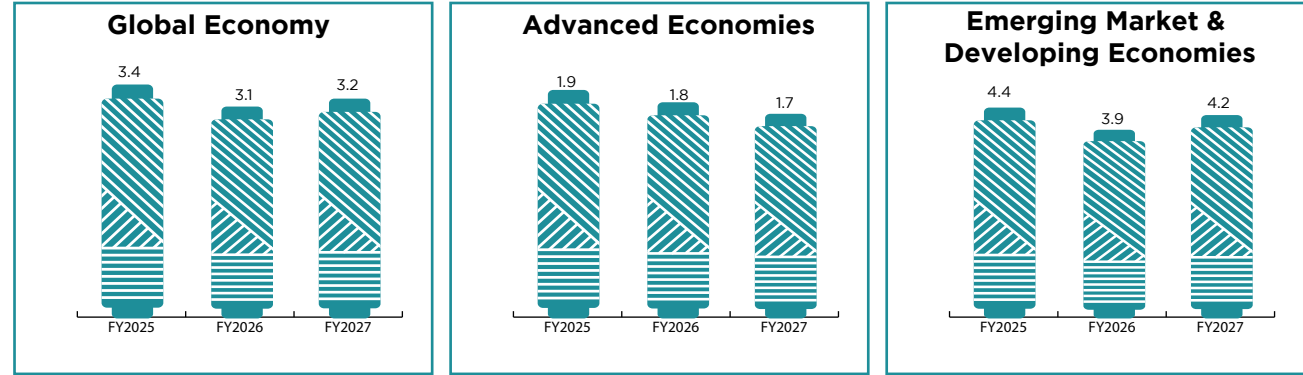
The final weeks of the fiscal year, however, delivered a sharp reversal. The escalation of the US-Israel-Iran conflict from late February 2026 sent Brent crude surging toward USD 120 per barrel, directly unwinding the oil price tailwind that manufacturers had enjoyed through the year. Disruptions to the Strait of Hormuz curtailed energy and LNG shipments, drove maritime insurance premiums sharply higher, and triggered secondary shocks across commodity markets. The inflationary re-emergence has broadly paused the monetary easing cycle, while the WTO has warned of further drag on global merchandise trade growth in 2026. While the medium-term opportunity from supply chain diversification remains intact for emerging economies, elevated energy import costs and renewed inflationary pressure present near-term headwinds that temper the optimism built through the earlier part of the year.

Near-term Outlook

Looking ahead, global growth is expected to moderate to approximately 3.3% in 2026 as the front-loading effect unwinds and traded goods demand softens. Emerging market economies are projected to remain the more dynamic contributors to global output, sustained by domestic consumption and ongoing structural reforms. Key risks include a re-escalation of trade tensions, geopolitical conflicts affecting commodity supply chains, and financial market volatility. The trajectory of energy prices, stability of global demand, and the pace of tariff normalisation will be the most consequential external variables in the period ahead.

Economic Group	2025	2026	2027
Global Economy	3.4%	3.1%	3.2%
Advanced Economies	1.9%	1.8%	1.7%
Emerging Market & Developing Economies	4.4%	3.9%	4.2%

Source: IMF World Economic Outlook, April 2026



Indian Economy Overview

India's economy delivered an exceptional performance in FY 2025-26, cementing its position as the fastest-growing major economy globally. Real GDP expanded by 7.8% in the first quarter, accelerated to 8.4% in the second, the strongest quarterly performance in six quarters, before moderating to 7.8% in the third quarter, reflecting broad-based and sustained growth across industrial and services sectors. The government's Revised Estimates placed full-year GDP growth at 7.6%. The year was characterised by

the pass-through effects of GST rationalisation. The RBI responded with a cumulative 100 basis points reduction in the policy repo rate between April and December 2025, bringing it to 5.25%, while also reducing the Cash Reserve Ratio to support liquidity. India's external sector remained resilient, with the current account deficit narrowing significantly, services exports sustaining double-digit growth, and gross FDI inflows rising approximately 19% year-on-year in the first half, reinforcing international confidence in India's economic fundamentals.



what the RBI Governor described as a 'rare goldilocks moment', high economic growth alongside historically low inflation, creating an exceptionally favourable backdrop for investment and consumption. Private consumption was supported by income tax relief in the Union Budget, GST rate rationalisation in September 2025, an above-normal monsoon, and sustained real income gains from declining inflation.

Inflation moderated sharply through the year, with the Consumer Price Index averaging approximately 2.6% for FY 2025-26, well within the RBI's target band and driven largely by a correction in food prices and



Outlook

India's economic outlook for FY 2026-27 remains cautiously optimistic, with the RBI projecting GDP growth of approximately 6.6% and several institutions forecasting a range of 6.5% to 7.0%, a moderation from the 7.6% recorded in FY 2025-26. This step-down in growth expectations reflects a confluence of external headwinds that were largely absent in the prior year. The sharp surge in crude oil prices toward USD 120 per barrel in the closing weeks of FY 2025-26, disruptions to key shipping routes, and the consequent rise in maritime freight and insurance costs have begun

to exert upward pressure on India's import bill and inflation trajectory, developments that may constrain the RBI's room for further monetary easing. Elevated US tariffs, volatile commodity prices, and global trade uncertainty add further complexity, weighing on export competitiveness and business sentiment. Domestically, while consumption is expected to remain the primary growth driver, supported by the lagged effects of monetary easing, continued government capital expenditure, and strengthening rural demand, these tailwinds are unlikely to fully offset the drag from a more challenging global environment. While India's medium-term structural growth story remains intact, navigating the external environment in FY 2026-27 will require careful management of energy costs, currency pressures, and evolving trade dynamics.

Global Textile Market

The global textile market continued its growth trajectory in FY 2025-26, valued at approximately USD 760 billion and projected to reach USD 974 billion by 2030 at a CAGR of around 5.1%. Growth was supported by rising demand for man-made and technical fibres, expanding e-commerce channels, and increasing preference for performance textiles across apparel and industrial segments. Asia Pacific retained its dominance, accounting for over 53% of global market share, underpinned by its large-scale manufacturing base, cost competitiveness, and strong domestic consumption.



The year was, however, defined by an unprecedented confluence of trade policy and geopolitical disruptions. The US Liberation Day tariff announcement of April 2, 2025 imposed sweeping reciprocal tariffs on virtually all trading partners, with China bearing rates as high as 145% and Vietnam facing 46%, sending immediate shockwaves through global textile supply chains and forcing brands to urgently reconsider sourcing strategies built over decades. As the scale of disruption became apparent, a process of gradual tariff rationalisation followed. A US-China truce in May 2025 rolled back reciprocal tariffs from 145% to

30%, and the US subsequently concluded bilateral framework agreements with twelve trading partners including the EU, Japan, South Korea, Vietnam, and the UK through the course of the year. The US-China reduced tariff arrangement was further extended through November 2026, providing greater medium-term visibility. Notwithstanding this rationalisation, elevated duties and residual policy uncertainty continued to weigh on global sourcing confidence, accelerating structural shifts already underway toward supply chain resilience, ESG compliance, and traceability. Political instability in Bangladesh added a further dimension of uncertainty, reinforcing the case for broader geographic diversification of vendor bases. Compounding these challenges, the ongoing Middle East conflict intensified disruptions to key maritime shipping routes through the closing months of the fiscal year, pushing up freight and insurance costs and, alongside the sharp surge in crude oil prices, introducing a significant additional layer of complexity to global supply chain planning as the year drew to a close.

Outlook

The outlook for the global textile market in FY 2026-27 is cautiously constructive, shaped by the developments and structural shifts of FY 2025-26. The partial tariff rationalisation achieved through bilateral framework agreements, provides a degree of stability that was largely absent through the prior year. However, the durability of these arrangements remains contingent on ongoing negotiations, and any reversal would quickly reignite sourcing uncertainty across global supply chains. The China Plus One strategy, which gained significant momentum through FY 2025-26, is expected to deepen further as sourcing diversification has now become a structural imperative rather than a tactical response for most global brands. Countries that demonstrated manufacturing scale, compliance capability, and supply chain transparency through the disruptions of FY 2025-26 are best placed to consolidate their share of global sourcing in the year ahead. On the demand side, retail sentiment is expected to improve gradually as inflation moderates and consumer spending stabilises, supporting a recovery in order flows across apparel and home textiles. Demand for man-made fibres, technical textiles, and sustainable fabrics is projected to grow at a healthy pace, driven by lifestyle shifts, tightening regulatory standards, and continued fibre technology innovation. The persistence of Middle East tensions and elevated crude oil prices remain the most significant near-term risks, with freight cost volatility and input cost pressures capable of constraining the margin recovery that manufacturers across the value chain are counting on in FY 2026-27.

The Indian Textile and Apparel Industry

The Indian textile and apparel industry sustained strong momentum in FY 2025-26, maintaining its position as a mainstay of the domestic economy. The sector contributes approximately 2% to India's GDP, around 11% to manufacturing GVA, and holds a 4.6% share of global textile and apparel trade. It remains one of India's largest employment generators, engaging over 45 million people directly and producing approximately 22,000 million pieces of garments annually. The domestic market was valued at approximately USD 225 billion in FY 2025-26, growing at a brisk 10-12% annually and expected to reach USD 350 billion by 2030.

On the export front, the sector navigated a particularly complex year shaped by the evolving US tariff environment. India initially appeared well-positioned following the Liberation Day announcement, with its 27% reciprocal tariff comparing favourably against Vietnam's 46% and China's rates well above 100%, prompting early enquiry flows from global buyers seeking to diversify sourcing. However, this advantage proved short-lived. By August 2025, the US layered an additional 25% penalty tariff on India over its continued purchase of Russian oil, taking total duties to 50% and erasing any competitive edge India had briefly held, with Indian textile products becoming materially more expensive in the US market than comparable goods from Bangladesh and Vietnam. Despite this reversal, the sector responded with commendable agility through active market diversification. While overall textile and apparel exports dipped marginally by 0.26% year-on-year during April-December 2025, the headline number belies an encouraging story beneath. Cumulative textile and apparel exports for the nine-month period reached USD 26.53 billion, compared to USD 26.60 billion in the same period of the previous year. Textile exports declined 2.19%, even as apparel exports rose 2.36%, reflecting continued pressure on the textile segment despite steady growth in apparel. A key highlight of the period has been significant market diversification, with India's textile sector recording export growth across 118 countries, with strong expansion in the UAE (9.5%), Egypt (29.1%), Japan (14.6%), Poland (19.3%), and Nigeria (20.5%), along with steady growth in key European markets such as Spain, France, Italy, the Netherlands, and Germany. Ready-made garment exports for the nine-month period April-December 2025 rose 2.4% to USD 12 billion, notwithstanding a 3% decline in US-bound shipments to USD 3.6 billion due to tariff pressures. These trends collectively reflect the widening footprint of India's exports and the deliberate pivot away from US dependency, even as global headwinds persist.

Policy Measures and Global Trade Dynamics

FY 2025-26 was an active year on the policy front. The Union Budget 2025-26 raised the Ministry of Textiles allocation by 19% to Rs. 5,272 crore, with the PLI Scheme for textiles receiving Rs. 1,148 crore and the Amended Technology Upgradation Fund Scheme allocated Rs. 635 crore to support machinery modernisation. The year also marked a landmark in trade diplomacy. The India-UK Free Trade Agreement, signed on July 24, 2025, grants duty-free access to 99% of India's textile exports to the UK, eliminating the 10-12% tariff gap that had constrained Indian competitiveness, with long-term potential to add up to USD 5 billion in additional export value. The conclusion of the India-EU Free Trade Agreement marked an even more transformative milestone, opening preferential access to one of the world's largest textile and apparel markets. The PM MITRA scheme continues to progress, with seven mega integrated textile parks planned to attract large-scale investment and build world-class manufacturing infrastructure. Additionally, the government launched the Rs. 305 crore Tex-RAMPS scheme in November 2025 to strengthen research, innovation, and data systems across the sector.

Outlook

The outlook for India's textile and apparel sector in FY 2026-27 remains broadly optimistic, though tempered by the near-term headwinds that emerged at the close of the fiscal year. Domestic consumption is expected to remain a strong growth driver, supported by rising incomes, urban expansion, and the rapid penetration of organised retail and e-commerce. Export growth is anticipated to pick up meaningful pace, aided by the successful conclusion of the India-UK and India-EU Free Trade Agreements, which open preferential access to two of the world's most significant textile and apparel markets and materially strengthen India's competitive positioning. The recently finalised interim India-US trade framework, which has brought tariffs down to 18%, further reduces a key overhang on the sector. Sectors such as MMF textiles, technical textiles, and sustainable apparel present particularly strong medium-term growth opportunities. Companies investing in capacity expansion, technology upgradation, ESG compliance, and product innovation, while actively managing input cost volatility and logistical disruptions, will be well-placed to capture a disproportionate share of the growth that lies ahead.

Global Yarn, Fiber, and Thread Market

The global yarn, fiber, and thread market maintained its growth momentum in FY 2025-26, valued at approximately USD 122 billion in 2025 and projected to reach USD 160 billion by 2030 at a CAGR of 5.4%. Growth continued to be underpinned by rising urbanisation, increasing demand for man-made and blended fibres, greater penetration of organised

retail, and strong momentum from technical and performance textile applications. Synthetic fibres dominated the market with over 53% share, driven by polyester's cost-competitiveness, versatility, and growing recyclability credentials. Asia Pacific remained the epicentre of global yarn production, accounting for nearly 65% of the market, with India emerging as a significant growth engine, with industry projections suggesting India could account for some of the largest absolute market gains through 2030 among all geographies. However, the market was not without headwinds. Volatility in crude oil and petrochemical prices added uncertainty to synthetic yarn input costs through much of the year, before being sharply compounded in the closing weeks by the surge in Brent crude toward USD 120 per barrel, which directly pressured feedstock costs for synthetic fibre manufacturers. Disruptions to shipping routes through the Strait of Hormuz further elevated freight costs and complicated supply chain logistics. The elevated US tariff environment created additional disruptions in trade flows that affected export-oriented yarn manufacturers, while political instability in Bangladesh impacted demand patterns and order flows. Despite these challenges, the structural drivers of market growth, including population expansion, rising incomes, demand for performance wear, and digital retail, remained firmly intact and are expected to sustain the industry's upward trajectory over the medium term.

Indian Yarn Market

India's yarn industry maintained a broadly stable performance in FY 2025-26, with overall yarn production sustaining healthy levels across both cotton and man-made segments. Cotton yarn remained the dominant output category, though domestic cotton prices continuing to trade at a modest premium to international levels, alongside subdued Chinese import demand, tempered export competitiveness in certain key markets. Domestic demand served as a meaningful offset, supported by the sustained shift in global garment sourcing toward India, driven by the US effort to reduce reliance on Chinese manufacturing and continued disruptions in Bangladesh, which kept domestic mills well-utilised. The man-made yarn segment, particularly polyester and viscose yarns, saw improving demand conditions through much of the year, aided by the relative cost competitiveness of synthetic fibres as crude oil averaged around USD 69 per barrel, with the government's Quality Control Order on synthetic yarn imports continuing to protect the domestic market from low-quality foreign competition. Apparel yarn exports to non-traditional markets, including Japan, the Middle East, and European countries, recorded encouraging growth through much of the year, reflecting the broadening of

India's export footprint, though rising freight costs and trade flow disruptions in the closing weeks introduced uncertainty into Gulf-region exports specifically. India's spinning infrastructure, with over 1,900 mills and widespread adoption of compact spinning, autoconer, and electronic yarn-clearing technologies, continued to support consistent quality output and product diversification. Reduced borrowing costs following the RBI's 100 basis point rate cut cycle through the year provided financial relief to capital-intensive spinning units, improving operational margins and supporting investment in technology upgradation. The sharp rise in crude oil prices toward the end of the fiscal year introduced renewed cost pressure on synthetic yarn manufacturers and added freight and logistics complexity to export operations, partially tempering the momentum built over the course of the year.

Man Made Fiber (MMF) Overview and Outlook

The global man-made fiber industry continued its robust expansion in FY 2025-26, reinforcing MMF's central role in the future of textiles. The global MMF market, valued at approximately USD 175 billion in 2024, is projected to grow to USD 258 billion by 2028 at a CAGR of 7.9%, underpinned by the material advantages of synthetic and cellulosic fibres across performance, cost, and versatility dimensions. Polyester remained the undisputed dominant fibre, accounting for the majority of global synthetic fibre production and underpinning demand across apparel, home textiles, automotive, and industrial applications. The global polyester fibre market was valued at approximately USD 130 billion in 2024 and is expected to reach USD 207 billion by 2034 at a CAGR of 4.5%. Nylon and acrylic fibres also saw steady demand across performance and industrial applications, while cellulosic fibres, particularly viscose and lyocell, gained traction as brands responded to growing consumer and regulatory demand for more sustainable fibre choices. The year saw meaningful advances in recycled fibre technologies, with recycled polyester adoption accelerating as global brands set increasingly ambitious sustainability targets. The integration of bio-based and circular economy principles into MMF production is reshaping long-term investment decisions across the fibre and yarn manufacturing sector, and is expected to become a defining competitive differentiator in the years ahead. However, the sharp rise in crude oil prices in the closing weeks of the fiscal year introduced a significant headwind for synthetic fibre feedstock costs globally.

India Man Made Fiber Industry

India's man-made fiber sector maintained its position in FY 2025-26, consolidating its standing as the world's second-largest producer of both cellulosic and synthetic fibres. Polyester continued to dominate domestic MMF production at approximately 77.5% of

output, with viscose contributing around 16.5%. The MMF industry accounts for approximately 16% of India's total textile exports. During April-December 2025, man-made yarn and fabrics recorded a modest cumulative growth of 0.41%, with momentum picking up in December 2025, which posted a stronger 3.99% expansion, reflecting the gradual recovery of the segment against a backdrop of subdued global demand and competitive pressures, reflecting steady demand from key international markets even amid the tariff-disrupted global trade environment. The government's Quality Control Order on synthetic yarn imports, introduced in October 2023, continued to yield meaningful results, protecting domestic manufacturers from low-quality imports and encouraging higher domestic consumption of Indian-produced MMF yarn. India's per capita MMF consumption, while still significantly below global averages, is on a rising trajectory, supported by income growth, urbanisation, and the cultural shift toward man-made fibre-based apparel and home textiles. Sustainability remained a key industry focus, with increasing adoption of recycled polyester across production lines and growing alignment with global ESG standards. The successful conclusion of the India-EU Free Trade Agreement during the year opens preferential access to one of the world's most significant premium textile markets, creating a meaningful opportunity for Indian MMF exporters to deepen their presence in Europe and capture a larger share of the demand for sustainable and performance fibres. The closing weeks of the fiscal year, however, brought renewed feedstock cost pressure and added freight complexity through disruptions to key shipping routes, directly impacting polyester and other synthetic fibre producers. With the PLI Scheme channelling investment into MMF fabrics and technical textiles, and the PM MITRA parks providing world-class manufacturing infrastructure, India's MMF sector is well-positioned to scale its global footprint and strengthen its role across both domestic and international textile supply chains, provided it navigates the near-term energy and logistics headwinds effectively.

Government Initiatives

The Indian government sustained its multi-pronged support for the textile industry in FY 2025-26, advancing a comprehensive policy agenda spanning manufacturing incentives, infrastructure development, trade facilitation, skilling, and sustainability.

Budget Allocation and Key Schemes

The Union Budget for FY 2025-26 allocated Rs. 5,272 crore to the textile sector, a 19% increase over the previous year's Rs. 4,417 crore, reflecting the government's sustained commitment to strengthening the sector's global competitiveness.

Production-Linked Incentive (PLI) Scheme

The PLI Scheme for Textiles, with an approved outlay of Rs. 10,683 crore, continues to promote MMF Apparel, MMF Fabrics, and Technical Textile production through FY 2029-30. A total of 74 applications have been selected, with proposed investments of Rs. 28,711 crore, projected turnover of Rs. 2,16,760 crore, and employment generation of over 2.59 lakh. For FY 2025-26, Rs. 1,148 crore has been allocated to the scheme.

Rebate of State and Central Taxes and Levies (RoSCTL)

The RoSCTL Scheme for apparel and made-ups exports has been extended until September 30, 2026, without changes to existing guidelines. Alongside, the RoDTEP Scheme has been continued through September 2026 for textile products outside the RoSCTL ambit, ensuring comprehensive export support across the value chain.

PM MITRA Parks Scheme

Significant progress was recorded across all seven PM MITRA Parks in FY 2025-26. Infrastructure works worth Rs. 2,590.99 crore have been initiated, investment MoUs of over Rs. 27,434 crore signed, and environment clearances secured for all parks. The Prime Minister laid the foundation stone of the Dhar, Madhya Pradesh park in September 2025, marking a key milestone in the scheme's execution.

National Technical Textiles Mission (NTTM) and Tex-RAMPS

The NTTM, with an outlay of Rs. 1,480 crore, has been extended through March 2026, supporting 168 R&D projects across speciality fibres and applications. Complementing this, the government launched the Rs. 305 crore Tex-RAMPS scheme in November 2025 to strengthen research, innovation, and data systems across the sector.



Skilling, Cotton, and Technology Upgradation

The SAMARTH skilling scheme has trained 5.41 lakh persons to date, with 88% women beneficiaries, targeting an additional 2 lakh in FY 2025-26. A five-year Cotton Mission with Rs. 600 crore has been launched to improve productivity, particularly for extra-long staple varieties. The ATUFS has been allocated Rs. 635 crore for machinery modernisation. To promote technical textiles, customs duty on rapier and air jet looms has been reduced to nil from 7.5%.

Trade Agreements and Export Promotion

FY 2025-26 was a landmark year for trade diplomacy. The India-UK Free Trade Agreement, signed in July 2025, grants duty-free access to 99% of India's textile exports to the UK, with potential to add up to USD 5 billion in export value. The conclusion of the India-EU Free Trade Agreement opens preferential access to one of the world's largest textile markets, significantly strengthening India's competitive positioning. The government also approved the Export Promotion Mission for FY 2025-26 to FY 2030-31, supported by the Credit Guarantee Scheme for Exporters to enhance MSME access to collateral-free credit.

Industry Growth Roadmap

These initiatives collectively advance the government's ambitious targets of USD 250 billion in textile production and USD 100 billion in exports by 2030, underpinned by continued investment in infrastructure, technology, trade access, and sustainability.

Strategic Pillars and Business Growth Framework

State-of-the-Art Manufacturing Units Enabling Scalable and Sustainable Growth:

Sarla's state-of-the-art manufacturing facilities in Silvassa, Vapi, and Dadra are built on a foundation of over three decades of industry expertise. The company produces a comprehensive range of synthetic yarns, including polyester and nylon textured yarns, twisted yarns, dyed yarns, covered yarns, high-tenacity yarns, barre-free nylon yarns, and application-specific sewing threads. Sarla holds a distinctive position as India's sole manufacturer of Nylon 66 and the only producer of pure nylon in the country.

COMFILO, India's first barre-free nylon yarn launched in FY25 to eliminate fabric bareness and improve dye consistency in circular knitting, has continued to gain market traction during the year. Underpinning the company's competitive position are its efficient operations, strong customer loyalty, and end-to-end nylon manufacturing capabilities, with a particular expertise in fulfilling custom orders across a wide range of volumes. Building on this momentum, the company introduced a cooling yarn this year featuring advanced moisture-management technology, while

also advancing development of a nylon-based yarn engineered to deliver spandex-like stretch without the use of spandex, an innovation that holds the potential to redefine standards in circular knitting and meaningfully contribute to sustainability goals.

During the year, Sarla invested INR 4.8 crore in plant and machinery additions and modernization, supplementing INR 125 crore invested over the preceding six years. Moreover, we have earmarked approximately INR 20 crore towards modernization, automation, and selective capacity expansion, reaffirming our commitment to keeping innovation at the heart of everything we do. The rollout of SAP has optimized operations by providing actionable insights through an intuitive interface. Granular machine-level data on breakdowns, spare parts, and replacements enables sharper profitability assessments, resulting in reduced yarn breakage, higher machine speeds, better product quality, improved productivity, and greater machine uptime. Sarla's expansion is guided by strong order visibility, ensuring operational efficiency and sustainable long-term growth.

Shift Toward Premium and Specialty Products for Higher Value Creation:

Sarla's journey began as a producer of commodity yarns for the apparel sector. The company has since undergone a deliberate strategic shift toward high-tenacity nylon and polyester yarns, as well as specialty yarns serving sectors such as sportswear, military applications, and industrial sewing threads. Today, value-added products constitute approximately 50% of the total product portfolio, reflecting Sarla's responsiveness to evolving market demands.

Building on its product innovation roadmap, the company launched high-tenacity nylon (6 and 6.6) flat and twisted yarns in FY24, followed by the introduction of COMFILO in FY25, a significant milestone that addressed prevalent fabric defects and delivered a flawless finish across athleisure, sportswear, fashion (Taffeta), and circular knitting applications. As these initiatives mature into FY26, they are increasingly contributing to Sarla's strategic shift toward high-margin offerings, with the full-scale benefits of this product portfolio on track for realization by FY27.

Sarla continues to scale up its Nylon 6 and Nylon 66 capacities in response to sustained and rising demand, with innovations such as COMFILO, launched in FY25 to address prevalent fabric defects and deliver a flawless finish across athleisure, sportswear, fashion (Taffeta), and circular knitting applications, further strengthening the product proposition in this segment. Nylon yarn, which contributed 49% of sales volume in FY26, has been on a strong growth trajectory and is projected to reach approximately 60% of sales volume in the coming years. Backed by a deep market credibility

and a differentiated product portfolio, the company is progressing toward swift capacity utilization, translating into higher sales volumes, improved price realizations, and better margins. In parallel, Sarla remains committed to future-focused research around biodegradable and recycled polymers, including agriculture waste-based alternatives, reinforcing its long-term strategy to reduce fossil fuel dependency and advance environmental sustainability.

Tapping into India's Growing Consumer Market:

The Indian market is experiencing a meaningful transformation, driven by evolving consumer preferences toward premium products and lifestyle upgrades. This shift continues to present a significant opportunity for Sarla, with domestic revenue accounting for 39% of total sales in FY26. Looking ahead, this figure is projected to grow to 55-60% over the next few years, underscoring the substantial headroom for expansion within India.

India's youthful demographic profile, with a median age of approximately 28, presents considerable economic potential. Rising demand for premium clothing, athleisure wear, and frequent wardrobe refreshes is creating strong and sustained tailwinds. As a leading manufacturer of elastic, socks, and sewing threads, particularly for the innerwear segment, Sarla is well-placed to capitalize on these trends by channeling its value-added yarns toward the domestic market.

To accelerate this strategy, Sarla plans to expand its domestic salesforce in the coming years, aiming to target of capturing a 10% share of the overall Indian market, with a projected 4-5% improvement in operating margins driven by increased domestic contribution.

Broadening Applications Across Diverse and High-Potential Industries:

Synthetic fibers such as nylon and polyester are increasingly preferred over natural alternatives owing to their superior strength, durability, consistency, and versatility. Their functional properties, including enhanced stretch, moisture management, and color retention, make them suitable for a wide array of industries including sportswear, medical textiles, automotive, and home furnishings.

Sarla's product applications span multiple sectors:

- Polyester textured yarns serve furniture upholstery, automotive upholstery, and narrow fabrics and tapes.
- Textured sewing threads are used in apparel, swimwear, lingerie, fleece goods, towels, washcloths, tablecloths, placemats, sheets, and pillowcases.

- Nylon yarns are preferred in babywear for their moisture-wicking properties and structural durability.
- High-tenacity polyester yarns are used in airbags, seatbelts, and footwear due to their exceptional tensile strength. Polyester stretch yarns find wide application in socks and sportswear.
- Covered yarns play a critical role in advanced mattress manufacturing, enhancing both comfort and durability.
- Barre-free nylon yarns improve the quality of athleisure, sportswear, fashion (Taffeta), and circular knitting textiles.

Sarla is also making inroads into the fast-growing medical textile segment, developing products for implants, catheters, and orthopedic applications. While India's per capita synthetic fiber consumption remains below the global average, increasing consumer awareness, rising disposable incomes, and evolving lifestyles are expected to drive demand, particularly for nylon products. Sarla's proactive domestic marketing efforts are already yielding positive traction and setting the groundwork for deeper market penetration.

Resilient Global Presence and Export Growth:

Notwithstanding a challenging global environment marked by escalating trade tensions and tariff uncertainties, particularly in the Indo-US trade corridor, currency volatility, irregular demand cycles across key export markets, and ongoing supply chain realignments, Sarla has maintained a robust international footprint. While headwinds in the US market exerted pressure on export flows, Sarla's geographically diversified presence enabled the company to offset this impact, with other key markets stepping in to provide the necessary support. This resilience is reflected in export revenues growing to 60.5% of total sales in FY26, up from 55.7% in FY25, underscoring the strength of Sarla's multi-market strategy. The company continues to serve as a trusted supply chain partner for several leading global brands, serviced both directly and through intermediaries.

The company actively pursues new international markets, supported by its well-established reputation for product quality, reliability, and competitive value. With a presence across 62 countries and a client base of over 350 customers, Sarla benefits from a well-diversified revenue stream that minimizes dependence on any single geography. Participation in global trade exhibitions and industry events continues to strengthen Sarla's international brand visibility and facilitates the showcasing of its latest product innovations. Nylon 66, which is exclusively earmarked for export, reinforces Sarla's premium positioning in

global markets and contributes to superior revenue realization.

Deep-Rooted Customer Partnerships Driving Long-Term Loyalty:

At the heart of Sarla's business model lies a philosophy of cultivating enduring client relationships rather than pursuing transactional engagements. By embedding itself into customers' supply chains and actively supporting their growth objectives, Sarla has built an exceptionally loyal customer base. The company retains 100% of its clientele, with 90% of customers placing repeat orders, a testament to the trust and reliability it has established over time.

The company's guiding principle, "Once a Sarla customer, always a Sarla customer," encapsulates the depth of these partnerships. Sarla's technologically sophisticated products integrate seamlessly into customer operations, supported by a proactive and technically driven marketing approach. Rather than competing on price alone, Sarla focuses on demonstrating product value and maintains continuous dialogue around product performance and collaborative business growth. This customer-first approach firmly establishes Sarla as a dependable and strategic partner in its clients' success.



Prudent Financial Management Enabling Scalable and Sustainable Growth:

In the capital-intensive textile sector, Sarla has distinguished itself through disciplined financial stewardship. The company maintains a net cash surplus position, while keeping a conservative debt-equity ratio of 0.38x. Its measured approach to capital expenditure has strengthened the balance sheet while simultaneously enabling incremental capacity expansion.

Sarla has strategically deployed a mix of debt and equity to fund growth initiatives, ensuring liquidity is preserved and resources are optimally utilized. Sound working capital management further reinforces financial resilience. These disciplined financial practices underpin Sarla's identity as an "Untextile" company, one that prioritizes long-term value creation, operational stability, and scalable, sustainable growth.



Internal Control Systems and their Adequacy:

The Company has in place an adequate system of internal controls, commensurate with the size, scale and complexity of its operations. These controls are designed to provide reasonable assurance regarding the recording and provision of reliable financial and operational information, compliance with applicable statutes, laws and regulations, safeguarding of assets from unauthorised use, execution of transactions with proper authorisation, and adherence to corporate policies.

The Company's internal control framework is supported by a well-defined organisational structure, documented policies, standard operating procedures and an appropriate delegation of authority. The implementation of SAP across operations has further strengthened the control environment by enabling system-driven checks, real-time monitoring of transactions and enhanced data integrity across procurement, production, inventory and financial reporting processes.

The Internal Auditor of the Company conducts audits across functions and locations in accordance with an annual internal audit plan approved by the Audit Committee. The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control systems, accounting procedures and policies, and submits quarterly reports to the Audit Committee of the Board. Significant audit observations, together with corrective and preventive actions, are reviewed by the Audit Committee, and follow-up actions are tracked to closure.

During the year under review, no material weakness in the design or operation of the internal financial controls was observed. Based on the review by the management, the Internal Auditor and the Statutory Auditors, the Board is of the opinion that the Company's internal financial controls were adequate and operated effectively during FY 2025-26.

Human Resources / Industrial Relations

The Company considers its human capital to be its most valuable asset and a key driver of its sustained growth and operational excellence. In the labour-intensive textile industry, where skilled craftsmanship and process efficiency are critical, the Company's workforce – comprising a blend of management professionals, permanent employees and contract workers – remains central to its success.

The Company's human resource philosophy focuses on attracting, developing and retaining talent. Employees are provided ongoing training and skill development opportunities to keep pace with evolving technologies and industry trends, fostering a culture of continuous improvement across all areas of production. The long average tenure of employees of 15+ years reflects the strong culture of trust, stability and commitment within the organisation, while the senior management team brings an average experience of over 20+ years.

During the year, the Company has not granted any options under the Sarla Performance Fibers Limited Employee Stock Option Plan (ESOP) Scheme 2025, instituted to reward and retain eligible employees of the Company and its subsidiaries.

The Company is committed to maintaining a safe, inclusive and harassment-free workplace and has in place a policy on prevention, prohibition and redressal of sexual harassment in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, along with a duly constituted Internal Complaints Committee. No complaints were received during the year.

Industrial relations remained cordial and harmonious at all plants and offices of the Company throughout the year, and no man-days were lost on account of any industrial unrest. As on March 31, 2026, the Company had 432 permanent employees on its rolls, and a total workforce of over 1500+ including contract labour.



SWOT ANALYSIS

Strengths

Vertically Integrated Value Chain: End-to-end vertical integration enhances production efficiency and cost control.

Broad and Diversified Product Portfolio: A wide range of offerings across multiple sectors ensures meaningful revenue diversification.

Deep-Rooted Customer Relationships: Strong client focus has cultivated long-term customer loyalty and enduring partnerships.

First-Mover Advantage in Specialty Nylon: Pioneering high-tenacity Nylon 6 and Nylon 66 manufacturing delivers a distinct competitive edge and improved margins.

Three Decades of Industry Knowledge: Over 30 years of experience contribute to operational excellence and deep market understanding.

Value-Added Product Focus: Emphasis on high-margin, value-added offerings support sustained financial performance and profitability.

Weaknesses

Fragmented and Competitive Market Landscape: Intense competition in a fragmented market limits pricing power and margin protection.

Limited Progress on Sustainability: Nascent sustainable fiber initiatives may hinder long-term relevance amid growing environmental expectations. Exposure to Raw Material Price Volatility: Dependence on petrochemical inputs exposes the company to cost pressures from price fluctuations.

High Capital Expenditure Demands: Significant investment requirements constrain financial flexibility and scalability.

Opportunities

Rising Demand in Technical Textiles: Growing adoption in automotive, healthcare, and sports sectors opens high-value market opportunities.

Sustainability as a Growth Lever: Rising preference for eco-friendly fibers presents avenues for innovation in recycled and biodegradable yarns.

Expanding Indian Textile Market: Accelerating domestic growth offers significant scale-up potential for synthetic yarn manufacturers.

Supportive Government Policy Environment: Favorable regulations and incentive schemes enhance industry attractiveness and investor confidence.

Global Appetite for Recycled Synthetics: Rising international demand for recycled fibers fuels compelling export growth opportunities.

Premium Segment Entry Through Brand Partnerships: Strategic brand collaborations enable entry into premium segments and higher-value markets.

Digital and E-Commerce Penetration: Rapid digital growth facilitates broader market reach and direct-to-consumer engagement.

Threats

Intensifying Competitive Pressures: Heightened rivalry and aggressive pricing strategies can erode margins and threaten market share.

Evolving Regulatory and Compliance Landscape: Policy shifts and tightening compliance requirements could disrupt operations and increase cost burdens.

Environmental and Reputational Scrutiny: Growing concerns over synthetic fiber's ecological impact may pose reputational and regulatory risks.

Demand Sensitivity to Market and Economic Cycles: Shifts in fashion trends and economic cycles can affect demand consistency and revenue predictability.

Preference Shift Toward Natural and Organic Fibers: Rising consumer inclination toward natural alternatives could gradually erode synthetic yarn market share.

Disruption from Emerging Material Technologies: Advancements in alternative materials could challenge existing product relevance and require continuous adaptation.

Key Ratio Analysis

Particulars	FY 2025-26	FY 2024-25	Changes (%)
Debtors Turnover	3.90	4.58	-14.85%
Inventory Turnover	4.80	5.35	-10.28%
Interest Coverage Ratio	7.36	11.69	-37.01%
Debt Service Coverage Ratio	0.33	0.82	-59.76%
Current Ratio	1.23	1.18	3.91%
Debt Equity Ratio	0.38	0.33	-15.15%
Net Profit Margin (%)	6.62%*	11.76%	-43.71%
Return on Net Worth	5.15%**	10.10%	-49.01%

*Net Profit Margin excluding the one-time exceptional item (after adjusting tax) is 15.38%

**Return on Net Worth excluding the one-time exceptional item (after adjusting tax) is 11.95%

Revenue: Revenue for FY 2025-26 stood at INR 396.34 crore, reflecting a degrowth of 6.45% over INR 423.67 crore recorded in FY 2024-25. This moderation was primarily driven by a 10.63% decline in sales volumes, from 13.73 lakh tons to 11.53 lakh tons, partially offset by improved realisations. The performance remains resilient given the prevailing global uncertainties and sustained pressure on commodity pricing. Despite the challenging operating environment, the Company generated healthy cash flow from operating activities of INR 81 crore during the year, reflecting efficient working capital management and strong cash conversion.

Operating Profit Margin: Operating Profit for FY 2025-26 stood at INR 58.25 crore, a decline of 28.34% from INR 81.28 crore in the prior year. This was largely on account of a one-time mark-to-market (MTM) loss of INR 17.58 crore on Euro-denominated borrowings. Consequently, the operating profit margin contracted by 449 basis points to 14.70% from 19.19%. Adjusting for this one-time MTM impact, the normalised operating margin would have stood at a healthy 19.00%, underscoring the underlying operational resilience of the business.

PAT & PAT Margin: PAT for FY 2025-26 was INR 26.25 crore, as against INR 49.84 crore in FY 2024-25, a decline of 43.71%. This was primarily attributable to an exceptional charge of INR 54.33 crore towards sale of investment in Sarlalex Inc., USA. PAT margin declined by 514 basis points, from 11.76% to 6.62%. Excluding the exceptional item, the underlying profitability trajectory remains intact.

Debtors Turnover: The debtors turnover ratio moderated from 4.58x to 3.90x, a decline of 14.85%, owing to a strategic relaxation in credit terms extended to customers, a measure aimed at supporting customer relationships and sustaining volume momentum.

Inventory Turnover: Inventory turnover ratio declined by 10.28%, from 5.35x to 4.80x, reflecting a deliberate build-up in inventory levels as a proactive response to supply chain disruptions arising from ongoing geopolitical developments.

Current Ratio: The current ratio improved from 1.18x to 1.23x, an increase of 3.91%, indicating a strengthening of short-term liquidity. The ratio continues to remain within a healthy and comfortable range.

Interest Coverage Ratio (ICR): ICR declined sharply by 37.01%, from 11.69x to 7.36x. This deterioration is primarily attributed to a lower EBIT base, impacted by the exceptional loss of INR 54.33 crore related to the sale of investment in Sarlalex Inc., USA. Adjusted for this one-time item, the coverage metrics would be materially better.

Debt Service Coverage Ratio (DSCR): DSCR declined sharply by 59.76%, from 0.82x to 0.33x. This deterioration is primarily attributed to a lower EBITDA base, impacted by the exceptional loss of INR 54.33 crore related to the sale of investment in Sarlalex Inc., USA. Adjusted for this one-time item, the coverage metrics would be materially better.

Debt-to-Equity Ratio: The debt-to-equity ratio edged up marginally from 0.33x to 0.38x, a rise of 15.15%. Notwithstanding this increase, the ratio continues to reflect a conservative and well-managed leverage position, leaving adequate headroom for future growth financing.

Return on Net Worth (RoNW): RoNW declined from 10.10% to 5.15%, a decrease of 495 basis points, owing to the lower reported PAT impacted by the exceptional loss of INR 54.33 crore pertaining to the sale of investment in Sarlalex Inc., USA. On a normalised basis, excluding this one-time charge, the return profile would be better.

DIRECTORS' REPORT

For the Financial Year Ended 31st March 2026

To,

The Members,

SARLA PERFORMANCE FIBERS LIMITED

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

Your Directors have pleasure in presenting the **Thirty-Third (33rd) Annual Report** of Sarla Performance Fibers Limited ('the Company' or 'SPFL'), together with the Audited Standalone and Consolidated Financial Statements for the financial year ended March 31, 2026.

1. FINANCIAL PERFORMANCE

The Audited Standalone and Consolidated Financial Statements of your Company as on March 31, 2026, are prepared in accordance with the relevant applicable Indian Accounting Standards ("Ind AS") and Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the provisions of the Companies Act, 2013 ("Act").

The summarised financial highlights are depicted below:

(₹ in Lakhs, unless otherwise stated)

Particulars	Consolidated		Standalone	
	FY 2025-26	FY 2024-25	FY 2025-26	FY 2024-25
Revenue from Operations	40,123.22	42,710.09	39,634.33	42,366.67
Other Income	5,664.60	2,518.92	5,745.22	2,439.45
Total Income	45,787.82	45,229.01	45,379.55	44,806.12
Profit Before Interest, Depreciation & Tax (PBITD)	9,972.83	11,452.45	11,569.86	10,567.61
Finance Costs	823.90	1,064.42	823.90	1,064.42
Depreciation & Amortisation	2,976.56	2,502.16	2,901.89	2,431.86
Profit Before Tax & Exceptional Items	6,172.37	7,885.87	7,844.07	7,071.34
Exceptional Items – Income / (Expense)	(7,713.26)	—	(5,433.16)	(440.00)
Profit Before Tax (PBT)	(1,540.89)	7,885.87	2,410.91	6,631.33
Less: Current Tax	212.17	2,091.09	207.30	2,088.16
Deferred Tax	(304.85)	(458.00)	(304.85)	(458.00)
Adjustments for Earlier Years	(116.58)	16.86	(116.58)	16.86
Net Profit for the Year	(1,331.62)	6,235.91	2,625.03	4,984.31
Other Comprehensive Income / (Loss)	(2,942.59)	(81.09)	(3,190.48)	(1.45)
Total Comprehensive Income	(4,274.21)	6,154.83	(565.45)	4,982.86
Basic & Diluted EPS – Before Exceptional Item (₹)	7.66	7.47	9.65	6.50
Basic & Diluted EPS – After Exceptional Item (₹)	(1.57)	7.47	3.14	5.97

Note:

- Previous year figures have been regrouped/re-arranged wherever necessary.

2. PERFORMANCE OVERVIEW

During the year under review, SARLA continued to strengthen its position as a trusted yarn supplier to leading international brands, leveraging a balanced approach of direct sales and established intermediary networks. In FY 2025-26, approximately 72% of the Company's revenue was generated from long-standing clients with relationships extending beyond

five years, underscoring its commitment to customer-centricity and quality-driven growth.

This performance was supported by a diversified product portfolio encompassing Textured Polyester Yarn, Textured Nylon Stretch Yarn, High-Bulk Textured Polyester Yarn, Sewing Threads, Specialty Sewing Threads, High-Tenacity Covered Dyed Yarns and Threads, Barre-Free Nylon Yarn, and Covered Yarns.

The Company's robust customer relationships and a favourable policy environment — including supportive tariff structures that enhanced India's competitiveness as a sourcing hub — provided a strong foundation for sustained growth.

Global sourcing dynamics continued to evolve in response to tariff escalations and geopolitical realignments, positioning India as a preferred destination due to its stable policy framework and integrated manufacturing capabilities.

Performance Highlights

During the year under review:

- The Standalone Revenue from Operations stood at ₹39,634.33 Lakhs for FY 2025-26, as against ₹42,366.67 Lakhs in FY 2024-25.
- The Consolidated Revenue from Operations for FY 2025-26 amounted to ₹40,123.22 Lakhs, as against ₹42,710.09 Lakhs in FY 2024-25.
- The Value of Exports stood at ₹23,991.01 Lakhs for FY 2025-26 on a Standalone basis, as against ₹23,604.24 Lakhs in FY 2024-25. The Actual Foreign Exchange Inflows (cash basis) for FY 2025-26 were ₹13,418.56 Lakhs, as disclosed in **Annexure III**. The difference between the value of exports and actual inflows represents export receivables outstanding at year-end, which are in the process of being realised.
- Profit Before Interest, Depreciation and Tax (PBITD) was ₹11,569.86 Lakhs on a Standalone basis, as against ₹10,567.61 Lakhs in FY 2024-25.
- Profit Before Interest, Depreciation and Tax (PBITD) was ₹9,972.83 Lakhs on a Consolidated basis, as against ₹11,452.45 Lakhs in FY 2024-25.

3. DIVIDEND

The Board of Directors of the Company, at its meeting held on April 22, 2026, has recommended a **Final Dividend of ₹2.00 (Rupees Two Only) per equity share of face value of ₹1.00 each, i.e., at the rate of Two Hundred Percent (200%)**, for the financial year ended 31st March 2026, subject to approval of the Members at the ensuing 33rd Annual General Meeting.

The Board has recommended the Final Dividend after careful consideration of the Company's financial performance, profitability, future

growth plans, and liquidity position, ensuring an appropriate balance between shareholder returns and capital requirements for business operations.

The proposed Final Dividend, if approved by the Members at the ensuing 33rd Annual General Meeting, will result in a total cash outflow of approximately ₹7,16,31,586/- (to public shareholders, after accounting for Promoter/Promoter Group waiver, as detailed below).

The Promoter and Promoter Group have, as a gesture of support to the Company's growth objectives, voluntarily waived their entitlement to the Final Dividend for FY 2025-26. The Company has received letters in writing from all members of the Promoter and Promoter Group expressing their intention to voluntarily waive their entitlement to the Final Dividend for FY 2025-26. The waiver letters have been duly taken on record by the Board of Directors. Necessary disclosures in this regard have been made to the Stock Exchanges pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR').

The Final Dividend, if declared at the 33rd AGM, shall be paid within the statutory timelines prescribed under the Companies Act, 2013 and the SEBI LODR.

Dividend Distribution Policy

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the mandatory formulation and disclosure of a Dividend Distribution Policy is presently applicable to the top 1,000 listed entities by market capitalisation. As the Company does not currently fall within the top 1,000 listed entities, this requirement is not applicable to the Company at this time.

The Board of Directors, however, endeavours to maintain a consistent and transparent approach to dividend declaration, balancing the interests of shareholders with the Company's capital requirements for growth and operations, as reflected in the dividend recommendation for FY 2025-26.

4. TRANSFER TO RESERVES

The Board of Directors has not proposed any transfer to the General Reserve for the financial year ended 31st March 2026. The entire earnings for the year under review, after payment of the dividend, are proposed to be retained in the Profit & Loss Account.

5. SHARE CAPITAL

There has been no change in the Share Capital of the Company during the year under review.

As on 31st March 2026:

- The Authorised Share Capital of the Company stood at ₹1,000.00 Lakhs, divided into 10,00,00,000 (Ten Crore) Equity Shares of ₹1/- each.
- The Paid-Up Equity Share Capital of the Company stood at ₹835.03 Lakhs, comprising 8,35,03,000 (Eight Crore Thirty-Five Lakhs Three Thousand) Equity Shares of ₹1/- each, fully paid-up.

The Company has not issued any Shares or convertible securities, including Equity Shares with differential voting rights, nor has it issued any sweat equity shares or shares under any employee stock option or stock appreciation scheme during the year under review.

Particulars	Details
Total options approved under Sarla Performance Fibers Limited Employee Stock Option Plan (ESOP) Scheme 2025	41,75,150 Employee Stock Options convertible into 41,75,150 Equity Shares of Re. 1/- each
Options granted during FY 2025-26	Nil
Options vested during FY 2025-26	Nil
Options exercised during FY 2025-26	Nil
Options lapsed / forfeited during FY 2025-26	Nil
Total options outstanding as on 31st March 2026	Nil
Shares arising as a result of exercise of options	Nil

There has been no change in the paid-up share capital of the Company pursuant to the ESOP Scheme 2025 during FY 2025-26.

6. DEPOSITS UNDER CHAPTER V OF THE COMPANIES ACT, 2013

The Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 ('the Act'), read with the Companies (Acceptance of Deposits) Rules, 2014. Accordingly, the disclosures required under Chapter V of the Act are not applicable. As on 31st March 2026, there are no deposits remaining unpaid or unclaimed, nor any default in repayment of deposits or payment of interest thereon.

7. PROMOTERS

Incorporated in 1993, the Company was established as a family-driven enterprise and has since evolved into a professionally managed, publicly listed entity. Sarla Performance Fibers Limited today exemplifies a harmonious blend of promoter stewardship, professional governance, and listed company compliance, earning industry-wide recognition for its focus

Employees' Stock Option Scheme 2025

The Company has in place the **Sarla Performance Fibers Limited — Employees' Stock Option Scheme 2025** ('ESOP Scheme 2025'), approved by the Board of Directors at their meeting held on January 30, 2025 and subsequently approved by the Members through Postal Ballot on March 06, 2025, in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ('SEBI ESOP Regulations') and Section 62(1) (b) of the Companies Act, 2013. There has been no material change to the ESOP Scheme 2025 during the year under review.

During the financial year ended 31st March 2026, no stock options have been granted, vested, exercised, or lapsed under the ESOP Scheme 2025. The details required under Regulation 14 of the SEBI ESOP Regulations are set out below:

on quality, integrity, and long-term sustainability.

As on 31st March 2026, the Promoters / Promoter Group of the Company are as under:

- Krishna Madhusudan Jhunjunwala
- Vrinda Krishna Jhunjunwala
- Kanav Krishna Jhunjunwala
- Neha Krishna Jhunjunwala
- Sarladevi Madhusudan Jhunjunwala
- Sarladevi Madhusudan Jhunjunwala (as Partner of Hindustan Cotton Company)
- Krishnakumar and Sons HUF
- Madhusudan Jhunjunwala and Sons HUF
- Satidham Industries Private Limited
- Sarla Estate Developers Private Limited
- Harmony Estates Private Limited

As of 31st March 2026, the Promoter and Promoter Group collectively held **57.11%** of the total paid-up Equity Share Capital of the Company. There were no changes in the classification of Promoters during the year under review.

8. CHANGE IN THE NATURE OF BUSINESS

During the year under review, there was no change in the nature of business of the Company. The Company continues to operate in its core business segments of Speciality Yarn Manufacturing and Wind Power Generation, maintaining its strategic focus and operational efficiency. The Company remains engaged in the production and global export of Textured Polyester Yarn, Textured Nylon Stretch Yarn, High-Bulk Textured Polyester Yarn, Sewing Threads, Specialty Sewing Threads, High-Tenacity Covered Dyed Yarns and Threads, Barre-Free Nylon Yarn, and Covered Yarns, catering to both domestic and international markets.

9. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

As on 31st March 2026, the Company has a total of six (6) overseas subsidiaries (both direct and indirect), comprising two (2) wholly owned subsidiaries and four (4) step-down subsidiaries, along with three (3) overseas Joint Ventures. The Company does not have any Indian Subsidiary, Joint Venture, or Associate Company. There has been no material change in the nature of business of the subsidiaries and joint ventures during the year under review.

Performance Overview of Subsidiaries

Sarlaflex Inc. (SFI), USA: SFI is a 100% directly held wholly owned subsidiary of the Company, which in turn holds 100% of its own step-down subsidiaries. The subsidiary continues to have a negative networth, reported Revenue from Operations of ₹926.92 Lakhs and Profit/(Loss) After Tax of ₹(1,622.46) Lakhs for the year under review.

Sarla Overseas Holding Ltd. (SOHL), British Virgin Islands: SOHL, a 100% wholly owned holding subsidiary, reported Revenue from Operations of ₹337.29 Lakhs and Profit/(Loss) After Tax of ₹(42.47) Lakhs for the year under review. The subsidiary's performance remains down for this year but the management continues to assess strategic options for this entity.

Joint Ventures — Update

SOHL holds investments in three overseas Joint Ventures: Sarla Tekstil Filament Sanayi Ve

Tic. (Turkey, 45%), MRK S.A. De C.V. (Mexico, 33.33%), and M/s. Savitex, S.A. De C.V. (Mexico, 40%). The total investment in the JVs stands at ₹542.22 Lakhs. Updated audited financial statements of the Joint Ventures for the years subsequent to FY 2021-22 have not been made available to the Company despite management's continued efforts. The Board has assessed that no additional impairment is warranted based on the information available. The management continues to actively pursue receipt of updated financial information from the Joint Ventures.

In accordance with Section 136 of the Companies Act, 2013, the Annual Report, including Standalone and Consolidated Financial Statements, is available on the Company's website at www.sarlafibers.com. Annual Financial Statements of each subsidiary are also hosted on the same website. Shareholders desirous of obtaining copies may write to the Company Secretary & Compliance Officer at investors@sarlafibers.com.

A statement containing the salient features of the financial statements of subsidiaries, associates, and joint ventures in Form AOC-1 is annexed hereto as **Annexure – I**.

10. COMPANIES WHICH BECAME OR CEASED TO BE SUBSIDIARIES, JOINT VENTURES OR ASSOCIATES

During the financial year under review, no company has become or ceased to be a Subsidiary, Joint Venture, or Associate Company of Sarla Performance Fibers Limited. The structure of subsidiaries and joint ventures remained unchanged throughout the year.

11. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2026 have been prepared in accordance with Section 129(3) of the Companies Act, 2013, the Companies (Accounts) Rules, 2014, and the Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015. The consolidated financial statements comply with Regulation 33 of the SEBI LODR. In accordance with Regulation 34 of the SEBI LODR, the Audited Consolidated Financial Statements, along with the Independent Auditors' Report thereon, form an integral part of the Annual Report and are available on the Company's website at www.sarlafibers.com.

12. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the year under review, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of loans, guarantees, and investments. Details as required under Section 186(4) of the Act and Schedule V of the SEBI LODR are provided in the Notes to the Financial Statements forming part of this Annual Report.

13. DIRECTORS

As on 31st March 2026, the Board of Directors of the Company comprises six (6) Directors,

Name of Director	Designation	DIN	Category
Mr. Krishna Madhusudan Jhunjunwala	Chairman & Managing Director	00097175	Executive / Promoter
Ms. Neha Krishna Jhunjunwala	Director (Executive)	07144529	Executive / Promoter Group
Mr. Kanav Krishna Jhunjunwala	Whole-Time Director	09507192	Executive / Promoter Group
Mr. Bharat Kishore Jhamvar	Director	00211297	Non-Executive/Independent
Mr. Sachin Shashikant Abhyankar	Director	02760746	Non-Executive/Independent
Mr. Paulo Manuel Castro Ferreira Moura	Director	08459844	Non-Executive/Independent

Re-designation of Mr. Kanav Krishna Jhunjunwala (DIN: 09507192)

The Board of Directors, at their meeting held on April 25, 2025, approved the re-designation of Mr. Kanav Krishna Jhunjunwala from Executive Director to Whole-Time Director of the Company, with effect from April 25, 2025, for a term of five (5) years up to April 24, 2030. Mr. Kanav Krishna Jhunjunwala continues to be a Key Managerial Personnel of the Company within the meaning of Section 203 of the Companies Act, 2013. He is not debarred from holding the office of Director pursuant to any order of SEBI, MCA, RBI, or any other authority.

Retirement by Rotation

In accordance with Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, **Ms. Neha Krishna Jhunjunwala** (DIN: 07144529), Director (Executive), retires by rotation at the ensuing 33rd Annual General Meeting and, being eligible, offers herself for re-appointment. The disclosures required under Regulation 36(3) of the SEBI LODR and Secretarial Standard on General Meetings (SS-2) are provided in the Notice of the 33rd AGM forming part of this Annual Report. Ms. Neha Krishna Jhunjunwala is not debarred from holding the office of Director pursuant to any order of SEBI, MCA, RBI, or any other authority.

including three (3) Executive Directors and three (3) Non-Executive Independent Directors, with one (1) Woman Director on the Board, in compliance with Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI LODR.

The Independent Director requirement for a woman independent director is applicable only to the top 1,000 listed entities; since the Company does not fall within the top 1,000, this additional requirement is not applicable.

The current composition of the Board of Directors is as under:

Declaration by Independent Directors

Pursuant to Section 149(6) and Section 149(7) of the Companies Act, 2013, and Regulation 16(1)(b) read with Regulation 25(8) of the SEBI LODR, all Independent Directors have furnished declarations confirming that:

- They meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI LODR, as amended from time to time.
- They are not aware of any circumstance or situation which exists, or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

In compliance with Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, all Independent Directors have confirmed registration with the Independent Directors' Databank maintained by the Indian Institute of Corporate Affairs (IICA) and confirmed compliance with the online proficiency self-assessment test requirement.

The Board of Directors has taken on record the declarations submitted by the Independent Directors and, in its opinion pursuant to Regulation 25(9) of the SEBI LODR, the

Independent Directors fulfil the conditions of independence specified under the Companies Act, 2013 and SEBI LODR and are independent of the management. The Board further affirms that all Independent Directors possess integrity, relevant expertise, experience, and proficiency as required under applicable laws.

Familiarisation Programme for Independent Directors

In accordance with Regulation 25(7) of the SEBI LODR, the Company has conducted a structured Familiarisation Programme for Independent Directors to enable them to understand their roles, rights, and responsibilities, the nature of the industry in which the Company operates, and the business model of the Company. Details of the programme, including the number of sessions and hours, are disclosed in the Corporate Governance Report forming part of this Annual Report and are available on the Company's website.

Annual Performance Evaluation of the Board

Pursuant to Section 134(3)(p) and Section 178(2) of the Companies Act, 2013 and Regulation 17(10) of the SEBI LODR, the Board carried out the Annual Performance Evaluation of its own performance, the performance of its Committees, and of individual Directors, including the Chairman, for FY 2025-26. The evaluation was conducted based on structured questionnaires covering Board composition and

diversity, quality and timeliness of information flow, effectiveness of Board processes, individual Director contribution, and adherence to terms of reference by Committees. The process was informed by the SEBI Guidance Note on Board Evaluation dated 5th January 2017. The performance of the Board, its Committees, and individual Directors was found to be satisfactory.

14. KEY MANAGERIAL PERSONNEL

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

- Mr. Krishna Madhusudan Jhunjunwala — Chairman & Managing Director (re-designated and re-appointed w.e.f. October 01, 2024 for a term up to September 30, 2029).
- Ms. Neha Krishna Jhunjunwala — Director (Executive) (appointed on March 31, 2015; current term up to February 11, 2027).
- Mr. Kanav Krishna Jhunjunwala — Whole-Time Director (re-designated from Director (Executive) w.e.f. April 25, 2025; term up to April 24, 2030).
- Mr. Kayvanna Shah — Chief Financial Officer.
- Mr. Mustafa Yusuf Manasawala, (Membership No. A76344) — Company Secretary & Compliance Officer (appointed w.e.f. November 11, 2025).

Changes in Key Managerial Personnel during FY 2025-26

Name	Designation	Nature of Change	Effective Date
Mr. Kanav Krishna Jhunjunwala	Whole-Time Director	Re-designation from Director (Executive) to Whole-Time Director	April 25, 2025
Mr. Kapil Raj Yadav	Company Secretary & Compliance Officer	Appointment	April 25, 2025
Mr. Kapil Raj Yadav	Company Secretary & Compliance Officer	Resignation	September 04, 2025
Mr. Mustafa Manasawala	Company Secretary & Compliance Officer	Appointment	November 11, 2025

15. MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year ended 31st March 2026, four (4) meetings of the Board of Directors were held on the following dates. The Board met at least once every quarter, and the interval between any two consecutive Board meetings did not exceed one hundred and twenty (120) days, in compliance with the Companies Act, 2013 and Secretarial Standard-1 (SS-1):

Sr.	Board Meeting No.	Date of Meeting
1	1st Board Meeting of FY 2025-26	April 25, 2025
2	2nd Board Meeting of FY 2025-26	July 30, 2025
3	3rd Board Meeting of FY 2025-26	November 11, 2025
4	4th Board Meeting of FY 2025-26	February 04, 2026

Postal Ballot — Special Resolutions passed during FY 2025-26

The Board, at their meeting held on February 04, 2026, approved the dispatch of a Postal Ballot Notice for passing the following Special Resolutions through remote e-voting, pursuant to Sections 108 and 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI LODR:

- Creation of charges / mortgages / hypothecation on the movable and/or immovable assets of the Company, both present and future, in favour of its lenders, pursuant to Section 180(1)(a) of the Companies Act, 2013.
- Increase in the overall borrowing limits of the Company, pursuant to Section 180(1)(c) of the Companies Act, 2013.

Committee	Chairperson	Statutory Basis
Audit Committee	Mr. Sachin Shashikant Abhyankar	Section 177, Companies Act, 2013 & Regulation 18, SEBI LODR
Nomination and Remuneration Committee	Mr. Sachin Shashikant Abhyankar	Section 178(1), Companies Act, 2013 & Regulation 19, SEBI LODR
Stakeholders' Relationship Committee	Mr. Sachin Shashikant Abhyankar	Section 178(5), Companies Act, 2013 & Regulation 20, SEBI LODR
Corporate Social Responsibility Committee	Ms. Neha Krishna Jhunjunwala	Section 135, Companies Act, 2013

During the year under review, all recommendations made by the aforementioned Committees were accepted and approved by the Board. Details of the composition, terms of reference, and meetings of each Committee are provided in the Corporate Governance Report forming part of this Annual Report.

17. LISTING OF SECURITIES

The Equity Shares of the Company are listed on BSE Limited (BSE Code: 526885) and the National Stock Exchange of India Limited (NSE Symbol: SARLAPOLY). The ISIN of the Company's equity shares is INE453D01025. The

The remote e-voting was conducted through **National Securities Depository Limited (NSDL)** as the authorised e-voting agency for the said Postal Ballot, from February 12, 2026 to March 13, 2026. **CS Vyoma Desai (Membership No. F11166, COP No. 23010), Partner, M/s. Abbas Lakdawalla & Associates LLP**, Practising Company Secretaries, was appointed as Scrutinizer for the said Postal Ballot. Both Special Resolutions were approved by the Members with an overwhelming majority of approximately 99.99% of votes cast in favour. The resolutions are deemed to have been passed on 13th March 2026, being the last date of the remote e-voting period. The results were declared on March 14, 2026 and communicated to BSE and NSE.

Note: For the 33rd Annual General Meeting, the Company has appointed MUFG Intime India Private Limited (formerly Link Intime India Private Limited) as the e-Voting agency.

Further details regarding the composition of the Board, attendance of Directors at Board and Committee meetings, and other related disclosures are provided in the Corporate Governance Report forming part of this Annual Report.

16. STATUTORY COMMITTEES OF THE BOARD

Pursuant to the Companies Act, 2013 and the SEBI LODR, the Company has constituted the following Statutory Committees of the Board:

Company has duly paid the annual listing fees for FY 2025-26 to both BSE and NSE within the prescribed time.

18. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place adequate internal financial controls with reference to financial statements, commensurate with the size, scale, and complexity of its operations. These controls are designed to provide reasonable assurance regarding reliability of financial reporting, compliance with applicable laws and regulations, and safeguarding of assets. The operating

effectiveness of these controls is periodically reviewed by management and the Internal Auditor. Corrective actions, where required, are undertaken promptly. During FY 2025-26, no material weaknesses in the design or operation of internal financial control systems were reported. The Internal Auditor submits quarterly reports, which are regularly placed before the Audit Committee. Further details are provided in the Management Discussion and Analysis Report forming part of this Annual Report.

19. AUDITORS

(a) Statutory Auditors

The Members of the Company at the 29th Annual General Meeting re-appointed **M/s. CNK & Associates LLP, Chartered Accountants, Mumbai (Firm Registration No.: 101961W)**, as Statutory Auditors for a second term of five (5) consecutive years, to hold office from the conclusion of the 29th AGM until the conclusion of the 34th AGM. Pursuant to the MCA Notification dated 7th May 2018, the requirement for ratification of the Statutory Auditors' appointment at every AGM has been dispensed with; accordingly, no such resolution is proposed at the ensuing 33rd AGM.

M/s. CNK & Associates LLP have issued a qualified audit opinion on the standalone and consolidated audited financial statements of the Company for the financial year ended March 31, 2026. Following are as under:

1. The Statutory Auditors, CNK & Associates LLP, have issued a qualified audit opinion on the standalone audited financial statements of the Company for the financial year ended March 31, 2026. The qualification relates to the sale by the Company of 11 Non-Cumulative Redeemable Preference Shares held in its wholly owned subsidiary, Sarla Flex Inc. (United States of America), for a consideration of USD 1,21,000, resulting in a loss of ₹5,433.16 lakhs which has been fully recognised as an Exceptional Item in the financial statements for the year ended March 31, 2026. The Company has applied to the Regulators for the necessary approvals in respect of the said sale, write-off of investment, and credit of

the sale proceeds to the Company's account, which approvals are pending as on date.

2. The Statutory Auditors, CNK & Associates LLP, have issued a qualified audit opinion on the consolidated audited financial statements of the Company for the financial year ended March 31, 2026. The qualification relates to the sale by the Company of 11 Non-Cumulative Redeemable Preference Shares held in its wholly owned subsidiary, Sarla Flex Inc. (United States of America), for a consideration of USD 1,21,000, resulting in a loss of ₹7,713.26 lakhs which has been fully recognised as an Exceptional Item in the financial statements for the year ended March 31, 2026. The Company has applied to the Regulators for the necessary approvals in respect of the said sale, write-off of investment, and credit of the sale proceeds to the Company's account, which approvals are pending as on date.

The Board has taken note of the qualification made by the Statutory Auditors. The Company had consulted its Authorised Dealer Bank, IndusInd Bank, regarding the regulatory requirements for the sale of the preference shares. Based on the guidance received, the sale of the preference shares did not require prior RBI approval. However, the Company had applied for the necessary regulatory approval in respect of the write-off of investment and related matters.

The Authorised Dealer Bank has informed the Company that the approval process is a routine regulatory matter and is expected to be completed in due course. As on the date of this Report, the approval is awaited. The Board and the management do not foresee any uncertainty regarding the receipt of the requisite approvals.

During the year under review, no orders were issued by the National Financial Reporting Authority (NFRA) in respect of the Company.

(b) Secretarial Auditor

Pursuant to Section 204 of the Companies Act, 2013, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and Regulation 24A of the SEBI LODR, the Members at the 32nd AGM held on June 25, 2025 approved the re-appointment of **CS Swati Gupta, Practising Company Secretary (Membership No. F5766, C.P. No. 12245)**, as Secretarial Auditor of the Company for a period of five (5) consecutive years commencing from FY 2025-26 up to FY 2029-30.

CS Swati Gupta has conducted the Secretarial Audit of the Company for FY 2025-26 and has issued the Secretarial Audit Report in Form MR-3, which is annexed hereto as **Annexure - VI**. The Secretarial Audit Report contains certain observations. The key highlights thereof are as follows:

- **Statutory Compliance:** The Company has generally complied with the provisions of the Companies Act, 2013, SEBI Regulations, and other applicable laws.
- **Board Processes:** The Board of Directors was duly constituted with an appropriate balance of Executive, Non-Executive, and Independent Directors. While Board Meeting notices and agendas were generally sent seven days in advance, in a few instances notes on agenda items were circulated at shorter notice with the consent of the Board members.
- **Specific Observations:**
 - o The Company sold preference shares held in its Wholly Owned Subsidiary; however, approval for the transaction and the credit of sale proceeds remains pending with the Authorised Dealer.
 - o Management has consulted Authorised Dealers to resolve discrepancies in previously reported Annual Performance Reports (APRs).
 - o The Secretarial Auditor has advised the Company to ensure all paid-off charges are duly satisfied on the MCA portal to accurately reflect the Company's position.

The Board has taken note of the observations made by the Secretarial Auditor and informs that necessary steps are being taken to address the same. The Company is actively pursuing the pending approvals from the Authorised Dealer Bank in relation to the sale of preference shares held in its wholly owned subsidiary and related regulatory compliances. Necessary actions are also being undertaken to rectify discrepancies identified in the Annual Performance Reports filed in previous years. Further, the Company is in the process of filing the requisite forms with the Registrar of Companies to ensure that all satisfied charges are appropriately reflected on the MCA portal. The Board is closely monitoring these matters and is committed to ensuring timely compliance with all applicable regulatory requirements.

The Company does not have any material subsidiary as per Regulation 16(1)(c) of the SEBI LODR; accordingly, secretarial audit of material subsidiaries is not applicable.

(c) Cost Auditors

The Company has duly prepared and maintained cost records as prescribed under Section 148(1) of the Companies Act, 2013 for the financial year ended March 31, 2026.

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and the rules made thereunder, the Board of Directors, on the recommendation of the Audit Committee, had re-appointed **M/s. Kasina & Associates, Cost Accountants (Firm Registration No. 104088)**, as the Cost Auditors of the Company for the financial year 2025-26 at its meeting held on April 25, 2025. The remuneration payable to the Cost Auditors was subsequently ratified by the Members at the 32nd Annual General Meeting of the Company.

The Cost Audit Report for the financial year 2025-26 is under finalisation and shall be filed with the Ministry of Corporate Affairs within the prescribed statutory timelines.

Further, based on the recommendation of the Audit Committee, the Board of Directors at its meeting held on April 22, 2026, approved the re-appointment of M/s. Kasina & Associates, Cost Accountants (Firm Registration No. 104088), as the Cost Auditors of the Company for the financial year 2026-27. In accordance with Section 148 of the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be ratified by the Members and accordingly, a resolution seeking such ratification forms part of the Notice convening the 33rd Annual General Meeting."

(d) Internal Auditor

The Board of Directors, on the recommendation of the Audit Committee, appointed **M/s. KD Practice Consulting Private Limited (Ms. Pooja Dharewa, Chartered Accountant, Membership No. 135998, CIN: U74999MH2017PTC290264)**, Bhayandar West, Thane, as Internal Auditor of the Company for FY 2025-26, pursuant to Section 138(1) of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014. The Internal Auditor reports directly to the Audit Committee and submits quarterly reports, which are regularly placed before the Audit Committee for review and action.

20. REPORTING OF FRAUDS

Pursuant to Section 143(12) of the Companies Act, 2013, the Statutory Auditors, Cost Auditors and Secretarial Auditor have not reported any instance of fraud committed against the Company by its officers or employees to the Audit Committee, the Board or the Central Government during the financial year 2025-26.

21. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The disclosures required under Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **Annexure - II** to this Report.

DISCLOSURE OF EXCESS MANAGERIAL REMUNERATION UNDER SECTION 197

During FY 2025-26, the remuneration paid to Ms. Neha Krishna Jhunjunwala exceeded the limits prescribed under Section 197(1) of the Companies Act, 2013, as computed in

accordance with Section 198 of the Act. The net profit computed under Section 198 for FY 2025-26 was ₹ 14,34,35,168/-, and the permissible limit of 1% of such net profit worked out to ₹ 14,34,352/-. The remuneration paid to the said Director was ₹37,05,000, resulting in an excess of ₹ 22,70,648/-

The Board of Directors has noted the said position. The Statutory Auditors have reported the same pursuant to Section 197(16) of the Companies Act, 2013. The Board is seeking approval of the Members by Special Resolution at the ensuing 33rd Annual General Meeting for waiver of recovery of the remuneration paid in excess of the prescribed limits, in accordance with Section 197(10) of the Companies Act, 2013. Members are requested to refer to Item No. 6 of the Notice of the 33rd AGM.

The statement of particulars of employees as required under Rule 5(2) and 5(3) of the said Rules forms part of this Report.

22. NOMINATION AND REMUNERATION POLICY

In terms of Section 178(3) of the Companies Act, 2013, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee (NRC), has framed a Nomination and Remuneration Policy ('NRC Policy'). The salient features of the Policy are as under:

- **Qualifications & Experience:** Directors and KMPs shall possess appropriate qualifications, expertise, and experience relevant to their roles. Independent Directors shall additionally meet the criteria of independence prescribed under the Act and SEBI LODR at all times.
- **Positive Attributes:** Directors shall demonstrate integrity, ethical conduct, financial literacy, and commitment to the Company's governance standards.
- **Independence:** Independent Directors shall satisfy all criteria specified under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI LODR.
- **Remuneration Structure:** Remuneration to Executive Directors and KMPs is determined based on the Company's performance, industry benchmarks, individual performance, and applicable statutory limits. Independent Directors receive sitting fees within the limits prescribed under the Act. No commission was paid to any Non-Executive Director during FY 2025-26.

The full NRC Policy is available on the Company's website at: <https://www.sarlafibers.com/wp-content/uploads/2024/01/9.Nomination-and-Remuneration-Policy.pdf>

23. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors hereby confirms that, to the best of their knowledge and belief, and according to the information and explanations obtained:

- a) In the preparation of the annual accounts for FY 2025-26, the applicable accounting standards have been followed, along with proper explanations relating to material departures, if any.
- b) Appropriate accounting policies have been selected and applied consistently. Judgements and estimates have been made reasonably and prudently so as to give a true and fair view of the state of affairs of the Company as at 31st March 2026, and of the profit of the Company for that financial year.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The annual accounts for FY 2025-26 have been prepared on a 'going concern' basis.
- e) Proper internal financial controls have been laid down and are followed by the Company, and such internal financial controls are adequate and are operating effectively.
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and are operating effectively.

For the purpose of this statement, the term "internal financial controls" means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its 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.

24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The particulars relating to conservation of energy, technology absorption, and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, are annexed hereto as **Annexure - III**.

25. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All Related Party Transactions ('RPTs') entered into during FY 2025-26 were on an arm's length basis and in compliance with Section 188 of the Companies Act, 2013 and Regulation 23 of the SEBI LODR. All RPTs were placed before the Audit Committee for prior / omnibus approval, and the Audit Committee reviewed such transactions on a quarterly basis.

During the year, certain transactions, while conducted on an arm's length basis, were **not in the ordinary course of business** and accordingly required and received Board approval under Section 188 of the Companies Act, 2013, on the recommendation of the Audit Committee. These transactions relate to:

- Leasing of office premises from Mr. Krishna Madhusudan Jhunjunwala, Managing Director.
- Leasing of office premises from Madhusudan Jhunjunwala and Sons HUF.
- Leasing of premises from M/s. Hindustan Cotton Company.
- CSR Contribution to Shivchandrai Jhunjunwala Charitable Trust

The details of the aforesaid Related Party Transactions are disclosed in Form AOC-2, annexed hereto as **Annexure - IV**. There were no materially significant Related Party Transactions that had any potential conflict with the interests of the Company at large.

The Related Party Transaction Policy is available at: <https://www.sarlafibers.com/wp-content/uploads/2024/01/14.Related-Party-Transaction-Policy.pdf>. Details of all RPTs as required under Ind AS 24 are provided in the Notes to the Financial Statements.

26. CORPORATE SOCIAL RESPONSIBILITY (CSR)

During FY 2025-26, the total CSR obligation of the Company under Section 135 of the Companies Act, 2013 amounted to ₹86.31 Lakhs

(being 2% of the average net profit of ₹4,315.60 Lakhs for the preceding three financial years). After adjusting the carried-forward set-off surplus of ₹6.33 Lakhs from previous years, the net CSR obligation for FY 2025-26 stood at ₹79.97 Lakhs. The Company spent ₹82.00 Lakhs on CSR activities during FY 2025-26, focused primarily on promoting healthcare in and around its areas of operation.

Pursuant to Rule 7(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has spent ₹2.02 Lakhs in excess of its net CSR obligation for FY 2025-26. This excess amount, duly recorded in Section 8(g) of the Annual CSR Report (**Annexure V**), is eligible to be set off against CSR obligations for the three immediately succeeding financial years (FY 2026-27 to FY 2028-29).

The Annual Report on CSR Activities as required under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed hereto as **Annexure - V**. The CSR Policy approved by the Board is available at: <https://www.sarlafibers.com/wp-content/uploads/2024/01/11.-CSR-Policy.pdf>

27. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORTS

The Company is committed to maintaining the highest standards of corporate governance in letter and spirit, in compliance with the SEBI LODR. A comprehensive Corporate Governance Report is annexed hereto as **Annexure - VII**.

A certificate from CS Swati Gupta, Practising Company Secretary (COP No. 12245, UDIN: F005766H000089883), confirming compliance with corporate governance norms, and a Certificate of Non-Disqualification of Directors (UDIN: F005766H000089806), both dated April 14, 2026, are appended as Annexure B and Annexure C respectively to the Corporate Governance Report.

The Management Discussion and Analysis Report required under Regulation 34(2)(e) of the SEBI LODR forms an integral part of this Annual Report.

Business Responsibility and Sustainability Report (BRSR): Pursuant to Regulation 34(2)(f) of the SEBI LODR, the Business Responsibility and Sustainability Report is mandatorily required for the top 1,000 listed entities by market capitalisation. As the Company does not fall within the top 1,000 listed entities by market capitalisation, as per the list published by the Stock Exchanges in accordance with Regulation

3 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (based on average market capitalisation for the period July 2025 to December 2025) in terms of the SEBI (LODR) (Third Amendment) Regulations, 2024, the BRSR is not applicable to the Company for FY 2025-26.

28. POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS / INFORMATION

In compliance with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023, which, inter alia, introduced quantitative thresholds for determination of materiality of events and information under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company reviewed and updated the Policy for Determination of Materiality for Disclosure of Events or Information at its meeting held on January 24, 2024. The updated Policy is available on the Company's website at www.sarlafibers.com.

29. RELATED PARTY TRANSACTION POLICY

In accordance with Regulation 23(1) of the SEBI LODR, which requires the Board to review the Related Party Transaction Policy at least once every three years, the Board has reviewed and confirmed that the current policy remains appropriate. The Policy is available at: <https://www.sarlafibers.com/wp-content/uploads/2024/01/14.Related-Party-Transaction-Policy.pdf>

30. WHISTLE BLOWER / VIGIL MECHANISM POLICY

The Company has in place a Vigil Mechanism / Whistle Blower Policy as required under Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, and Regulation 22 of the SEBI LODR. The Policy provides a formal mechanism for Directors, employees, and stakeholders to raise concerns about unethical behaviour, actual or suspected fraud, or violations of the Code of Conduct. Adequate safeguards against victimisation of complainants are provided. During FY 2025-26, the Board affirms that no personnel were denied access to the Audit Committee. The Policy is available at: <https://www.sarlafibers.com/wp-content/uploads/2024/01/15-Whistle-Blower-Policy.pdf>

31. CODE OF CONDUCT FOR PROHIBITION OF INSIDER TRADING

The Company has a Code of Conduct for

Prohibition of Insider Trading, framed in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ('PIT Regulations'), to regulate, monitor, and report trading of securities by Designated Persons. The Code lays down procedures for maintaining Unpublished Price Sensitive Information (UPSI), prevention of its leakage, and procedures for fair disclosure of UPSI. Mr. Mustafa Yusuf Manasawala, Company Secretary & Compliance Officer, has been designated as the Compliance Officer under the PIT Regulations. The Code is available on the Company's website at www.sarlafibers.com.

Mr. Kayvanna Shah, Chief Financial Officer was designated as interim Compliance Officer under PIT Regulations during the transition period i.e. September 4, 2025 - November 11, 2025.

32. COMPLIANCE MANAGEMENT FRAMEWORK

The Company has instituted a structured compliance management framework to monitor adherence to applicable laws and regulations and provide periodic updates to Senior Management and the Board. The Board reviews the status of compliance on a quarterly basis.

Compliance with Secretarial Standards

During FY 2025-26, the Company has complied with the applicable Secretarial Standards issued by ICSI, viz. SS-1 and SS-2. Certain agenda notes were circulated at shorter notice with the prior consent of the Board members, as recorded in the minutes. Such instances have been noted in the Secretarial Audit Report.

Risk Management

The Company has an adequate Risk Management framework to identify, assess, monitor, and mitigate business risks. The Board periodically reviews the Company's risk profile and the adequacy of risk mitigation measures at each quarterly meeting. Pursuant to Regulation 21 of the SEBI LODR, the mandatory requirement to constitute a Risk Management Committee (RMC) applies to the top 1,000 listed entities by market capitalisation. As the Company does not fall within the top 1,000 listed entities by market capitalisation as per the list published by the Stock Exchanges based on average market capitalisation for the period July 2025 to December 2025 in terms of the SEBI (LODR) (Third Amendment) Regulations, 2024, the mandatory constitution of a Risk Management Committee is not applicable to the Company.

The Board, however, ensures that risk governance is embedded in its regular agenda through its internal risk oversight process. The Risk Management Policy is available at: <https://www.sarlafibers.com/wp-content/uploads/2024/01/13.Risk-Management-Policy.pdf>.

Based on the risk assessments conducted during FY 2025-26, the Board is of the opinion that the following elements of risk, if not adequately mitigated, may in the Board's opinion threaten the existence of the Company:

- (i) significant volatility in raw material prices, which could adversely compress operating margins;
- (ii) material adverse movements in foreign exchange rates, given the substantial proportion of the Company's revenue denominated in foreign currencies;
- (iii) adverse regulatory changes including modifications to export/import duty structures, FEMA compliance requirements pertaining to overseas investments, or adverse regulatory actions by SEBI or MCA;
- (iv) supply chain disruptions arising from geopolitical developments or global logistics constraints affecting key international markets; and
- (v) cyber security breaches or IT system failures that could impact business continuity, data integrity, or regulatory compliance.

The Company has put in place appropriate risk mitigation strategies for each of the above, as detailed in the Management Discussion and Analysis Report forming part of this Annual Report

Cyber Security and Information Technology Risk

The Company recognises that cyber security and information technology risks are an integral part of its overall risk management framework. The Company has in place appropriate IT security measures, access control mechanisms, data backup and recovery protocols, and network security systems to protect its digital assets and sensitive business information.

Periodic reviews of IT infrastructure and security protocols are conducted to identify vulnerabilities and implement corrective measures. The management ensures that adequate controls are in place to mitigate risks

arising from cyber threats, data breaches, and IT system failures. No material cyber security breach or IT failure was reported during FY 2025-26.

The Company continuously reviews and strengthens its cyber security and information technology risk management framework in line with evolving business requirements, emerging cyber threats, and generally accepted industry practices.

33. ANNUAL RETURN

The Annual Return of the Company in Form MGT-7 for the financial year ended 31st March 2026 will be filed with the Registrar of Companies within sixty (60) days from the conclusion of the 33rd Annual General Meeting. Upon filing, the Annual Return shall be made available and accessible on the Company's website at <https://www.sarlafibers.com/reports/>. Members may access the said URL after filing for inspection of the current Annual Return.

34. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE ACT, 2013

The Company has zero tolerance towards sexual harassment at the workplace. A Policy on Prevention, Prohibition, and Redressal of Sexual Harassment ('POSH Policy') has been adopted in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and the Rules thereunder. An Internal Complaints Committee (ICC) has been duly constituted in accordance with the said Act, including the appointment of an external member as required. The POSH Policy is available at: <https://www.sarlafibers.com/wp-content/uploads/2024/01/POSH-Policy-Sarla.pdf>

38. CREDIT RATING

During FY 2025-26, no new credit rating actions were carried out by Acuité Ratings & Research Limited. The Company continues to hold the ratings assigned vide Acuité's letter dated February 24, 2025, the details of which are as follows:

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	47.00	ACUITE A Stable Assigned	-
Bank Loan Ratings	30.00	ACUITE A Stable Upgraded	-
Bank Loan Ratings	65.00	-	ACUITE A1 Assigned
Bank Loan Ratings	195.00	-	ACUITE A1 Upgraded
Total Outstanding	337.00	-	-
Total Withdrawn	0.00	-	-

The rating rationale is available on the website of Acuité Ratings & Research Limited at Acuité Ratings & Research Limited.

Sr.	Particulars	Number
1	Number of complaints filed during FY 2025-26	Nil
2	Number of complaints disposed of during FY 2025-26	Nil
3	Number of complaints pending as on 31st March 2026	Nil

35. MATERNITY BENEFIT COMPLIANCE

The Company affirms its compliance with the Maternity Benefit Act, 1961 and rules made thereunder. All eligible women employees are provided maternity leave and associated benefits in accordance with statutory requirements and the Company's internal policies.

36. SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS

During FY 2025-26, no significant or material order was passed by any Regulator, Court, or Tribunal that would impact the going concern status of the Company or its future operations. The Company's ongoing legal matters are disclosed in the Corporate Governance Report (Section 4, Clause iii) forming part of this Annual Report.

37. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION

The Board of Directors of the Company, at their meeting held on April 22, 2026, has recommended a Final Dividend of ₹2.00 (200%) per Equity Share of face value of ₹1.00 each for the Financial Year ended 31st March 2026, as detailed in Section 3 of this Report, subject to approval of the Members at the 33rd AGM. Save and except the aforesaid, there are no other material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year (March 31, 2026) and the date of this Report.

39. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During FY 2025-26, the Company transferred ₹12,22,358/- to the IEPF Authority, pertaining to the Final Dividend for FY 2017-18. Additionally, 78,518 underlying Equity Shares were transferred to the IEPF Authority as per applicable provisions of the Companies Act, 2013 and the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

Sr.	Financial Year	Date of Declaration	Last Date to Claim
1	FY 2018-19 — Final Dividend	September 27, 2019	November 01, 2026
2	FY 2021-22 — Final Dividend	September 28, 2022	November 02, 2029
3	FY 2024-25 — Final Dividend	June 25, 2025	July 30, 2032

Note: The FY 2017-18 Final Dividend has been fully transferred to IEPF (last date 2nd November 2025 has expired). No dividends were declared for FY 2019-20 and FY 2020-21.

Pursuant to Rule 7(2A) of the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, Mr. Krishna Madhusudan Jhunhunwala, Chairman & Managing Director (DIN: 00097175), has been designated as the Nodal Officer and Mr. Mustafa Yusuf Manasawala, Company Secretary & Compliance Officer (A76344), has been designated as the Deputy Nodal Officer of the Company for the purposes of the said Rules.

40. INSURANCE

All the properties of the Company, including buildings, plant and machinery, and inventories, have been adequately insured against risks and contingencies during FY 2025-26.

41. PROCEEDINGS UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 AND ONE-TIME SETTLEMENT

There were no proceedings initiated or pending against the Company under the Insolvency and Bankruptcy Code, 2016 during FY 2025-26. There were no instances of one-time settlement with any bank or financial institution during the year; accordingly, details of valuation are not applicable.

42. DISCLOSURE PURSUANT TO SEBI CIRCULAR ON FUND RAISING BY LARGE CORPORATES

Pursuant to SEBI Circular No. SEBI/HO/DDHS/CIR/P/2018/144 dated 26th November 2018, the Company does not fall under the category of 'Large Corporate' as defined in the said Circular. The Company has not raised any funds through issuance of debt securities during the year under review.

Shareholders may reclaim their dividends and/or shares transferred to IEPF by filing Form IEPF-5 (available at www.iepf.gov.in) along with the requisite documents. No claim shall lie against the Company in respect of amounts or shares duly transferred to IEPF. The table below provides details of outstanding unclaimed dividends and the respective last dates for claiming before transfer to IEPF:

43. ACKNOWLEDGEMENTS AND APPRECIATION

Your Board of Directors takes this opportunity to place on record its deep appreciation for the continued support, trust, and confidence reposed by the Members, customers, suppliers, bankers, business associates, and all other stakeholders. The Directors also express their sincere gratitude to BSE Limited, the National Stock Exchange of India Limited, the Securities and Exchange Board of India, the Ministry of Corporate Affairs, the Ministry of Finance, the Government of India, State Governments, and all other regulatory and statutory authorities for their valuable guidance and continued support. The Directors place on record their wholehearted appreciation for the commitment, dedication, and hard work of all employees across all levels, who remain the driving force behind the Company's sustained performance.

FOR AND ON BEHALF OF THE BOARD

Krishna Madhusudan Jhunhunwala

Chairman & Managing Director
DIN: 00097175

Kanav Krishna Jhunhunwala

Whole time Director
DIN: 09507192

Place: Mumbai

Date: April 22, 2026

ANNEXURE - I

Form AOC-1 — Statement containing salient features of financial statements of subsidiaries, associates, and joint ventures

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

Part A — Statement on Subsidiaries

(All amounts in ₹ Lakhs, unless otherwise stated)

Sr.	Particulars	Sarlaflex Inc. (SFI)*	Sarla Overseas Holding Ltd. (SOHL)*
1	Reporting Period	1st April 2025 to 31st March 2026	1st April 2025 to 31st March 2026
2	Reporting Currency	USD	USD
3	Closing Exchange Rate (₹)	94.6543	94.6543
4	Average Exchange Rate (₹)	88.3071	88.3071
5	Date of Acquisition / Incorporation	2012	05/09/2006
6	Issued & Subscribed Share Capital (₹ Lakhs)	596.50	196.99
7	Reserves and Surplus (₹ Lakhs)	(7,762.52)	(160.45)
8	Total Assets (₹ Lakhs)	2,934.48	130.74
9	Total Liabilities (₹ Lakhs)	10,100.50	94.20
10	Investments (₹ Lakhs)	—	—
11	Revenue from Operations (₹ Lakhs)	926.92	337.29
12	Profit / (Loss) Before Taxation (₹ Lakhs)	(1,622.46)	(37.60)
13	Provision for Taxation (₹ Lakhs)	—	4.87
14	Profit / (Loss) After Taxation (₹ Lakhs)	(1,622.46)	(42.47)
15	Proposed Dividend	—	—
16	Extent of Shareholding (%)	100%	100%
17	Country of Incorporation	USA	British Virgin Islands (BVI)

* Sarlaflex Inc. (SFI) and Sarla Overseas Holding Ltd. (SOHL) figures include their 100% subsidiaries..

Part B — Statement on Joint Ventures

Sr.	Particulars	Sarla Tekstil Filament Sanayi Ve Tic. (Turkey)	MRK S.A. De C.V. (Mexico)	M/s Savitex, S.A. De C.V. (Mexico)
1	Latest Audited Balance Sheet Date	31/03/2022 (Note 2)	31/03/2022 (Note 2)	31/03/2022 (Note 2)
2	Date of Acquisition	19/03/2010	07/11/2009	2009
3	No. of Shares Held	1,620	100	16,000
4	Amount of Investment (₹ Lakhs)	116.13	45.29	380.80
5	Extent of Holding (%)	45%	33.33%	40%
6	Description of Significant Influence	Shareholding > 20% constitutes significant influence under Ind AS 28	Shareholding > 20% constitutes significant influence under Ind AS 28	Shareholding > 20% constitutes significant influence under Ind AS 28
7	Reason why not consolidated	Treated as investment carried at cost; updated financials not made available	Treated as investment carried at cost; updated financials not made available	Treated as investment carried at cost ; updated financials not made available
8	Net Worth attributable to Shareholding as per latest audited Balance Sheet (₹ Lakhs)	—	—	—
9	Profit / Loss for the year considered in Consolidation	Not Considered in Consolidation	Not Considered in Consolidation	Not Considered in Consolidation

Note: Updated audited financial statements of the Joint Ventures for the years subsequent to FY 2021-22 have not been made available to the Company despite management's continued efforts. The Board has confirmed that no additional impairment has been determined as warranted based on available information.

For and on behalf of the Board of Directors
Sarla Performance Fibers Limited

Krishna Madhusudan Jhunjunwala
Chairman & Managing Director
DIN: 00097175

Kanav Krishna Jhunjunwala
Whole time Director
DIN: 09507192

Mustafa Manasawala

Company Secretary & Compliance Officer
A76344

Kayvanna Shah

Chief Financial Officer

Mumbai
April 22, 2026

ANNEXURE - II

Particulars of Directors and Employees

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

1. Ratio of remuneration of each Director to the median remuneration of employees for FY 2025-26

Name of Director	Designation	Ratio to Median Remuneration
Mr. Krishna Madhusudan Jhunjunwala	Chairman & Managing Director	69.90
Ms. Neha Krishna Jhunjunwala	Executive Director	10.48
Mr. Kanav Krishna Jhunjunwala	Whole-Time Director	16.04
Mr. Bharat Kishore Jhamvar	Non-Executive Independent Director	0.58
Mr. Sachin Shashikant Abhyankar	Non-Executive Independent Director	0.58
Mr. Paulo Manuel Castro Ferreira Moura #	Non-Executive Independent Director	— (sitting fees waived)

Mr. Paulo Manuel Castro Ferreira Moura voluntarily waived his entitlement to sitting fees for FY 2025-26.

Note: The total remuneration excludes leave encashment as per Company's policy.

2. Percentage increase in remuneration of each Director, KMP, CFO and Company Secretary in FY 2025-26 vis-à-vis FY 2024-25

Name	Designation	% Increase in Remuneration in FY 2025-26
Mr. Krishna Madhusudan Jhunjunwala	Chairman & Managing Director	33.33
Ms. Neha Krishna Jhunjunwala	Executive Director	100.00
Mr. Kanav Krishna Jhunjunwala	Whole-Time Director	188.68
Mr. Bharat Kishore Jhamvar ^	Non-Executive Independent Director	NIL
Mr. Sachin Shashikant Abhyankar ^	Non-Executive Independent Director	NIL
Mr. Paulo Manuel Castro Ferreira Moura ^	Non-Executive Independent Director	NIL
Mr. Kayvanna Shah	Chief Financial Officer	NIL
Mr. Mustafa Manasawala, A76344*	Company Secretary & Compliance Officer	N.A. (Appointed w.e.f. November 11, 2025)

^ No commission was declared or paid to Non-Executive Directors for FY 2025-26.

* Mr. Mustafa Manasawala was appointed as Company Secretary & Compliance Officer w.e.f. 11th November 2025; percentage increase is not applicable.

3. Percentage increase in the median remuneration of employees in FY 2025-26

10.54%

4. Number of permanent employees on the rolls of the Company as on 31st March 2026

433 permanent employees.

5. Average percentile increase in salaries of employees other than managerial personnel and comparison with managerial remuneration

The average percentile increase in salaries of non-managerial employees in FY 2025-26 was 7.72%, as compared to 47.60% for managerial remuneration. The increase is in line with industry norms and the Company's financial performance for the year.

6. Key parameters for any variable component of remuneration availed by the Directors

The remuneration of Executive Directors comprises a fixed component only; no variable/performance-linked component was availed during FY 2025-26.

Sitting fees paid to Non-Executive Independent Directors are within the limits prescribed under the Companies Act, 2013 and the Company's approved Nomination and Remuneration Policy.

7. Affirmation that remuneration is as per the Remuneration Policy of the Company

The Board of Directors hereby affirms that the remuneration paid to the Directors, Key Managerial Personnel, and other employees is generally as per the Nomination and Remuneration Policy of the Company. In respect of Ms. Neha Krishna Jhunjunwala, the remuneration paid during FY 2025-26 (including annual leave encashment of ₹1,05,000/-) aggregated to ₹37,05,000/-, which exceeded the limit of ₹14,34,352/- (being 1% of the net profits computed under Section 198 of the Companies Act, 2013) by ₹22,70,648/-. The matter is being placed before the Members for waiver of recovery of the said excess amount at the ensuing 33rd AGM, as detailed in Section 21 of this Directors' Report and as set out at Item No. 6 of the Notice of the 33rd AGM.

ANNEXURE - IIA

Statement of Particulars of Employees as required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Details of employees in receipt of remuneration aggregating ₹1,02,00,000 or more per annum, employed throughout the financial year ended 31st March 2026:

Sr.	Name	Age (Years)	Qualification	Designation / Nature of Duties	Date of Commencement of Employment	Experience (Years)	Remuneration Received (₹)	Last Employment held before joining the Company	% of Equity Shares held in the Company	Whether relative of any Director or Manager
1	Mr. Krishna Madhusudan Jhunjunwala	64 years	B.Com	Chairman & Managing Director	June 14, 1994	40	2,47,00,000	N.A. (Promoter)	3.91% — Promoter	Yes — Father of Ms. Neha Jhunjunwala and Mr. Kanav Krishna Jhunjunwala

Rule 5(3) — Employed for part of the year at ₹8.5 Lakhs per month or more: If any employee was employed for part of the year and received ₹8.5 Lakhs or more per month, such employee must also be listed in a separate table under Rule 5(3) – Not Applicable

For and on behalf of the Board of Directors

Sarla Performance Fibers Limited

Sd/-

Krishna Madhusudan Jhunjunwala

Chairman & Managing Director

DIN: 00097175

Sd/-

Kanav Krishna Jhunjunwala

Whole-Time Director

DIN: 09507192

Place: Mumbai

Date: April 22, 2026

ANNEXURE - III

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

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

(A) Conservation of Energy

(i) Steps taken or impact on conservation of energy

- Replacement of energy-inefficient motors with energy-efficient (IE3/IE4 class) motors across manufacturing units.
- Overhauling of machines for effective energy utilisation and reduction of idle consumption.
- Replacement of HPMV / fluorescent lighting systems with LED lights across all plant areas.

(ii) Steps taken for utilising alternative sources of energy

The Company has wind turbine generators of 1.25 MW capacity installed at Baradiya, Gujarat, and a Rooftop Solar Power Plant of 1.12 MW capacity at its manufacturing plants. Energy generated from both the wind turbines and the solar plant is captively consumed by the Company, reducing its dependence on grid power and lowering its carbon footprint.

(iii) Capital investment on energy conservation equipment

During FY 2025-26, the Company has not invested on energy conservation equipment.

(B) Technology Absorption

(i) Efforts made towards technology absorption

- Initiated in-house air leakage audits on a daily basis and during planned maintenance shutdowns.
- In IDY lines, air pressure for suction guns optimised from 11 Bar to 7.0 Bar, resulting in reduced compressed air consumption.
- Variable Frequency Drive (VFD) installations at multiple locations, including chilled water pumps, cooling tower fans, and twisting machines, to reduce power consumption.

(ii) Benefits derived

- Reduction in energy consumption and consequent reduction in manufacturing cost per unit.
- Improvement in production yield and overall equipment effectiveness.

(iii) Details of imported technology (last three years)

No imported technology was deployed during FY 2025-26. Disclosures at clauses (a) through (d) are accordingly not applicable.

(C) Research and Development (R&D)

Particulars	Details
Specific areas of R&D	Reduction in energy consumption through process improvement; development of new yarn varieties and quality enhancement.
Benefits derived	Conservation of natural resources; improvement in product quality and market competitiveness.
Future plan of action	To continually improve customer satisfaction worldwide and pioneer the development of new speciality products.
Expenditure on R&D	All machinery is allocated for both operational and R&D tasks; no separate accounting is maintained and R&D expenditure cannot be specifically quantified.

(D) Foreign Exchange Earnings and Outgo

The Company has established a strong and growing customer base in European countries (Italy, Spain, Romania, Turkey, United Kingdom, Portugal), Central and North America, and Asian countries including China, Vietnam, Thailand, and Hong Kong. The Company continues to develop new markets in Jordan, Canada, and South American countries including Brazil.

Particulars	FY 2025-26 (₹ Lakhs)	FY 2024-25 (₹ Lakhs)
Foreign Exchange Earnings (Actual Inflows)	13,418.56	23,473.11
Foreign Exchange Outgo (Actual Outflows)	6,873.00	10,579.02

For and on behalf of the Board of Directors

Sarla Performance Fibers Limited

Sd/-

Krishna Madhusudan Jhunjunwala

Chairman & Managing Director

DIN: 00097175

Sd/-

Kanav Krishna Jhunjunwala

Whole-Time Director

DIN: 09507192

Place: Mumbai

Date: April 22, 2026

ANNEXURE - IV

Form No. AOC-2

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

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

1. Details of contracts or arrangements or transactions NOT at arm's length basis

During FY 2025-26, the Company has NOT entered into any contract, arrangement, or transaction with related parties that was not on an arm's length basis.

2. Details of contracts or arrangements or transactions AT arm's length basis but approved under Section 188 as not in ordinary course of business

(₹ in Lakhs, unless otherwise stated)

Sr.	Name of Related Party & Nature of Relationship	Type of Relationship	Nature of Transaction	Duration	Salient Terms	Amount (₹ Lakhs)
1	Mr. Krishna Madhusudan Jhunjunwala	Director of the Company and Key Managerial Personnel	Rent Paid	01-04-2025 to 31-03-2026	As per Lease Agreement	21.60
2	Shivchandrai Jhunjunwala Charitable Trust	Entity over which KMP has significant influence	CSR Expenditure	01-04-2025 to 31-03-2026	N.A.	75.00
3	Madhusudan Jhunjunwala & Sons HUF	Entity over which KMP has significant influence	Rent Paid	01-04-2025 to 31-03-2026	As per Lease Agreement	21.60
4	M/s. Hindustan Cotton Company	Entity over which KMP has significant influence	Rent Paid	01-04-2025 to 31-03-2026	As per Lease Agreement	54.00

During the financial year 2025-2026, all other related party transactions entered into by the Company were in the ordinary course of business and on an arm's length basis and were approved by the Audit Committee of the Company, as applicable.

The details of all Related Party Transactions entered into during the financial year 2025-2026 are disclosed in Note 44 of the Standalone Audited Financial Statements.

For and on behalf of the Board of Directors
Sarla Performance Fibers Limited

Sd/-
Krishna Madhusudan Jhunjunwala
Chairman & Managing Director
DIN: 00097175

Sd/-
Kanav Krishna Jhunjunwala
Whole-Time Director
DIN: 09507192

Place: Mumbai
Date: April 22, 2026

ANNEXURE - V

Annual Report on Corporate Social Responsibility (CSR) Activities

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

1. Brief outline on CSR Policy of the Company.

Corporate Social Responsibility is the Company's commitment to operating ethically and contributing to the economic development of society, while building capacity for sustainable development. The Company's CSR initiatives are focused on the following thrust areas under Schedule VII of the Companies Act, 2013: Promoting healthcare (including preventive healthcare); Eradicating hunger, poverty and malnutrition; Promoting education and vocational skills; Ensuring environmental sustainability; Rural development; National heritage, art, and culture; Gender equality and empowerment of women; and promoting Swachh Bharat Abhiyan.

The CSR Policy approved by the Board is available at: <https://www.sarlafibers.com/wp-content/uploads/2024/01/11.-CSR-Policy.pdf>

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Neha Krishna Jhunjunwala	Executive Director — Chairperson of Committee	1	0*
2	Mr. Kanav Krishna Jhunjunwala	Whole-Time Director — Member	1	1
3	Mr. Paulo Manuel Castro Ferreira Moura	Non-Executive Independent Director — Member	1	1

* Ms. Neha Krishna Jhunjunwala was absent from the CSR Committee meeting held on February 04, 2026 due to personal reasons. Mr. Kanav Krishna Jhunjunwala was elected as Chairman for that specific meeting. Ms. Neha Krishna Jhunjunwala continues to be the Chairperson of the CSR Committee.

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

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

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

CSR Projects approved by the Board: <https://www.sarlafibers.com/policies/CSR-Projects-FY-26.pdf>

4. Provide the details of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

Not Applicable.

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

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (₹ Lakhs)	Amount required to be set-off for the financial year (₹ Lakhs)
1	FY 2025-26	6.33	6.33
TOTAL		6.33	6.33

6. Average net profit of the company as per Section 135(5).

₹4,315.60 Lakhs

7. CSR Obligation for FY 2025-26:

Item	Particulars	Amount (₹ Lakhs)
(a)	Two percent of average net profit as per Section 135(5)	86.31
(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years	Nil
(c)	Amount required to be set off for the financial year	6.33
(d)	Total CSR Obligation for the financial year [(a)+(b)-(c)]	79.97

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

Total Amount Spent for the Financial Year (₹ Lakhs)	Amount Unspent — Total Amount transferred to Unspent CSR Account as per Section 135(6) (₹ Lakhs)	Amount transferred to any fund specified under Schedule VII — Name of the Fund	Amount transferred to any fund specified under Schedule VII — Amount (₹ Lakhs) / Date of Transfer
82.00	Not Applicable	Not Applicable	Not Applicable

8 (b). Details of CSR amount spent against ongoing projects for the financial year:

Not Applicable.

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

(1) Sl. No.	(2) Name of the Project	(3) Item from the list of activities in Schedule VII to the Act	(4) Local Area (Yes/ No)	(5) Location — State / UT	(6) Amount spent for the project (₹ Lakhs)	(7) Mode of Implementation — Direct (Yes/ No)	(8) Mode of Implementation — Through Implementing Agency Name	(9) CSR Registration Number
1	NAMO Hospital — Rogi Kalyan Samiti	Promoting health care including preventive health	Yes	Dadra & Nagar Haveli and Daman & Diu	7.00	No	Rogi Kalyan Samiti	CSR00004127
2	Shri Rani Sati Eye Hospital	Promoting health care including preventive health	No	Maharashtra (Mumbai)	75.00	No	Shivchandrai Jhunjhunwala Charitable Trust	CSR00012376
TOTAL					82.00			

Item	Particulars	Amount (₹ Lakhs)
(d)	Amount spent in Administrative Overheads	Nil
(e)	Amount spent on Impact Assessment, if applicable	Nil
(f)	Total amount spent for the Financial Year [8(b)+8(c)+8(d)+8(e)]	82.00

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

Sl. No.	Particular	Amount (₹ Lakhs)
(i)	Two percent of average net profit of the company as per Section 135(5)	86.31
(ii)	Total amount spent for the Financial Year [₹82.00 Lakhs actual spend + ₹6.33 Lakhs set-off utilised from preceding financial year]	88.33
(iii)	Excess amount spent for the financial year [(ii)-(i)]	2.02
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	2.02

Note: The Company has spent ₹2.02 Lakhs in excess of its CSR obligation for FY 2025-26 (computed as total effective contribution of ₹88.33 Lakhs, comprising ₹82.00 Lakhs actual spend plus ₹6.33 Lakhs set-off utilised from preceding financial year, less the 2% obligation of ₹86.31 Lakhs). This excess amount is eligible to be set off against CSR obligations for the immediately succeeding three financial years (FY 2026-27 to FY 2028-29) in accordance with Rule 7(3) of the Companies (CSR Policy) Rules, 2014.

9 (a). Details of Unspent CSR amount for the preceding three financial years:

Not Applicable.

9 (b). Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Not Applicable.

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

Not Applicable.

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5).

Not Applicable. The Company has spent / exceeded its CSR obligation for FY 2025-26.

For and on behalf of the Board of Directors

Sarla Performance Fibers Limited

Sd/-

Krishna Madhusudan Jhunjhunwala

Chairman & Managing Director

DIN: 00097175

Sd/-

Kanav Krishna Jhunjhunwala

Whole-Time Director & Member, CSR Committee

DIN: 09507192

Place: Mumbai

Date: April 22, 2026

ANNEXURE VI

To,
The Members,
SARLA PERFORMANCE FIBERS LIMITED,
Survey No 59/1/4, Amlī Pipariā Industrial Estate,
Silvassa, DN-396230

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

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

Place: Mumbai
Date: 21/04/2026

CS SWATI GUPTA
Membership No.: F5766
COP No.: 12245
UDIN No.: F005766H000161493

FORM MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026

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

To,
SARLA PERFORMANCE FIBERS LIMITED,
Survey No. 59/1/4, Amlī Pipariā Industrial Estate,
Silvassa, DN-396230

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sarla Performance Fibers Limited** (hereinafter called "the Company") having **CIN: L31909DN1993PLC000056**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliance and expressing our opinion thereon.

Based on my verification of the Company, books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit and subject to letter annexed herewith, we hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31 2026, complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2026 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (not applicable during the Audit period);
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (not applicable to the Company during the Audit period);
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2025 (not applicable to the Company during the Audit period) and
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (not applicable to the Company during the Audit period); and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (not applicable to the Company during the Audit period);
- (vi) Other Laws specifically applicable to the Company as per the representations made by the Company are listed in **Annexure A** and forms an integral part of this report. In case of Direct and Indirect Tax Laws like Income Tax Act, Service Tax Act, Excise & Custom Acts we have relied on the Reports given by the

Statutory Auditors of the Company.

Corporate Overview Statutory Financial Statements Reports

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

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

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

We further report that:

The Board of Directors of the Company was duly constituted with proper balance of the Executive Directors, Non- Executive Directors and Independent Directors for the period under review. The changes in the composition of the Board of Directors, that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed Notes on Agenda were sent at least seven days in advance, (except some times when the notes on agenda were sent lesser than seven days in advance, with the consent of the Board members) and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

We further report that during the period under review the company has sold off preference shares held in its Wholly Owned Subsidiary, (obtained by conversion of loan to the WOS earlier), as informed to us, the company's application for the approval of the transaction and credit of sale proceeds is pending with the authorised dealer's response. During the year under review the company has consulted its Authorised Dealers to set right discrepancies in the earlier reported APRs. The same is in the process of resolution. Attention of the company is drawn to ensure all the paid off charges are satisfied on the MCA portal, to reflect the correct position on the MCA.

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

Place: Mumbai
Date: 21/04/2026

CS SWATI GUPTA
Membership No.: F5766
COP No.: 12245
UDIN No.: F005766H000161493

Annexure A

Other Laws applicable to the Company

(A) Commercial Laws

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

(B) Others

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

Place: Mumbai
Date: 21/04/2026

CS SWATI GUPTA
Membership No.: F5766
COP No.: 12245
UDIN No.: F005766H000161493

ANNEXURE VII REPORT ON CORPORATE GOVERNANCE

For the Financial Year Ended 31st March 2026

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Sarla Performance Fibers Limited ('SPFL' or 'the Company') is steadfast in its commitment to the highest standards of Corporate Governance. SPFL believes that strong governance practices, rooted in integrity, transparency, accountability, and stakeholder-centricity, are fundamental to creating long-term value and sustaining stakeholder trust. SPFL continuously strives to adopt and implement best-in-class governance standards that not only comply with applicable regulatory requirements but also promote a culture of ethical business conduct and responsible corporate citizenship.

Governance thrives through the collective efforts of every individual within the organisation, where each member exemplifies our shared values and principles, irrespective of their role or rank. At SPFL, we are genuinely dedicated to cultivating a culture of knowledge sharing and collaboration among our team.

This Corporate Governance Report for the financial year ended 31st March 2026 has been prepared in accordance with Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') and other applicable provisions of the Companies Act, 2013 and the rules framed thereunder.

2. BOARD OF DIRECTORS

Composition and Category of Directors

As on 31st March 2026, the Board of Directors of SPFL comprises six (6) Directors, including three (3) Executive Directors (forming part of the Promoter and Promoter Group) and three (3) Non-Executive Independent Directors. The Board has one (1) Woman Director. The composition of the Board is in compliance with the requirements of Regulation 17 of the SEBI LODR and Section 149 of the Companies Act, 2013.

SPFL's Board composition reflects its philosophy of maintaining a strong, independent oversight structure. The Company believes that an effective Board must combine deep domain expertise with genuine independence of judgment. Accordingly, one-half of the Board consists of Non-Executive Independent Directors who bring diverse professional backgrounds — spanning finance, operations, governance, and international business — ensuring robust oversight of management decisions and alignment with long-term stakeholder interests. All Independent Directors have been appointed in strict compliance with the criteria of independence prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI LODR. The Board further confirms that no Independent Director resigned mid-tenure during FY 2025-26.

The category-wise composition is as follows:

Name	DIN	Category	Date of Appointment
Mr. Krishna Madhusudan Jhunjunwala	00097175	MD / Chairman / Promoter	14th June 1994 (MD w.e.f. 1st Oct 2024)
Ms. Neha Krishna Jhunjunwala	07144529	Executive Director / Promoter Group	31st March 2015
Mr. Kanav Krishna Jhunjunwala	09507192	Whole-Time Director / Promoter Group	12th February 2022 (WTD w.e.f. 25 th April 2025)
Mr. Bharat Kishore Jhamvar	00211297	Non-Executive Independent Director	10 th August 2023
Mr. Sachin Shashikant Abhyankar	02760746	Non-Executive Independent Director	10 th August 2023 (ID w.e.f. 24 th June 2024)*
Mr. Paulo Manuel Castro Ferreira Moura	08459844	Non-Executive Independent Director	23 rd May 2019

*Board-approved w.e.f. 24th June 2024; ratified by Members at 31st AGM held on 8th August 2024.

Board Meetings — Attendance, Directorships, and Committee Positions

During the Financial Year ended 31st March 2026, four (4) meetings of the Board of Directors were held on the following dates: 25th April 2025, 30th July 2025, 11th November 2025, and 4th February 2026. The Board met at least once every quarter to review the financial and operational performance of the Company. The requisite quorum was present at all meetings and the gap between any two consecutive meetings did not exceed 120 days as required under the Companies Act, 2013 and SEBI LODR.

The Board is provided with all relevant information as required under Regulation 17(7) read with Part A of Schedule II of the SEBI LODR. Senior executives are invited to Board and Committee meetings to provide presentations and respond to queries. Board meetings are generally held at the Company's Corporate Office at Nariman Point, Mumbai. The Company also facilitates participation of Directors through video conferencing and other audio-visual means as requested, ensuring continued involvement of all Directors in Board deliberations. Minutes of all Board and Committee meetings are circulated to Directors in electronic form within the prescribed timelines. The Board of Directors, upon request, grants leave of absence to Directors who are unable to attend specific meetings, in accordance with the Companies Act, 2013 and the Secretarial Standards issued by ICSI.

Name of Director	DIN	Category	BM 1* 25 Apr 2025	BM 2* 30 Jul 2025	BM 3* 11 Nov 2025	BM 4* 04 Feb 2026	32nd AGM 25 Jun 2025
Mr. Krishna Madhusudan Jhunjunwala	00097175	MD / Executive / Promoter	✓	✓	✓	✓	✓
Other Directorships#: 4 Committee Memberships / Chairpersonships (AC & SRC): 0 Listed Entity (Category): Sarla Performance Fibers Limited - Managing Director							
Ms. Neha Krishna Jhunjunwala	07144529	Executive Director / Promoter Group	✓	✓	✓	-	✓
Other Directorships#: 0 Committee Memberships / Chairpersonships (AC & SRC): 0 Listed Entity (Category): Sarla Performance Fibers Limited - Executive Director							
Mr. Kanav Krishna Jhunjunwala	09507192	Whole-Time Director / Promoter Group	✓	✓	✓	✓	✓
Other Directorships#: 0 Committee Memberships / Chairpersonships (AC & SRC): 0 Listed Entity (Category): Sarla Performance Fibers Limited - Whole-Time Director							
Mr. Bharat Kishore Jhamvar	00211297	Non-Executive Independent Director	✓	✓	✓	✓	✓
Other Directorships#: 4 Committee Memberships / Chairpersonships (AC & SRC): 1 Listed Entity (Category): Sarla Performance Fibers Limited - Independent Director Affordable Robotic & Automation Limited - Independent Director							
Mr. Sachin Shashikant Abhyankar	02760746	Non-Executive Independent Director	✓	✓	✓	✓	✓
Other Directorships#: 2 Committee Memberships / Chairpersonships (AC & SRC): 0 Listed Entity (Category): Sarla Performance Fibers Limited - Independent Director							
Mr. Paulo Manuel Castro Ferreira Moura	08459844	Non-Executive Independent Director	✓	✓	✓	✓	-
Other Directorships#: 0 Committee Memberships / Chairpersonships (AC & SRC): 0 Listed Entity (Category): Sarla Performance Fibers Limited - Independent Director							

✓ = Present | - = Absent / Leave of Absence

* BM = Board Meeting | AGM = Annual General Meeting | 32nd AGM held on 25th June 2025

Directorships exclude Section 8 Companies and Foreign Companies.

Committees include only Audit Committee and Stakeholders' Relationship Committee of Indian public limited companies as per Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Directorship in Other Listed Entities

As on 31st March 2026 | Pursuant to Part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Sr.	Name of Director	Name of Other Listed Entity	Category of Directorship
1	Mr. Krishna Madhusudan Jhunjunwala	Nil	—
2	Ms. Neha Krishna Jhunjunwala	Nil	—
3	Mr. Kanav Krishna Jhunjunwala	Nil	—
4	Mr. Bharat Kishore Jhamvar	Affordable Robotic & Automation Limited	Non-Executive Independent Director
5	Mr. Sachin Shashikant Abhyankar	Nil	—
6	Mr. Paulo Manuel Castro Ferreira Moura	Nil	—

Disclosure of Relationships Between Directors (Inter-se)

Mr. Krishna Madhusudan Jhunjunwala (DIN: 00097175), Managing Director, is the father of Ms. Neha Krishna Jhunjunwala (DIN: 07144529), Executive Director, and Mr. Kanav Krishna Jhunjunwala (DIN: 09507192), Whole-Time Director. No other Director is related to any other Director or Key Managerial Personnel of the Company.

None of the Directors on the Board holds directorships in more than ten (10) public companies, in compliance with Section 165 of the Companies Act, 2013. None of the Independent Directors serves as an Independent Director in more than seven (7) listed entities, and none of the Executive Directors serves as an Independent Director in more than three (3) listed entities, in compliance with Regulation 17A of the SEBI LODR. Further, none of the Directors is a member of more than ten (10) Committees or acts as Chairperson of more than five (5) Committees (reckoning only the Audit Committee and the Stakeholders' Relationship Committee of Indian public limited companies) across all entities in which they hold directorships, in compliance with Regulation 26(1) of the SEBI LODR. Necessary disclosures in this regard have been made by all Directors.

Shareholding of Non-Executive Directors

Name of Non-Executive Director	No. of Equity Shares Held (as on 31st March 2026)	% of Total Paid-Up Capital
Mr. Bharat Kishore Jhamvar	Nil	Nil
Mr. Sachin Shashikant Abhyankar	2,81,565	0.34%
Mr. Paulo Manuel Castro Ferreira Moura	Nil	Nil

The SPFL has not issued any convertible instruments during the financial year ended 31st March 2026.

Directors Seeking Appointment / Re-Appointment at the 33rd AGM

Pursuant to Section 152 of the Companies Act, 2013, Ms. Neha Krishna Jhunjunwala (DIN: 07144529), Director, retires by rotation at the ensuing 33rd Annual General Meeting and, being eligible, offers herself for re-appointment. The requisite details as required under Regulation 36(3) of the SEBI LODR and Secretarial Standard on General Meetings (SS-2) are provided in the Notice of the 33rd AGM forming part of this Annual Report.

Key Skills, Expertise, and Competencies of the Board

In accordance with Schedule V, Para C(2)(h) of the SEBI LODR, the Board has identified the following core skills, expertise, and competencies essential for the effective discharge of its functions in the context of the Company's business and sector:

Director	Global Industry Knowledge	Business Strategy	Leadership	Finance & Accounting	Governance, Risk & Compliance	Risk Management	Sales, Marketing & Brand
Mr. Krishna Madhusudan Jhunjunwala	✓	✓	✓	✓	✓	✓	✓
Ms. Neha Jhunjunwala	✓	✓	✓	✓	✓	✓	✓
Mr. Kanav Jhunjunwala	✓	✓	✓	✓	✓	✓	✓

Director	Global Industry Knowledge	Business Strategy	Leadership	Finance & Accounting	Governance, Risk & Compliance	Risk Management	Sales, Marketing & Brand
Mr. Bharat K. Jhamvar	✓	✓	✓	✓	✓	✓	✓
Mr. Sachin Abhyankar	✓	✓	✓	✓	✓	✓	✓
Mr. Paulo Manuel Castro	✓	✓	✓	✓	—	✓	✓

Prevention of Insider Trading

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('PIT Regulations, 2015'), as amended from time to time, the SPFL has adopted a Code of Conduct for Prevention of Insider Trading. The Code regulates dealings in the Company's securities by Directors and Designated Persons, mandates pre-clearance for trading, and strictly prohibits any transaction whilst in possession of Unpublished Price Sensitive Information (UPSI). Mr. Mustafa Yusuf Manasawala, Company Secretary & Compliance Officer, has been designated as the Compliance Officer under the PIT Regulations. The Code is available on the Company's website at www.sarlafibers.com/wp-content/uploads/2024/01/Code-of-Insider-Trading.pdf

Code of Conduct

The Board of Directors has formulated and implemented a Board-approved Code of Conduct applicable to all Directors and Senior Management personnel. All Directors and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct for FY 2025-26. A declaration to this effect, signed by the Managing Director, is annexed as Annexure A to this Corporate Governance Report. The Code of Conduct is available at: <https://www.sarlafibers.com/wp-content/uploads/2024/01/6.-Code-of-Conduct.pdf>

Annual Performance Evaluation of the Board

Pursuant to Section 134(3)(p) and Section 178(2) of the Companies Act, 2013 and Regulation 17(10) of the SEBI LODR, the Board carried out the Annual Performance Evaluation of its own performance, the performance of individual Directors (including the Chairman and Independent Directors), and the Committees of the Board for FY 2025-26.

The evaluation was conducted based on structured questionnaires covering the following parameters:

- Board composition, diversity, structure, and mix of expertise.
- Quality, quantity, and timeliness of information flow between the management and the Board.
- Effectiveness of Board processes, culture, dynamics, and decision-making.
- Individual Director participation, subject knowledge, independence of judgment, and strategic contribution.
- Performance and effectiveness of Board Committees including adherence to their terms of reference.
- Compliance and governance standards.

The evaluation was informed by the SEBI Guidance Note on Board Evaluation dated 5th January 2017. The performance of the Board, its Committees, and individual Directors was found to be satisfactory.

Independent Directors

The Independent Directors of the Company are Mr. Bharat Kishore Jhamvar (DIN: 00211297), Mr. Sachin Shashikant Abhyankar (DIN: 02760746), and Mr. Paulo Manuel Castro Ferreira Moura (DIN: 08459844). Each Independent Director, at the first Board meeting of every financial year, provides a declaration confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI LODR. None of the Independent Directors have any material pecuniary relationship or transactions with the SPFL, its Promoters, or Management that could affect their independence of judgment.

Based on declarations received and the Board's due assessment, the Board, in accordance with Regulation 25(9) of the SEBI LODR, is of the opinion that all Independent Directors fulfil the conditions of independence as specified under the Companies Act, 2013 and SEBI LODR and are independent of the management.

The Board further affirms that the Independent Directors possess integrity, expertise, and experience as required under applicable laws. Pursuant to Regulation 25(8) of the SEBI LODR, all Independent Directors have submitted declarations confirming that they are not aware of any circumstance or situation which exists, or may reasonably be anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment. The Board also confirms that no Independent Director resigned from the Board during FY 2025-26, and accordingly no disclosure under Regulation 25(10) of the SEBI LODR is required to be made.

All Independent Directors have registered their names with the databank maintained by the Indian Institute of Corporate Affairs (IICA) in compliance with Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, and have submitted declarations under Rule 6(3) thereof confirming that their names are included in the said databank and that they have passed the online proficiency self-assessment test (or are exempt therefrom). The terms and conditions of their appointment are available on the Company's website at: www.sarlafibers.com/wp-content/uploads/2024/01/2.Terms-Conditions-for-appointment-of-ID.pdf

Familiarisation Programme for Independent Directors

In accordance with Regulation 25(7) of the SEBI LODR, SPFL has established a structured Familiarisation Programme for its Independent Directors. Independent Directors are briefed on the Company's operations, business environment, governance framework, compliance requirements, regulatory changes, and material developments through periodic presentations, site visits, and written briefings. Details of the Familiarisation Programme conducted during FY 2025-26 are available on the Company's website at: <https://www.sarlafibers.com/wp-content/uploads/2026/04/Familiarisation-Programme-for-ID-for-FY-25-26.pdf>

Date	Topic / Subject	Mode	Duration (Hours)	Director(s) Covered
04/02/2026	NFRA Circular on Those Charged with Governance	Virtual	2	All IDs

In addition to the above, the Independent Directors are kept informed of significant developments, material events, regulatory changes, and business updates through written communications, access to Board papers, and interactions with Senior Management personnel throughout the year.

Separate Meeting of Independent Directors

In compliance with Schedule IV of the Companies Act, 2013 and Regulation 25(3) of the SEBI LODR, a separate meeting of the Independent Directors was held on 24th March 2026. At the meeting, the Independent Directors, without the presence of Non-Independent Directors or members of the management, reviewed the performance of Non-Independent Directors, the Board as a whole and its Committees, and the Chairman of the Company taking into account the views of Executive Directors. The quality, quantity, and timeliness of information flow between the Company's management and the Board were also assessed.

Name of Independent Director	No. of Meetings Held	No. of Meetings Attended	Remarks
Mr. Bharat Kishore Jhamvar (Chairman of the Meeting)	1	1	Elected as Chairman of the ID Meeting
Mr. Sachin Shashikant Abhyankar	1	1	—
Mr. Paulo Manuel Castro Ferreira Moura	1	1	—

3. COMMITTEES OF THE BOARD

The Board of Directors has constituted the following statutory Committees in compliance with the Companies Act, 2013 and the SEBI LODR. Each Committee operates under a Board-approved charter / terms of reference and the Chairperson of each Committee is responsible for reporting Committee deliberations and decisions to the Board. All Committee recommendations during FY 2025-26 were accepted and approved by the Board.

3.1 Audit Committee

The Audit Committee has been constituted pursuant to Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of the SEBI LODR. As on 31st March 2026, the Audit Committee

comprises four (4) members, of whom three (3) are Non-Executive Independent Directors, thereby satisfying the requirement that the majority of members, including the Chairperson, shall be Independent Directors. All members of the Audit Committee are financially literate and possess accounting and related financial management expertise. The Company Secretary & Compliance Officer acts as the Secretary to the Committee.

Composition, Meetings, and Attendance (FY 2025-26)

The Committee met four (4) times during FY 2025-26 on: 25th April 2025, 30th July 2025, 11th November 2025, and 4th February 2026.

Sr.	Name of Director	Designation in Committee	Category	Meetings Attended (of 4)
1	Mr. Sachin Shashikant Abhyankar	Chairperson	Non-Executive Independent Director	4 / 4
2	Mr. Bharat Kishore Jhamvar	Member	Non-Executive Independent Director	4 / 4
3	Mr. Paulo Manuel Castro Ferreira Moura*	Member	Non-Executive Independent Director	2 / 4
4	Mr. Krishna Madhusudan Jhunjunwala#	Member	Managing Director / Executive	4 / 4

* Mr. Paulo Manuel Castro Ferreira Moura was inducted as a member of the Audit Committee on 25th October 2025 and attended 2 meetings held after his induction.

The induction of Mr. Paulo Manuel Castro Ferreira Moura was approved by the Board of Directors by way of Circular Resolution dated 25th October 2025, in compliance with Section 175 of the Companies Act, 2013 and Secretarial Standard-1.

#The Managing Director is a member of the Audit Committee in view of his extensive knowledge of the Company's financial affairs, business operations, and risk environment. The composition of three Independent Directors (including the Chairperson) and one Executive Director fully satisfies the requirement under Regulation 18(1)(b) of the SEBI LODR that the majority of members, including the Chairperson, shall be Independent Directors. All three Independent Directors of the Board are members of the Audit Committee, ensuring comprehensive independent oversight.

The Chairperson of the Audit Committee attends the Annual General Meeting to answer shareholders' queries.

Terms of Reference

The terms of reference of the Audit Committee cover all matters specified under Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II of the SEBI LODR. The key responsibilities include:

A. Powers:

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

B. Role — Financial Reporting and Audit Oversight:

- Oversight of the Company's financial reporting process and disclosure of financial information.
- Recommendation for appointment, remuneration, and terms of appointment of the Statutory Auditors.
- Approval of payment to Statutory Auditors for non-audit services.
- Review of annual and quarterly financial statements with management and Statutory Auditors before submission to the Board.
- Review of auditor's independence, performance, and effectiveness of the audit process.
- Approval / modification of related party transactions; scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company wherever necessary.

- Evaluation of internal financial controls and risk management systems.
- Review of performance of statutory and internal auditors and adequacy of internal control systems.
- Review of the internal audit function — structure, staffing, seniority, reporting, coverage, and frequency.
- Discussion with internal auditors on significant findings and follow-up thereon.
- Discussion with Statutory Auditors before commencement of audit and post-audit on areas of concern.
- Review of reasons for substantial defaults in payments to depositors, debenture holders, shareholders, and creditors.
- Review of the functioning of the Whistle Blower / Vigil Mechanism.
- Approval of appointment of the Chief Financial Officer (CFO).
- Review of utilization of loans / advances from / investment by the Company in subsidiaries.
- Comment on rationale, cost-benefits, and impact of schemes involving mergers, demergers, and amalgamations.

C. Mandatory Review Items:

- Management Discussion and Analysis of financial condition and results of operations.
- Management letters / letters of internal control weaknesses issued by Statutory Auditors.
- Statement of significant related party transactions as defined by the Audit Committee, submitted by management.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal, and terms of remuneration of the Internal Auditor.
- Quarterly and annual statements of deviation under Regulation 32 of the SEBI LODR, if applicable.

3.2 Nomination and Remuneration Committee (NRC)

The NRC has been constituted pursuant to Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D(A) of Schedule II of the SEBI LODR. The Committee comprises three (3) Non-Executive Independent Directors. The Chairperson of the Committee is an Independent Director.

Composition, Meetings, and Attendance (FY 2025-26)

The Committee met two (2) times during FY 2025-26 on: 25th April 2025 and 11th November 2025.

Sr.	Name of Director	Designation in Committee	Category	Meetings Attended (of 2)
1	Mr. Sachin Shashikant Abhyankar	Chairperson	Non-Executive Independent Director	2 / 2
2	Mr. Bharat Kishore Jhamvar	Member	Non-Executive Independent Director	2 / 2
3	Mr. Paulo Manuel Castro Ferreira Moura	Member	Non-Executive Independent Director	2 / 2

Terms of Reference

The role and terms of reference of the NRC, inter alia, include:

- Formulation of criteria for determining qualifications, positive attributes, and independence of a Director; and recommendation to the Board a policy relating to remuneration of Directors, KMPs, and other employees.
- Evaluation of balance of skills, knowledge, and experience on the Board; preparation of role description for Independent Directors; and identification of candidates for appointment.

- Formulation of criteria for performance evaluation of Independent Directors and the Board of Directors.
- Devising a policy on Board diversity.
- Identifying persons qualified to become Directors and for appointment to senior management positions.
- Deciding whether to extend or continue the term of an Independent Director based on performance evaluation reports.
- Recommending to the Board all remuneration, in whatever form, payable to Senior Management.

Remuneration Policy

The Nomination cum Remuneration Policy ('NRC Policy') is in compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI LODR. The NRC Policy is available at: www.sarlafibers.com/wp-content/uploads/2024/01/9.Nomination-and-Remuneration-Policy.pdf

Performance Evaluation Criteria for Independent Directors

The NRC has determined the following indicative parameters for performance evaluation of Independent Directors:

1. participation and contribution at Board / Committee meetings; commitment and time devoted to the Company;
2. effective deployment of knowledge and expertise;
3. integrity and maintenance of confidentiality;
4. independence of behaviour and judgment.

Details of Remuneration paid to Directors for FY 2025-26

(₹ in Rupees, unless otherwise stated)

Name of Director	Basic Salary (₹)	Benefits / Allowances / Perquisites (₹)	Bonus / Commission (₹)	Sitting Fees (₹)	Pension / PF (₹)	Stock Options	Total (₹)
Managing Director & Executive Directors							
Mr. Krishna Madhusudan Jhunjunwala	1,20,00,000	1,27,00,000	—	—	—	—	2,47,00,000
Ms. Neha Krishna Jhunjunwala	18,00,000	19,05,000	—	—	—	—	37,05,000
Mr. Kanav Krishna Jhunjunwala	24,00,000	32,48,000	—	—	—	—	56,48,000
Non-Executive Directors (including Independent Directors)							
Mr. Bharat Kishore Jhamvar	—	—	—	2,00,000	—	—	2,00,000
Mr. Sachin Shashikant Abhyankar	—	—	—	2,00,000	—	—	2,00,000
Mr. Paulo Manuel Castro Ferreira Moura ^	—	—	—	Nil (Waived)	—	—	Nil

^ Mr. Paulo Manuel Castro Ferreira Moura has waived his entitlement to sitting fees and commission.

* Contributions to Provident Fund as applicable. Stock options: The Company has not granted any stock options to any Director.

Non-Executive Independent Directors of SPFL are entitled to sitting fees of ₹30,000/- per Board Meeting and ₹20,000/- per Audit Committee Meeting. No sitting fees are payable for NRC or SRC meetings.

Note: The remuneration paid to Ms. Neha Krishna Jhunjunwala for FY 2025-26 exceeded the limits permissible under the second proviso to Section 197(1) of the Companies Act, 2013 by ₹22,70,648. The Board is seeking waiver of recovery of such excess remuneration from the Members at the 33rd Annual General Meeting pursuant to Section 197(10) of the Act, as set out in Item No. 6 of the AGM Notice.

Compliance with Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") provides, inter alia, that approval of shareholders by way of a special resolution is required where:

- the annual remuneration payable to a single executive director who is a promoter or member of the promoter group exceeds ₹5 crore or 2.5% of the net profits of the listed entity, whichever is higher; or
- the aggregate annual remuneration payable to all executive directors who are promoters or members of the promoter group exceeds 5% of the net profits of the listed entity.

As on March 31, 2026, the Company has three Executive Directors who are members of the Promoter and Promoter Group, namely:

- Mr. Krishna Madhusudan Jhunjunwala, Managing Director;
- Ms. Neha Krishna Jhunjunwala, Director (Executive); and
- Mr. Kanav Krishna Jhunjunwala, Whole-Time Director.

The aggregate remuneration paid/payable to the aforesaid Executive Directors for the financial year ended March 31, 2026 is ₹3,40,53,000/-, comprising remuneration of ₹2,47,00,000/- to Mr. Krishna Madhusudan Jhunjunwala, ₹37,05,000/- to Ms. Neha Krishna Jhunjunwala and ₹56,48,000/- to Mr. Kanav Krishna Jhunjunwala.

The net profits of the Company computed under Section 198 of the Companies Act, 2013 for the financial year ended March 31, 2026 amount to ₹14,34,35,168/-. Accordingly:

- 2.5% of such net profits amounts to ₹35,85,879/- and, therefore, the applicable individual threshold under Regulation 17(6)(e)(i) is ₹5,00,00,000/- (being the higher amount);
- 5% of such net profits amounts to ₹71,71,758/-.

None of the aforesaid Executive Directors receives annual remuneration exceeding ₹5,00,00,000/- and accordingly no separate shareholder approval is required under Regulation 17(6)(e)(i) in respect of the remuneration payable to any individual Executive Director.

However, the aggregate remuneration of ₹3,40,53,000/- paid/payable to the Executive Directors who are members of the Promoter and Promoter Group exceeds 5% of the net profits of the Company computed under Section 198 of the Companies Act, 2013. Accordingly, approval of the Members by way of Special Resolution is being sought at Item No. 7 of the Notice in compliance with Regulation 17(6)(e)(ii) of the SEBI LODR Regulations.

The individual remuneration payable to Mr. Krishna Madhusudan Jhunjunwala, Ms. Neha Krishna Jhunjunwala and Mr. Kanav Krishna Jhunjunwala has been approved by the Members through separate resolutions passed from time to time. Item No. 7 relates solely to the approval of the aggregate remuneration payable to Executive Directors who are members of the Promoter and Promoter Group for the financial year ended March 31, 2026.

Criteria of Making Payments to Non-Executive Directors (including Independent Directors)

The Non-Executive Independent Directors of SPFL are entitled to sitting fees of ₹30,000/- per Board Meeting and ₹20,000/- per Audit Committee Meeting, as approved by the Board of Directors within the limits prescribed under the Companies Act, 2013 and the rules made thereunder. Mr. Paulo Manuel Castro Ferreira Moura has voluntarily waived his entitlement to sitting fees and commission for FY

2025-26. No other remuneration, commission, or stock options have been paid or granted to any Non-Executive Director during FY 2025-26. There has been no pecuniary relationship or transaction between any Non-Executive Director and SPFL during FY 2025-26, other than the sitting fees paid as disclosed above. The criteria and quantum of sitting fees payable to Non-Executive Directors are governed by the Nomination and Remuneration Policy of the Company, available at: www.sarlafibers.com/wp-content/uploads/2024/01/9.Nomination-and-Remuneration-Policy.pdf

Details of Fixed and Performance-Linked Remuneration (FY 2025-26)

Name of Director	Fixed Component (₹)	Performance-Linked Incentive (₹)
Mr. Krishna Madhusudan Jhunjunwala	2,47,00,000	Nil
Ms. Neha Krishna Jhunjunwala	37,05,000	Nil
Mr. Kanav Krishna Jhunjunwala	56,48,000	Nil

Details of Service Contracts, Notice Period, and Tenure

Sr.	Name of Director	Period / Tenure	Service Contract	Notice Period	Severance Fees
1	Mr. Krishna Madhusudan Jhunjunwala	1st October 2024 to 30th September 2029	Yes	None	None
2	Ms. Neha Krishna Jhunjunwala	12th February 2022 to 11th February 2027	Yes	None	None
3	Mr. Kanav Krishna Jhunjunwala	25 th April 2025 to 24 th April 2030 (as Whole-Time Director)	Yes	None	None
4	Non-Executive Directors other than Independent Directors	Not Applicable as there are no Non-Executive Directors other than Independent Directors	Not Applicable	Not Applicable	Not Applicable

Particulars of Senior Management Personnel (FY 2025-26)

[Explanation: 'Senior Management' means officers/personnel of the Company who are members of the core management team excluding Board of Directors and specifically includes Functional Heads, the CFO, and the Company Secretary as per the Companies Act, 2013.]

Name	Designation	Remarks
Mr. Sunil Jhunjunwala	Vice President	Not related to any Director or member of the Promoter Group
Mrs. Vrinda Krishna Jhunjunwala	Head - Exports	Member of the Promoter Group; spouse of Mr. Krishna Madhusudan Jhunjunwala, Chairman & Managing Director. Remuneration paid to her is disclosed as a Related Party Transaction in Note 44 to the Standalone Financial Statements.
Mr. Varun Narula	Head - Operations	Not related to any Director or member of the Promoter Group
Ms. Hema Dangi	Head - Human Resources	Not related to any Director or member of the Promoter Group
Mr. Satish Malsaria	Head - Sales	Not related to any Director or member of the Promoter Group
Mr. Kayvanna Mahendra Shah	Chief Financial Officer	Not related to any Director or member of the Promoter Group
Mr. Mustafa Yusuf Manasawala	Company Secretary & Compliance Officer	Appointed w.e.f. 11th November 2025; in place of Mr. Kapil Raj Yadav (resigned w.e.f. 4th September 2025) Not related to any Director or member of the Promoter Group

3.3 Stakeholders' Relationship Committee (SRC)

The Stakeholders' Relationship Committee has been constituted pursuant to Section 178 of the Companies Act, 2013 and Regulation 20 read with Part D(B) of Schedule II of the SEBI LODR. The Committee is primarily responsible for addressing matters relating to the rights and interests of shareholders and other stakeholders, including redressal of investor grievances.

Composition, Meetings, and Attendance (FY 2025-26)

The Committee met four (4) times during FY 2025-26 on: 25th April 2025, 30th July 2025, 11th November 2025, and 4th February 2026.

Sr.	Name of Director	Designation in Committee	Category	Meetings Attended (of 4)
1	Mr. Sachin Shashikant Abhyankar	Chairperson	Non-Executive Independent Director	4 / 4
2	Mr. Bharat Kishore Jhamvar	Member	Non-Executive Independent Director	4 / 4
3	Mr. Krishna Madhusudan Jhunjunwala	Member	Managing Director / Executive	4 / 4

Terms of Reference

- Resolving grievances of security holders including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to service standards adopted by the Company in respect of services rendered by the Registrar & Share Transfer Agent (RTA).
- Review of measures and initiatives taken for reducing unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices.
- Overseeing the performance of the Company's RTA.
- Carrying out any other function referred by the Board from time to time or mandated by any statutory notification.

Compliance Officer

Details	Information
Name & Designation	Mr. Mustafa Yusuf Manasawala, Company Secretary & Compliance Officer
Address	304, Arcadia, 195, Nariman Point, Mumbai - 400 021
Telephone	022 - 2283 4116
E-mail	investors@sarlafibers.com

Investor Complaints for FY 2025-26

Sr.	Nature of Complaint	Opening Balance (1st April 2025)	Received during FY 2025-26	Resolved during FY 2025-26	Closing Balance (31st March 2026)
1	Non-receipt of Dividend	0	0	0	0
2	Non-receipt of Annual Report	0	0	0	0
3	Non-receipt of Share Certificates / Dematerialisation	0	0	0	0
4	Other Complaints (SEBI SCORES / Exchange / MCA)	0	1	1	0
Total	—	0	1	1	0

As on the date of this Report, all complaints/issues have been resolved satisfactorily. No complaint was pending for more than 30 days.

In terms of SEBI Circular No. SEBI/HO/OIAE/OIAE_IAD1/P/CIR/2023/131 dated 31st July 2023, investors may initiate dispute resolution through the SEBI Online Dispute Resolution Portal (Smart ODR) at <https://smartodr.in/login> after exhausting the grievance redressal mechanism with the Company / RTA and SCORES. The Smart ODR portal can also be accessed through the Company's website at <https://www.sarlafibers.com/smart-odr/>.

3.4 Corporate Social Responsibility (CSR) Committee

The CSR Committee has been constituted pursuant to Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014. As on 31st March 2026, the Committee consists of three (3) members, of whom one (1) is a Non-Executive Independent Director, in compliance with Section 135(1) of the Companies Act, 2013.

Ms. Neha Krishna Jhunjunwala is the Chairperson of the CSR Committee as on 31st March 2026.

Composition, Meetings, and Attendance (FY 2025-26)

The Committee met once (1) during FY 2025-26 on: 4th February 2026. Note: Due to the absence of Ms. Neha Jhunjunwala at the meeting held on 4th February 2026, the Committee elected Mr. Kanav Krishna Jhunjunwala as the Chairperson for that specific meeting. Ms. Neha Jhunjunwala continues to be the Chairperson of the CSR Committee.

Sr.	Name of Director	Designation in Committee	Category	Meetings Attended (of 1)
1	Ms. Neha Krishna Jhunjunwala (Chairperson of Committee)	Chairperson	Executive Director	0 / 1
2	Mr. Kanav Krishna Jhunjunwala (Chaired the meeting dated 4th Feb 2026)	Member	Whole-Time Director	1 / 1
3	Mr. Paulo Manuel Castro Ferreira Moura	Member	Non-Executive Independent Director	1 / 1

Details of CSR activities undertaken during FY 2025-26 are provided in Annexure V (CSR Report) to the Directors' Report, which forms part of this Annual Report.

3.5 Risk Management

Regulation 21 of the SEBI LODR mandates constitution of a Risk Management Committee for the top 1,000 listed entities by market capitalisation. As Sarla Performance Fibers Limited does not fall within the top 1,000 listed entities by market capitalisation as per the list published by the Stock Exchanges (based on average market capitalisation for the period July 2025 to December 2025), the mandatory requirement to constitute a Risk Management Committee (RMC) under Regulation 21 is not applicable to the Company.

However, SPFL has an adequate risk management framework to identify, assess, monitor, and mitigate business risks. The Board periodically reviews the Company's risk profile and the adequacy of risk mitigation measures. Notwithstanding the absence of a mandatory Risk Management Committee, the Company has established an internal risk oversight process wherein the senior management team identifies and categorises key business risks — including raw material price volatility, foreign exchange exposure, regulatory changes, supply chain disruptions, and cyber/data risks — and presents risk mitigation strategies to the Board at each quarterly meeting. This ensures that governance of risk is embedded in the Board's regular agenda, consistent with the spirit of Regulation 21 of the SEBI LODR. The Risk Management Policy of the Company is available at: <https://www.sarlafibers.com/wp-content/uploads/2024/01/13.Risk-Management-Policy.pdf>. Details of the risk management framework are provided in the Management Discussion and Analysis Report forming part of this Annual Report.

4. POLICIES, AFFIRMATIONS, AND OTHER MANDATORY DISCLOSURES**i. Compliance with Corporate Governance Requirements**

SPFL confirms compliance with all mandatory corporate governance requirements as stipulated under Regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 of the SEBI LODR, as applicable to Sarla Performance Fibers Limited for FY 2025-26.

ii. Related Party Transactions

During the financial year 2025-26, all Related Party Transactions entered into by the Company were on an arm's length basis. Certain Related Party Transactions disclosed in Form AOC-2 were approved under the provisions of Section 188 of the Companies Act, 2013, as applicable. Apart from such transactions, all other Related Party Transactions were entered into in the ordinary course of business and on an arm's length basis.

All Related Party Transactions were placed before the Audit Committee for prior approval or omnibus approval, as applicable, and were reviewed by the Audit Committee on a periodic basis in compliance with Section 177 of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has complied with the applicable provisions relating to Related Party Transactions under the Companies Act, 2013 and the SEBI LODR Regulations.

The details of Related Party Transactions are disclosed in Note 44 to the Standalone Financial Statements in accordance with the applicable accounting standards. Form AOC-2 containing particulars of contracts and arrangements with related parties forms part of the Board's Report.

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

iii. Penalties, Strictures and Non-Compliances

The details of penalties, strictures and non-compliances imposed on the Company by Stock Exchanges, SEBI or other statutory authorities during the last three years are as under:

Sr. No.	Authority	Nature of Matter	Amount / Status	Remarks
1	National Stock Exchange of India Limited (NSE)	Fine levied pursuant to notice dated August 21, 2023 in relation to a compliance matter.	₹58,000/- (excluding GST).	The Company has applied for waiver/revision of the fine and requested refund thereof. Response from NSE is awaited as on the date of this Report.
2	GST Department	GST Recovery Order dated October 13, 2023 pertaining to GST refund availed on exports made on payment of IGST from the EOU Unit for FY 2018-19 to FY 2021-22.	₹643.51 Lakhs.	The Company has challenged the order before the appropriate judicial forums and the matter remains sub-judice. Based on legal advice received, the Company believes that its refund claim was in accordance with applicable law and that the demand is not sustainable.
3	GST & Central Excise Audit Commissionerate, Surat	GST audit conducted for FY 2018-19 to FY 2022-23 identifying certain procedural and technical discrepancies.	₹359.85 Lakhs (inclusive of tax, interest and penalty) paid during FY 2025-26.	The observations were technical and procedural in nature and did not involve any finding of fraud or wilful misstatement. The Company has implemented corrective measures and further strengthened its compliance framework.
4	Additional Commissioner, Central GST & Central Excise, Surat Commissionerate	Order-in-Original dated July 31, 2025 in relation to GST refund claims on exports.	Demand of ₹20.79 Crores together with applicable interest and equivalent penalty.	The Company challenged the said Order before the Hon'ble High Court of Gujarat. The Hon'ble High Court, vide its Common Oral Judgment dated November 20, 2025, allowed the writ petition and quashed and set aside the Order-in-Original. Accordingly, no liability subsists against the Company in respect of the said matter.

Sr. No.	Authority	Nature of Matter	Amount / Status	Remarks
5	Deputy Commissioner of Income-tax, Circle 3(3)(1), Mumbai	Rectification Order passed under Section 154 read with Section 143(3) of the Income-tax Act, 1961 for Assessment Year 2018-19.	Demand of ₹2.16 Crores (including interest).	The Company has filed an appeal before the Hon'ble Income Tax Appellate Tribunal, Mumbai, which is pending adjudication. The management believes that it has a strong case on merits and does not expect any material adverse impact on the financial position of the Company.
6	Ministry of Labour & Employment	Notice received during FY 2025-26 regarding non-remittance of Provident Fund contributions	₹1.91 Lakhs	The Company has settled the aforesaid amount during FY 2025-26.
7	Commissioner (Appeals), CGST & Central Excise	GST demand relating to input tax credit availed on input services received from various suppliers for FY 2017-18 to FY 2022-23.	Demand of ₹13.54 Lakhs. Amount deposited under protest: ₹1.35 Lakhs.	The matter is pending adjudication before the appellate authorities. Based on the facts of the case and legal advice received, the management believes that it has a strong case on merits.

Except as disclosed above, the Company has complied with all applicable requirements of SEBI, BSE, NSE and other statutory authorities on matters relating to capital markets during the last three years and no other penalties, strictures or non-compliances have been imposed on the Company by any Stock Exchange, SEBI or other statutory authority.

iv. Material Subsidiaries

During FY 2025-26, SPFL does not have any material listed or unlisted subsidiary as defined under Regulation 16(1)(c) of the SEBI LODR. Accordingly, the requirements related to corporate governance of material subsidiaries are not applicable. The Policy for Determining Material Subsidiaries is available at: <https://www.sarlafibers.com/wp-content/uploads/2024/01/12.-Policy-for-Determining-Material-Subsidiary.pdf>

v. Whistle Blower / Vigil Mechanism

SPFL has adopted a Vigil Mechanism / Whistle Blower Policy as required under Section 177(9) of the Companies Act, 2013 and Regulation 22 of the SEBI LODR. The Policy provides a formal mechanism for Directors, employees, and stakeholders to raise concerns about unethical behaviour, actual or suspected fraud, or violations of the Code of Conduct. Adequate safeguards against victimisation are provided. During FY 2025-26, the Board affirms that no personnel were denied access to the Audit Committee. The Policy is available at: www.sarlafibers.com/wp-content/uploads/2024/01/15-Whistle-Blower-Policy.pdf

vi. Senior Management Disclosures

The Senior Management of the Company makes timely disclosures to the Board of Directors relating to all material, financial, and commercial transactions where they have a personal interest or which may have a potential conflict with the interests of the Company at large, in accordance with the Code of Conduct and SEBI LODR.

vii. Funds Raised through Preferential Allotment / QIP

Not Applicable. SPFL has not raised any funds through preferential allotment or qualified institutions placement during FY 2025-26.

viii. Certificates — Annexures B and C

A certificate from CS Swati Gupta, Practicing Company Secretary (Membership No. F5766, COP No. 12245), confirming compliance with corporate governance norms under the SEBI LODR is

annexed as Annexure B. A Certificate of Non-Disqualification of Directors confirming that none of the Directors on the Board have been debarred or disqualified from being appointed or continuing as Directors by SEBI, MCA, or any other statutory authority is annexed as Annexure C.

ix. Managing Director & CFO Certificate (Regulation 17(8))

The Managing Director and Chief Financial Officer of the Company have issued a certificate pursuant to Regulation 17(8) read with Part B of Schedule II of the SEBI LODR for FY 2025-26, certifying the accuracy of the financial statements and effectiveness of internal controls. The said certificate is annexed as Annexure D.

x. Non-acceptance of Committee Recommendations

There were no instances during FY 2025-26 where the Board had not accepted any recommendation made by any Committee of the Board.

xi. Statutory Auditor Fees (Consolidated — FY 2025-26)

As required under Regulation 34 read with Part C of Schedule V of the SEBI LODR, the total fees paid by the Company and its Subsidiaries to M/s CNK & Associates LLP (Statutory Auditors, Firm Registration No. 101961W) and all entities in the network firm, on a consolidated basis for FY 2025-26, are as follows:

Particulars	Paid by SPFL (₹ Lakhs)	Paid by Subsidiaries (₹ Lakhs)	Total (₹ Lakhs)
Audit fees (including quarterly reviews)	19.50	0.50	20.00
Certification and other services	1.43	—	1.43
Reimbursement of out-of-pocket expenses	1.03	—	1.03
Other matters	—	—	—
Total	21.96	0.50	22.46

Note: M/s C. Sharat & Associates (FRN: 128593W) are the auditors for Sarlaflex INC. and Sarla Overseas Holding Limited, wholly owned subsidiaries of the Company.

xii. Modified Audit Opinion

M/s. CNK & Associates LLP have issued a qualified audit opinion on the standalone and consolidated audited financial statements of the Company for the financial year ended March 31, 2026. Following are as under:

- The Statutory Auditors, C N K & Associates LLP, have issued a qualified audit opinion on the standalone audited financial statements of the Company for the financial year ended March 31, 2026. The qualification relates to the sale by the Company of 11 Non-Cumulative Redeemable Preference Shares held in its wholly owned subsidiary, Sarla Flex Inc. (United States of America), for a consideration of USD 1,21,000, resulting in a loss of ₹5,433.16 lakhs which has been fully recognised as an Exceptional Item in the financial statements for the year ended March 31, 2026. The Company has applied to the Regulators for the necessary approvals in respect of the said sale, write-off of investment, and credit of the sale proceeds to the Company's account, which approvals are pending as on date. The Board has noted the said qualification and the management's view that there is no uncertainty regarding the receipt of the said approvals.
- The Statutory Auditors, C N K & Associates LLP, have issued a qualified audit opinion on the consolidated audited financial statements of the Company for the financial year ended March 31, 2026. The qualification relates to the sale by the Company of 11 Non-Cumulative Redeemable Preference Shares held in its wholly owned subsidiary, Sarla Flex Inc. (United States of America), for a consideration of USD 1,21,000, resulting in a loss of ₹7,713.26 lakhs which has been fully recognised as an Exceptional Item in the financial statements for the year ended March 31, 2026. The Company has applied to the Regulators for the necessary approvals in respect of the said sale, write-off of investment, and credit of the sale proceeds to the Company's account, which approvals are pending as on date. The Board has noted

the said qualification and the management's view that there is no uncertainty regarding the receipt of the said approvals.

xiii. Internal Audit Independence

The Board of Directors of the Company has appointed M/s. KD Practice Consulting (Ms. Pooja Dharewa, Chartered Accountant, Membership No. 135998; CIN: U74999MH2017PTC290264), Bhayandar West, Thane, as the Internal Auditor of the Company for FY 2025-26, pursuant to Section 138(1) of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014, on the recommendation of the Audit Committee. M/s. KD Practice Consulting has confirmed that their appointment is within the limits prescribed by the Institute of Chartered Accountants of India (ICAI) for maximum number of internal audits. The Internal Auditors report directly to the Audit Committee. Their reports, findings, and observations are placed before the Audit Committee and subsequently the Board at each quarterly meeting, ensuring full independence of the internal audit function and effective oversight of the Company's internal control framework.

xiv. Non-Mandatory Discretionary Requirements (Schedule II, Part E)

SPFL has complied with all mandatory requirements under Regulation 27 of the SEBI LODR. The following discretionary (non-mandatory) requirements under Part E of Schedule II have been adopted:

- The Internal Auditors (M/s. KD Practice Consulting) report directly to the Audit Committee, ensuring full independence of the internal audit function.
- The positions of Chairman and Managing Director are held by the same individual, Mr. Krishna Madhusudan Jhunjhunwala. The Board is of the view that this arrangement has not affected the independence of Board operations and that adequate checks and balances exist through the majority presence of Independent Directors on key Committees.

xv. Means of Communication

The quarterly, half-yearly, and annual financial results of the Company are approved by the Board within the statutory timelines and are submitted to BSE and NSE and published in the English language newspaper Financial Express (All India Editions) and the Gujarati language newspaper Gujarat Guardian, within 48 hours of Board approval. Results are also uploaded on the Company's website at www.sarlafibers.com and on the exchange portals. During the year, there were no official news releases on significant material developments. SPFL is currently not engaged with any institutional investor/analyst and accordingly no investor relations details are separately provided.

xvi. Directors' and Officers' Liability Insurance (D&O)

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

xvii. Sexual Harassment at Workplace

SPFL has formulated and adopted a Policy on Prevention of Sexual Harassment ('POSH Policy') in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been duly constituted. The POSH Policy is available at: <https://www.sarlafibers.com/wp-content/uploads/2024/01/POSH-Policy-Sarla.pdf>

Sr.	Particulars	Number
1	Number of complaints filed during FY 2025-26	Nil
2	Number of complaints disposed of during FY 2025-26	Nil
3	Number of complaints pending as on 31st March 2026	Nil

xviii. Loans to Related Parties

During FY 2025-26, SPFL has not granted any new loans, secured or unsecured, to companies or firms in which Directors are interested. Details of loans / advances granted earlier to wholly

owned subsidiaries of the Company are disclosed in the relevant Note to the Standalone Financial Statements forming part of this Annual Report.

xix. Accounting Standards

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

xx. Disclosure under Schedule III, Clause 5A (Suspense Account)

In accordance with Regulation 34(3) read with Part F of Schedule V of the SEBI LODR, the details of equity shares held in the suspense account are as follows:

Particulars	Number of Shareholders	Number of Equity Shares
Aggregate number of shareholders and outstanding shares in the suspense account as on 1st April 2025 (opening balance)	2	6,000
Shareholders who approached the Company for transfer of shares from suspense account during FY 2025-26	1	2,000
Shareholders to whom shares were transferred from suspense account during FY 2025-26	1	2,000
Shares transferred to IEPF during FY 2025-26 from the suspense account	0	0
Aggregate number of shareholders and outstanding shares in the suspense account as on 31st March 2026 (closing balance)	1	4000

The voting rights on shares outstanding in the suspense account shall remain frozen until the rightful owners claim the shares.

xxi. Compliance Certificate Affirmation

SPFL affirms that the disclosures regarding compliance with corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been duly complied with and are incorporated in this Corporate Governance Report.

xxii. Board Periodically Reviews Compliance

The Board periodically reviews compliance reports pertaining to all laws applicable to the Company, received from the respective functional departments, as well as steps taken to rectify instances of non-compliances, if any.

xxiii. Compliance with Accounting Standards

SPFL has followed all Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 in the preparation of its financial statements for FY 2025-26. There has been no deviation from any prescribed accounting treatment or accounting standard in the preparation of the financial statements. Significant accounting policies consistently applied are set out in the Notes to the Financial Statements forming part of this Annual Report.

xxiv. Compliance with Business Responsibility and Sustainability Report (BRSR) framework

The Business Responsibility and Sustainability Report is mandatorily required for the top 1,000 listed entities by market capitalisation. As the Company does not fall within the top 1,000 listed entities by market capitalisation, as per the list published by the Stock Exchanges (based on average market capitalisation for the period July 2025 to December 2025), the BRSR is not applicable to the Company for FY 2025-26.

5. GENERAL BODY MEETINGS

a. Details of Last Three Annual General Meetings

FY	Date & Time	Venue / Mode	Special Resolutions Passed
2024-25 (32nd AGM)	25th June 2025, 11:00 a.m.	VC / OAVM Deemed Venue – Registered Office of the Company situated at Survey No. 59/1/4, Amla Piparia Industrial Estate, Silvassa – 396 230, U.T. of Dadra & Nagar Haveli	Approval of change in designation and revision in remuneration of Mr. Kanav Jhunjhunwala (DIN: 09507192).
2023-24 (31st AGM)	8th August 2024, 9:30 a.m.	VC / OAVM Deemed Venue – Registered Office of the Company situated at Survey No. 59/1/4, Amla Piparia Industrial Estate, Silvassa – 396 230, U.T. of Dadra & Nagar Haveli	- Re-designation and re-appointment of Mr. Krishna Jhunjhunwala (DIN: 00097175) as Executive Chairman & MD. - Re-appointment of Mr. Paulo Manuel Castro Ferreira Moura (DIN: 08459844) as Independent Director. - Ratification of appointment of Mr. Bharat K. Jhamvar (DIN: 00211297) as Independent Director. - Re-designation of Mr. Sachin S. Abhyankar (DIN: 02760746) as Non-Executive Independent Director.
2022-23 (30th AGM)	21st September 2023, 3:00 p.m.	VC / OAVM Deemed Venue – Registered Office of the Company situated at Survey No. 59/1/4, Amla Piparia Industrial Estate, Silvassa – 396 230, U.T. of Dadra & Nagar Haveli	No Special Resolution was passed.

All Special Resolutions set out in the notices for the above Annual General Meetings were passed by Members with requisite majority. The necessary quorum was present at each of the aforesaid meetings.

b. Extraordinary General Meeting

No Extra-Ordinary General Meeting was held during FY 2025-26.

c. Postal Ballot Conducted during FY 2025-26

During FY 2025-26, the following Special Resolutions were passed through Postal Ballot by way of remote e-voting. National Securities Depository Limited (NSDL) was appointed as the authorized agency for facilitating voting through electronic means for the said Postal Ballot. The Company has separately appointed MUFG Intime India Private Limited (formerly Link Intime India Private Limited) as the e-Voting agency and RTA for the 33rd Annual General Meeting:

- Special Resolution for creation of charge/security on the assets of the Company pursuant to Section 180(1)(a) of the Companies Act, 2013.
- Special Resolution for increase in overall borrowing limits of the Company pursuant to Section 180(1)(c) of the Companies Act, 2013.

Particulars	Details
Scrutiniser	CS Vyoma Desai, Practicing Company Secretary (Membership No. F11166, COP No. 23010)
E-voting Platform	NSDL (National Securities Depository Limited)
Date Resolutions Deemed Passed	13-03-2026 (last date of remote e-voting)
Announcement of Results	14-03-2026 (within 2 working days of conclusion of e-voting)
Communication	Results communicated to BSE and NSE; uploaded on Company's website and NSDL portal.

d. Special Resolution Proposed by Postal Ballot – 33rd AGM

As on the date of this Report, no Special Resolution is proposed to be conducted through Postal Ballot in connection with the 33rd AGM, except as may be disclosed in the Notice of the 33rd AGM.

e. Procedure for Postal Ballot

In accordance with Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI LODR, the Company follows the procedure set out below for conducting business through postal ballot:

- The Board of Directors approves the resolution(s) to be passed through postal ballot and the draft notice and explanatory statement thereof.
- A Notice of Postal Ballot along with the Explanatory Statement and instructions for remote e-voting is dispatched to all shareholders as on the record date fixed for the purpose. The notice is sent electronically to shareholders whose email addresses are registered with the Company / Depository, and a hard copy letter containing the weblink to the complete postal ballot notice is sent to shareholders whose email addresses are not registered.
- The remote e-voting period is kept open for a period of thirty (30) days from the date of dispatch of the Postal Ballot Notice.
- A Scrutinizer, being a Practising Company Secretary who is not in the employment of the Company, is appointed by the Board to conduct the postal ballot / remote e-voting process in a fair and transparent manner.
- Upon closure of the remote e-voting period, the Scrutinizer prepares and submits the Scrutinizer's Report to the Chairman of the Company.
- The results of the postal ballot are declared by the Chairman or a person authorised by the Board within two (2) working days of the last date of the e-voting period, and are communicated to BSE Limited and National Stock Exchange of India Limited, uploaded on the Company's website, and made available on the NSDL e-voting portal.
- The resolution(s) are deemed to have been passed on the last date of the remote e-voting period, if approved by the requisite majority.

6. MEANS OF COMMUNICATION

- The quarterly, half-yearly, and annual financial results are approved and published within the statutory timelines and submitted to BSE and NSE.
- Results are published in English newspaper: Financial Express (All India Editions) and Gujarati newspaper: Gujarat Guardian, within 48 hours of Board approval.
- All results, press releases, and regulatory filings are uploaded on the Company's website at www.sarlafibers.com.
- Stock information and corporate disclosures are available at: <https://www.sarlafibers.com/stock-information/>

7. GENERAL SHAREHOLDER INFORMATION

Particulars	Details
Annual General Meeting (33rd AGM)	Wednesday, July 29, 2026 at 11:00 a.m. VC / OAVM
Financial Year	1st April 2025 to 31st March 2026
Financial Calendar (Tentative) – FY 2026-27	Q1 Results (April – June 2026): On or before 14th August 2026 Q2 Results (July – September 2026): On or before 14th November 2026 Q3 Results (October – December 2026): On or before 14th February 2027 Annual Audited Results (FY 2026-27): On or before 30th May 2027
Listing on Stock Exchanges	BSE Limited – P.J. Towers, Dalal Street, Mumbai 400 001 National Stock Exchange of India Limited – Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051
Stock Code / Symbol	BSE: 526885 NSE: SARLAPOLY ISIN: INE453D01025
CIN	L31909DN1993PLC000056
Registered Office	Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa – 396 230, U.T. of Dadra & Nagar Haveli
Corporate / Correspondence Office	304, Arcadia, 195, Nariman Point, Mumbai – 400 021. Tel: 022-2283 4116 E-mail: investors@sarlafibers.com
Whether securities suspended from trading	No. The equity shares of the Company were not suspended from trading on any stock exchange during FY 2025-26.
Annual Listing Fees	Annual listing fees for FY 2025-26 have been duly paid to BSE and NSE.
Registrar & Share Transfer Agent (RTA)	MUFG Intime India Private Limited (formerly known as Link Intime India Private Limited) C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400 083 Tel: 022-4918 6000 Fax: 022-4918 6060 E-mail: investor.helpdesk@in.mpms.mufg.com Website: www.mufgintime.com
Dividend Recommended for FY 2025-26	₹2 per equity share (200%)
Promoter Dividend Waiver	The Promoter and Promoter Group have voluntarily waived their entitlement to the Final Dividend for FY 2025-26. Accordingly, the dividend, if approved at the 33rd AGM, will be payable only to non-Promoter shareholders. The total estimated dividend outflow to public shareholders is ₹7,16,31,586/-. Necessary disclosure in this regard has been made to the Stock Exchanges pursuant to Regulation 30 of the SEBI LODR.
Book Closure	Thursday, 23rd July 2026 to Wednesday, 29th July 2026 (both days inclusive), for the purpose of the 33rd Annual General Meeting and for determining the entitlement of Members to receive the Final Dividend for FY 2025-26, if declared at the AGM.
Record Date	Wednesday, 22nd July 2026. Members whose names appear in the Register of Members of the Company and those whose names appear as Beneficial Owners as at the close of business hours on the Record Date, as per details furnished by NSDL and CDSL, shall be entitled to receive the Final Dividend, if declared.
Dividend Payment Date	Within 30 days from the date of declaration of the Final Dividend by the Members at the 33rd Annual General Meeting, subject to approval. Dividend will be paid exclusively through electronic modes (NEFT / RTGS / NECS).

Employee Stock Option Plan

The Company has adopted the Sarla Performance Fibers Limited — Employees' Stock Option Scheme 2025 (ESOP Scheme 2025) with 41,75,150 options authorised. No options were granted, vested, exercised, or lapsed during FY 2025-26 and the total outstanding options as on 31st March 2026 are Nil. The ESOP Scheme 2025 is in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

Share Transfer System

In terms of Regulation 40(1) of the SEBI Listing Regulations, as amended from time to time, transfer (including transfer of shares under special window of lodgement open upto February 4, 2027), transmission and transposition of securities shall be effected only in dematerialized form.

SEBI w.e.f. April 2, 2026, has dispensed with the requirement of Letter of Confirmation (LOC) and enabled direct credit of verified securities to investors' demat accounts. Apart from the necessary mandated documents, the following additional documents are to be submitted by the Shareholders/Claimants:

- Form ISR-4
- Demat Conversion Request Form ("DCRF") - NSDL or Demat Request Form ("DRF") - CDSL, as provided by the Depositories.
- Latest Client Master List ("CML") of the demat account in the same order of names, not older than two months and duly attested by the Depository Participant ("DP") where the demat account is held.
- Signature of Beneficiary owner(s) of the demat account required to be attested by the DP on DCRF/ DRF as applicable and CML.

The Company has aligned its processes with these regulatory changes to ensure faster and more efficient handling of Shareholder requests.

Special Window for lodgment of share transfer request: Pursuant to the SEBI Circular dated January 30, 2026, the Company has enabled a special window to facilitate lodgement of transfer requests executed before April 1, 2019 but were either not lodged for transfer or were lodged and subsequently rejected, returned or not attended due to deficiency in the documents. Eligible Shareholders are encouraged to submit the requisite documents to the Company/RTA before February 4, 2027. Securities transferred through this mechanism shall be credited only in demat form and will remain under a one year lock in, during which they cannot be transferred, lien marked or pledged.

A newspaper advertisement has been published in this regard.

Share Capital Audit

The issued and paid-up share capital of the Company is reconciled on a quarterly basis with the aggregate of shares held in dematerialised form with NSDL and CDSL, and in physical form. A Reconciliation of Share Capital Audit Report by a qualified Practicing Company Secretary is submitted to BSE and NSE within the prescribed timeline and is placed before the Board at its ensuing meeting, in accordance with Regulation 76 of the SEBI (Depositories and Participants) Regulations, 2018.

a. Distribution of Shareholding (as on 31st March 2026)

Range of Holding	No. of Shareholders	% of Shareholders	No. of Shares	Face Value (₹)	% to Capital
1 to 5,000	35,116	98.30%	1,11,54,892	1,11,54,892	13.36%
5,001 to 10,000	320	0.90%	23,68,607	23,68,607	2.84%
10,001 to 20,000	131	0.37%	19,81,438	19,81,438	2.37%
20,001 to 30,000	47	0.13%	11,99,413	11,99,413	1.44%
30,001 to 40,000	18	0.05%	6,27,692	6,27,692	0.75%
40,001 to 50,000	12	0.03%	5,48,190	5,48,190	0.66%
50,001 to 1,00,000	33	0.09%	23,94,745	23,94,745	2.87%
Greater than 1,00,000	48	0.13%	6,32,28,023	6,32,28,023	75.72%
Total	35,725	100.00%	8,35,03,000	8,35,03,000	100.00%

b. Category-wise Shareholding (as on 31st March 2026)

Category	Total No. of Shares	% of Holding
Promoter and Promoter Group	4,76,87,207	57.11
Foreign Institutional Investors / Portfolio Investors	6,51,594	0.78
Insurance Companies	-	-
Mutual Funds / Banks / Financial Institutions	-	-
NRI / Foreign Nationals	15,03,503	1.80
IEPF / Clearing Members	26,34,002	3.15
Bodies Corporate	12,20,515	1.46
Indian Public and Others	2,90,56,277	34.80
Alternative Investment Funds	7,49,902	0.90
Total	8,35,03,000	100.00%

Note: The Promoter and Promoter Group holding of 57.11% comprises Corporate Bodies (Promoter Co), Individual Promoters, Promoter HUF, and Partnership (Hindustan Cotton Company).

c. Top 10 Equity Shareholders (as on 31st March 2026)

Sr.	Shareholder's Name	No. of Shares Held	% of Shareholding
1	Satidham Industries Pvt. Ltd.	2,41,33,297	28.90%
2	Sarladevi Madhusudan Jhunjunwala (as Partner, Hindustan Cotton Company)*	1,16,59,430	13.96%
3	Sarladevi Madhusudan Jhunjunwala (Individual)	38,94,000	4.66%
4	Krishna Jhunjunwala	32,69,000	3.91%
5	Anil Kumar Goel	25,00,000	2.99%
6	Madhusudan Jhunjunwala & Sons HUF	24,69,596	2.96%
7	Dalal & Broacha Stock Broking Pvt. Ltd.	16,70,000	2.00%
8	Seema Goel	10,00,000	1.20%
9	Tikri Partners LLP	10,00,000	1.20%
10	Vijaya S	10,00,000	1.20%

** Ms. Sarladevi Madhusudan Jhunjunwala representing Hindustan Cotton Company in her capacity as Partner.*

d. Dematerialisation of Equity Shares and Liquidity (as on 31st March 2026)

Particulars	No. of Shares	% to Capital
National Securities Depository Limited (NSDL)	1,79,82,859	21.54%
Central Depository Services (India) Limited (CDSL)	6,48,33,731	77.64%
Total Dematerialised (A)	8,28,16,590	99.18%
Physical Form (B)	6,86,410	0.82%
Grand Total (A+B)	8,35,03,000	100.00%

e. Outstanding GDRs / ADRs / Warrants / Convertible Instruments

SPFL has not issued any GDRs, ADRs, warrants, or convertible instruments. There are no outstanding convertible instruments as on 31st March 2026.

f. Commodity Price Risk and Foreign Exchange Risk

SPFL is not engaged in commodity trading; accordingly, disclosure on commodity price risks and hedging activities is not applicable. SPFL actively monitors and manages its foreign exchange exposure and undertakes appropriate hedging measures from time to time to mitigate foreign exchange risks arising from its import and export activities. Details are provided in the Management Discussion and Analysis Report and the Notes to the Financial Statements.

g. Dividend Payment – Electronic Mode Only

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025, notified on 18th November 2025 and effective from 19th November 2025, dividend payments are required to be made exclusively through electronic modes such as NEFT, RTGS, NECS or any other RBI-approved electronic payment facility. Accordingly, the issuance of physical dividend warrants and cheques has been discontinued.

Members holding shares in dematerialised form are requested to ensure that their bank account details, including MICR and IFSC codes, are updated with their respective Depository Participant. Members holding shares in physical form are requested to update their bank account details with the Company's Registrar and Share Transfer Agent, MUFG Intime India Private Limited, by sending the requisite details and supporting documents to investor.helpdesk@in.mpms.mufig.com, to facilitate timely credit of dividend directly to their bank account.

h. Transfer of Unclaimed / Unpaid Amounts to IEPF

Pursuant to Sections 124 and 125 of the Companies Act, 2013 read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, dividends remaining unclaimed for seven consecutive years are transferred to the IEPF. The corresponding equity shares are also transferred.

Financial Year	Amount of Unclaimed Dividend Transferred (₹)	Number of Shares Transferred
FY 2017-18 – Final Dividend	₹12,22,358/-	78,518 Equity Shares

Shareholders may reclaim dividends and/or shares transferred to IEPF by filing Form IEPF-5 online at www.iepf.gov.in. SPFL shall issue an Entitlement Letter upon verification of documents, enabling submission to the IEPF Authority. No claim shall lie against SPFL once transfers have been effected.

The table below provides details of outstanding dividends and their respective last dates for claiming from the Company's RTA:

Sr.	Financial Year	Date of Declaration	Last Date to Claim
1	FY 2018-19 – Final Dividend	27th September 2019	1st November 2026
2	FY 2021-22 – Final Dividend	28th September 2022	2nd November 2029
3	FY 2024-25 – Final Dividend	25th June 2025	30th July 2032

i. Credit Ratings (FY 2025-26)

In compliance with Regulation 30 of the SEBI LODR, the following credit ratings are applicable to the Company as on the date of this Report:

Rating Agency: ACUITE Ratings & Research Limited

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	47.00	ACUITE A Stable Assigned	-
Bank Loan Ratings	30.00	ACUITE A Stable Upgraded	-
Bank Loan Ratings	65.00	-	ACUITE A1 Assigned
Bank Loan Ratings	195.00	-	ACUITE A1 Upgraded
Total Outstanding	337.00	-	-
Total Withdrawn	Nil	-	-

These ratings indicate a high degree of safety regarding timely servicing of financial obligations and carry very low credit risk.

j. Plant Locations

Sr.	Unit Name	Address
1	Silvassa – Piparia	Survey No. 66/1/55-A & 66/1/56-A, Village Amli, Silvassa – 396 230, U.T. of Dadra & Nagar Haveli
2	Silvassa – Unit I ^	Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa – 396 230, U.T. of Dadra & Nagar Haveli
3	Silvassa – Unit II	Survey No. 64/2/3/4, 58/1, 60/1, 60/2, 64/1/2, Amli Piparia Industrial Estate, Silvassa – 396 230, U.T. of Dadra & Nagar Haveli
4	Silvassa – Unit III	Survey No. 61/1, 61/2, 62/5, 63/5, 63/7, Amli Piparia Industrial Estate, Silvassa – 396 230, U.T. of Dadra & Nagar Haveli
5	Vapi	Shed No. A1/48, 100 Sheds Area, GIDC, Vapi – 396 195, Gujarat
6	Dadra – Plant I	New Survey No. 1513 (Old Survey No. 359/2), Dadra – 396 191, U.T. of Dadra & Nagar Haveli
7	Dadra – Plant II	Survey No. 213P, Plot No. 11 & 12, Near Dadra Check Post, Dadra – 396 191, U.T. of Dadra & Nagar Haveli

^ Survey No. 59/1/4 is also the Registered Office of the Company.

k. Address for Correspondence

Company's Corporate Office	Registrar & Share Transfer Agent
304, Arcadia, 195, Nariman Point Mumbai – 400 021 Tel: 022-2283 4116 E-mail: investors@sarlafibers.com	MUFG Intime India Private Limited (formerly Link Intime India Private Limited) C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400 083 Tel: 022-4918 6000 Fax: 022-4918 6060 E-mail: investor.helpdesk@in.mpms.mufig.com

For and on behalf of the Board of Directors

Sarla Performance Fibers Limited

Sd/-
Krishna Madhusudan Jhunjunwala
Chairman & Managing Director
DIN: 00097175

Place: Mumbai
Date: April 22, 2026

Sd/-
Kanav Krishna Jhunjunwala
Whole Time Director
DIN:09507192

ANNEXURE A

Declaration on Compliance with Code of Conduct for the year ended March 31, 2026

[As required under Schedule V, Para C(10)(ii) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

I, Krishna Madhusudan Jhunjhunwala, Chairman & Managing Director of Sarla Performance Fibers Limited (CIN: L31909DN1993PLC000056), hereby confirm that all Members of the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company, as applicable to them, for the financial year ended 31st March 2026.

For Sarla Performance Fibers Limited

Sd/-

Krishna Madhusudan Jhunjhunwala
Chairman & Managing Director
DIN: 00097175

Place: Mumbai
Date: April 22, 2026

Annexure B

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
SARLA PERFORMANCE FIBERS LIMITED,
Survey No 59/1/4, Amlī Piparia Industrial Estate,
Silvassa DN-396230

We have examined all the relevant records of **Sarla Performance Fibers Limited** ('the Company') having **CIN: L31909DN1993PLC000056** for the purpose of certifying compliance with the conditions of Corporate Governance under Chapter IV to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the financial year ended March 31, 2026. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation process adopted by the Company for ensuring compliance with the conditions of Corporate Governance. This certificate is neither an audit nor an expression of opinion on the Financial Statements of the Company. In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with all the conditions of Corporate Governance as stipulated in the said Listing Regulations. I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Mumbai
Date: 14/04/2026

CS SWATI GUPTA
Membership No.: F5766
COP No.: 12245
UDIN No.: FO05766H000089883

Annexure C

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
SARLA PERFORMANCE FIBERS LIMITED,
Survey No 59/1/4, Amlī Pipariā Industrial Estate, Silvassa DN-396230

In my opinion and to the best of my information, verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) and according to our examination of the relevant records and information provided by **SARLA PERFORMANCE FIBERS LIMITED** ('the Company') having **CIN: L31909DN1993PLC000056** and based on representation made by the Management of the Company for the period from 1st April, 2025 to 31st March, 2026 for the purpose of issuing a Certificate as per Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the LODR Regulations') read with Part C of Schedule V of the LODR Regulations, I hereby certify that **NONE** of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India or Ministry of Corporate Affairs or any such statutory authority for the period as on 31st March, 2026. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

CS SWATI GUPTA

Membership No.: F5766

COP No.: 12245

UDIN No.: F005766H000089806

Place: Mumbai
Date:14/04/2026

ANNEXURE D

Managing Director & CFO Certificate

[Pursuant to Regulation 17(8) read with Part B of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

For the Financial Year Ended 31st March 2026

We, the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Sarla Performance Fibers Limited ('the Company'), do hereby certify that:

A. Review of Financial Statements and Cash Flow Statement

We have reviewed the financial statements (both standalone and consolidated) and the cash flow statement of Sarla Performance Fibers Limited for the financial year ended 31st March 2026, and to the best of our knowledge and belief:

- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws, and regulations.

We further state that the Statutory Auditors have issued a Qualified Opinion in their Audit Report in respect of the accounting treatment relating to the recognition of a loss on sale of 11 (Eleven) 1% Non-Cumulative Redeemable Preference Shares held in Sarlaflex Inc. (USA) as an Exceptional Item, pending receipt of certain regulatory approvals. The details of the qualification, management's explanation thereon and the Statement on Impact of Audit Qualifications have been appropriately disclosed in the Financial Statements and form part of this Annual Report.

B. Transactions Compliance

To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal, or violative of the Company's Code of Conduct.

C. Internal Controls for Financial Reporting

We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of the Company's internal control systems pertaining to financial reporting and have disclosed to the Statutory Auditors and the Audit Committee any deficiencies in the design or operation of such internal controls, if any, of which we are aware, and the steps taken or proposed to be taken to rectify these deficiencies.

D. Disclosures to Auditors and Audit Committee

We have indicated to the Statutory Auditors and the Audit Committee:

- Significant changes in internal control over financial reporting during the year, if any.
- Significant changes in accounting policies during the year and that the same have been disclosed in the Notes to the Financial Statements.
- Instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

E. Compliance with Code of Conduct

All Board Members and Senior Management Personnel of the Company have confirmed compliance with the Code of Conduct as adopted by the Company for FY 2025-26.

Sd/-
Krishna Madhusudan Jhunjhunwala
Chairman & Managing Director
DIN: 00097175

Sd/-
Kayvanna Mahendra Shah
Chief Financial Officer

Place: Mumbai
Date: April 22, 2026

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

SARLA PERFORMANCE FIBERS LIMITED

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the accompanying standalone financial statements of **Sarla Performance Fibers Limited** ("the Company"), which comprise the Standalone Balance Sheet as at 31st March 2026, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year then ended and notes to the standalone financial statements, including a summary of Material accounting policies and other explanatory information (hereinafter referred to as "the Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and except for the impact of matter referred in the Basis for Qualified Opinion section of our report, give a true and fair view in conformity with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2026, the profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

We draw attention to Note No. 53 and 54 on Exceptional Items wherein the Company has recognized loss of Rs. 5,433.16 (net of reversal of impairment provision of Rs.

2,280.10 lakhs carried out in earlier years) on sale of 1% Non-Cumulative Redeemable Preference Shares held in its wholly owned subsidiary, Sarla Flex Inc.

For the sale and write off of the loss for the above transaction and subsequent receipt of the sales proceeds the company has applied for the necessary approvals from the regulators and the same is still awaited as on date of our audit report.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr no	Key Audit Matter	Auditor's Response
1.	Litigations, Provisions and contingent liabilities The Company has litigations which also include matters under dispute involving significant Management judgement and estimates on the possible outcome of the litigations and consequent provisioning thereof or disclosure as contingent liabilities. Refer Note 46.1 to the standalone financial statements.	Audit procedures followed by us include: As part of audit process, we obtained from the Management details of matters under dispute including ongoing and completed tax assessments, demands and litigations. Our audit approach for the above consists of the following audit procedures: Evaluated and tested the basis of maintaining the tracker relating to the litigation and open tax positions maintained by the Company capturing the details of ongoing litigations and process followed to decide provisioning or disclosure as Contingent Liabilities;

Sr no	Key Audit Matter	Auditor's Response
		- Evaluated management's assessment of such litigations, including the determination of probability of outflow and related financial impact, in accordance with the principles of Ind AS 37; - Discussed with Company's management for sufficient understanding of on-going and potential legal matters impacting the Company; - We involved our internal experts, where necessary, to evaluate the Management's underlying judgements in making their estimates with regard to such matters.
2.	Information Technology (IT) systems and controls over financial reporting We identified IT systems and controls over financial reporting as a key audit matter for the Company because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, specifically with respect to revenue and inventories. Also, due to large transaction volumes and the increasing challenge to protect the integrity of the Company's systems and data, cyber security has become more significant; Automated accounting procedures and IT environment controls, which include IT governance, IT general controls over program development and changes, access to program and data and IT operations, IT application controls and interfaces between IT applications are required to be designed and to operate effectively to ensure accurate financial reporting.	We applied the following audit procedures among others, to obtain sufficient and appropriate audit evidence by our IT Specialists: - Obtain an understanding of the Company's information processing environment, including the IT General Controls (ITGCs) and automated application controls related to systems and database Tested IT General Controls related to User access management (including controls over access provisioning, de-provisioning) change management processes for application and infrastructure changes, segregation of duties around program development, back up management and disaster recovery and audit trail relating to key financial accounting and reporting processes. - Evaluated the Company's periodic access rights reviews, including inspection of approvals for system access changes and role assignments. - Assessed the operating effectiveness of IT application controls including for audit trail (audit log) in the key processes impacting financial reporting of the Company on test check basis.

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

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Directors' Report including Annexures to Directors' Report, and Corporate Governance, but does not include the standalone financial statements and our auditor's report thereon. The other information as above is expected to be made available to us after the date of this audit report.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. When we read the other information, if we conclude that there is a material misstatement

therein, we are required to communicate the matter to those charged with governance.

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

The Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection of the appropriate accounting software for ensuring compliance with applicable laws and regulations including those related to retention of audit logs and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance

is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors;
- Conclude on the appropriateness of Management and Board of Directors' use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based

on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors (i) in planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure A" a statement on the matters

specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and, except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive loss), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this report are in agreement with the books of account;
 - d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with the Ind AS;
 - e) On the basis of the written representations received from the directors as on 31st March, 2026 taken on record by the Board of Directors, none of the director is disqualified as on 31st March, 2026 from being appointed as a director in terms of Section 164(2) of the Act;
 - f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report. Our report expresses modified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to Standalone financial statements;
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as

amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as on March 31, 2026 on its financial position in its standalone financial statements (Refer Note No. 46.1 to the standalone financial statements);
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
- iv. a) The Management has represented that, to the best of its knowledge and belief, as disclosed in note no. 55 (7) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in note no. 55 (8) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under iv (a) and iv (b) above, contain any material misstatement.

- v. The final dividend paid by the Company during the year in respect of FY 2024-2025 is in accordance with Section 123 of the Act to the extent it applies to payment of Dividend

As stated in Note no. 22.6 to the Financial Statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act to the extent it applies to declaration of dividend.

- vi. Based on our examination, which included test checks, the company has used accounting software for maintaining its books of account which has the feature of recording audit trail (edit logs) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instances of audit trail feature being tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention.

3. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act: Place: Mumbai
Date: April 22, 2026

In our opinion and to the best of our information and according to the explanations given to us, as stated in Note No. 58, the remuneration to directors for FY 2025-26 is in excess of the limits prescribed by section 197 read with Schedule V of the Act. The same is subject to approval of the members in the ensuing annual general meeting.

For C N K & Associates LLP

Chartered Accountants

Firm Registration Number: 101961W/W-100036

Suresh Agaskar

Partner

Membership No.: 110321

UDIN: 26110321KHUWWS4252

ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of Sarla Performance Fibers Limited ("the Company") on the standalone financial statements for the year ended 31st March, 2026]

To the best of our information and according to the explanations provided to us by the Company and the books of accounts and records examined by us in the normal course of audit, we state that:

- (i) (a) (A) The Company implemented a new ERP system during the FY 2020-21 wherein full details of Property, Plant and Equipment (PPE) are yet to be integrated in the system. As at 31st March 2026, the Company is still in the process of updating details pertaining to full particulars including quantitative details and situation of PPE;
- (B) As mentioned above, the Company is in the process of integrating and updating details pertaining to full particulars of intangible assets;
- (b) The Company has a regular program of physical verification of PPE under which all items of PPE are verified in a phased

manner over a period of three years covering all the assets. This, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. During the year the Company has carried out physical verification of its PPE. The discrepancies noticed on such verification have appropriately been dealt with in the books of account;

- (c) Based on our examination of the records provided by the Company and the confirmation for title deeds received from SBICAP Trustee Company Limited (STCL), we report that the title deeds of immovable properties (other than immovable properties where the Company is lessee and lease agreements are duly executed in favour of the lessee) are held in the name of the Company except in the following cases as disclosed in Note No. 4(b) to the standalone financial statements:

(Rs. In Lakhs)

Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the company
Freehold Land	3,028.83	Krishna Jhunjhunwala and Neha Jhunjhunwala	Yes	F.Y. 2016-17	Being agricultural land cannot be held in the name of the Company.
Freehold Land	69.33	Krishna Jhunjhunwala and Neha Jhunjhunwala	Yes	F.Y. 2022-23	The Company is in process of conversion of agricultural land to non-agricultural land.
Freehold Land	43.46	Krishna Jhunjhunwala	Yes	F.Y. 2022-23	

- (d) The Company has not revalued any of its PPE (including right-of-use assets) or intangible assets during the year;
- (e) As disclosed in Note No. 55(1) to the standalone financial statements, no proceeding has been initiated or is pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder;

- (ii) (a) The Management has conducted physical verification of inventories except goods-in-transit at regular intervals. In our opinion, considering the size of the Company, the coverage of such verification is reasonable and the procedures are adequate;

The discrepancies noticed on physical verification were not exceeding 10% in aggregate for each class of inventory and the same has been properly dealt with in the books of accounts;

- (b) As disclosed in Note No. 27 to the standalone financial statements, the Company has working capital limits sanctioned from banks or financial institutions exceeding five crore rupees during the year and the quarterly returns / statements filed by the Company are materially in agreement with the books of accounts except in respect of quarter ended March 31, 2026 where such quarterly return/statement is yet to be filed;

- (iii) During the year, the Company has not made any investments in, provided any guarantee or security or granted any loans or advances in nature of loans, secured or unsecured to companies, firms, limited liability partnerships or other parties except for investments in debentures/bonds, equity shares, mutual funds, alternative investment funds, loan to employees, in respect of which:

- (a) (A) During the year, the Company has not provided any loans or advances in the nature of loans, or stood guarantee, or provided security to any of its subsidiary. Hence reporting under clause 3(iii)(a)(A) of the Order is not applicable;

- (B) During the year, the Company has provided loans or advances in the nature of loans to other than its Subsidiaries, Associates, Joint Venture, details of which is as below:

(Rs. In Lakhs)

Particulars	Amount
Aggregate amount granted/ provided during the year	
- Employees	60.44
Balance outstanding as at the Balance sheet date in respect of above cases	
Employees	53.77

- (b) In our opinion, the investments made and the terms and conditions of loan given to employees during the year are prima facie not prejudicial to the interest of the Company;

- (c) In respect of interest free loans given by Company to its wholly owned subsidiary in earlier years, arrangement does not contain any schedule of repayment of principal (outstanding as on 31st March, 2026 Rs. 219.51 lakhs) and payment of interest and hence not able to make specific comment on the regularity of repayment of principal

and payment of interest in respect of such loans. In respect of loans granted by the Company to its employees, where the schedule of repayment of principal and payment of interest has been stipulated, repayments / receipts have generally been regular;

- (d) In respect of loans given by the Company, there is no overdue amount for more than ninety days as at the Balance Sheet date;
- (e) No loan granted by the Company has fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdue of existing loans;
- (f) In respect of loans granted by the Company to its employees during the year, there were no amount granted which were either repayable on demand or without specifying any terms or period of repayment;

- (iv) The Company has complied with the provisions of Section 185 and 186 of the Act. The Company has not made equity and preference share investments, has given interest free unsecured loans to its wholly owned subsidiary.

- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits to which directives issued by Reserve Bank of India and provisions of Sections 73 to 76 of the Act or other relevant provisions and the Rules framed there under apply. We were informed by the Management that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal in this regard;

- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as specified by the Central Government under sub section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the same with a view to determining whether they are accurate or complete;

- (vii) (a) On the basis of our examination of records and according to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Service Tax, Provident Fund,

Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and any other statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service

Tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax, Cess and other statutory dues in arrears as at 31st March, 2026 for a period of more than six months from the date they became payable;

- (b) The particulars of statutory dues that have not been deposited on account of any dispute are as under:

(Rs. In Lakhs)

Name of the Statute	Nature of the Dues	Forum where dispute is pending	Period to which the amount relates	Amount Involved	Amount Unpaid
Central Excise Act, 1944	Penalty	Supreme Court of India	FY 1995-96, 1996-97	150	75
Central Excise Act, 1944	Penalty	CESTAT	FY 1995-96	45	45
Custom Act, 1962	Duty, Interest and Penalty	CESTAT	FY 2011-12 to FY 2016-17	768	768
Goods & Services Tax Act, 2017	Duty, Interest and Penalty	Commissioner of CGST & Central Excise, Appeals	FY 2017-18 to FY 2022-23	13.54	12.19

- (viii) As disclosed in Note No. 55(4) to the standalone financial statements, there are no transactions which are not recorded in the books of account and have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961;

- (ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender;

- (b) As disclosed in Note No. 55(2) to the standalone financial statements, the Company is not declared wilful defaulter by any bank or financial institution or other lender;

- (c) On an examination of records of the Company, we report that the term loans were applied for the purpose for which the loans were obtained.;

- (d) On an overall examination of the standalone financial statements of the Company, funds raised on short term basis have been used for long term purposes

- (e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries;

- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries.

- (x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable;

- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable;

- (xi) (a) No fraud by the Company or on the Company have been noticed or reported during the year;

- (b) No report under sub-section (12) of Section 143 of the Act has been filed in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report;

- (c) As represented to us by the Management, there are no whistle blower complaints received by the Company during the year;

- (xii) The Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order is not applicable;

- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Act where applicable and the details of such related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards;

- (xiv) (a) In our opinion, The Company has an Internal audit system commensurate with the size and nature of its business;

- (b) We have considered Internal Audit reports issued to the Company during the year and till date for the period under audit;

- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with directors and hence provision of section 192 of the Act are not applicable;

- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3 (xvi)(a) of the Order is not applicable;

- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3 (xvi)(b) of the Order is not applicable;

- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence, reporting under clause 3(xvi)(c) of the Order is not applicable;

- (d) There is no Core Investment Company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3 (xvi)(d) of the Order is not applicable;

- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year;

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

- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due;

- (xx) As disclosed in Note No.52 to the standalone financial statements, the Company has spent requisite amount on eligible CSR activities and there is no unspent amount at the end of the year, whether related to on-going projects or otherwise.

For C N K & Associates LLP

Chartered Accountants

Firm Registration Number: 101961W/W-100036

Suresh Agaskar

Partner

Membership No.: 110321

UDIN: 26110321KHUWWS4252

Place: Mumbai

Date: 22nd April 2026

ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Sarla Performance Fibers Limited ("the Company") on the standalone financial statements for the year ended 31st March, 2026]

Report on the Internal Financial Controls with reference to the aforesaid Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Act

Modified Opinion

We have audited the internal financial controls with reference to standalone financial statements of **Sarla Performance Fibers Limited** ("the Company") as of 31st March, 2026 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

During FY 2020-21, Company had implemented new ERP system, which is still in the process of stabilization. Due to the same, the Company is in the process of implementation and testing of controls with respect to certain areas such as valuation of inventories.

In our opinion, except for the possible effects of the weaknesses described above the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2026, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to these standalone financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to these Standalone financial statements

A Company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone financial statements includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Management and directors of the Company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Standalone financial statements.

not be detected. Also, projections of any evaluation of the internal financial controls with reference to Standalone financial statements to future periods are subject to the risk that the internal financial control with reference to Standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For C N K & Associates LLP

Chartered Accountants

Firm Registration Number: 101961W/W-100036

Suresh Agaskar

Partner

Membership No.: 110321

UDIN: 26110321KHUWWS4252

Inherent Limitations of Internal Financial Controls with reference to Standalone financial statements

Because of the inherent limitations of internal financial controls with reference to Standalone financial statements, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may occur and

Place: Mumbai

Date: 22nd April 2026

Standalone Balance Sheet as at 31st March 2026

(Rs in lakhs)				
Particulars	Note No.	As at March 31, 2026	As at March 31, 2025	
I ASSETS				
(1) Non-current assets				
(a) Property, Plant and Equipment	4	19,908.40	22,136.48	
(b) Capital Work in progress	5	443.40	-	
(c) Other Intangible assets	6	21.28	30.62	
(d) Financial Assets				
(i) Investments in Subsidiaries	7	183.22	5,727.98	
(ii) Other Investments	8	28,407.86	23,625.44	
(iii) Loans	9	30.08	8.35	
(iv) Other financial assets	10	66.20	82.93	
(e) Non current Tax Assets (Net)	11	226.22	44.32	
(f) Other non-current assets	12	578.17	412.33	
Total non-current assets		49,864.85	52,068.44	
(2) Current assets				
(a) Inventories	13	7,736.42	8,555.65	
(b) Financial Assets				
(i) Investments	14	8,386.28	4,934.25	
(ii) Trade receivables	15	10,923.41	9,382.95	
(iii) Cash and cash equivalents	16	206.34	170.70	
(iv) Bank balances other than (iii) above	17	38.35	35.30	
(v) Loans	18	23.69	14.81	
(vi) Other financial assets	19	2,316.82	1,223.72	
(c) Other current assets	20	1,327.43	1,294.00	
Total current assets		30,958.73	25,611.37	
Total Assets		80,823.58	77,679.81	
II EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	21	835.03	835.03	
(b) Other Equity	22	49,347.74	50,992.98	
Total equity		50,182.77	51,828.01	
Liabilities				
(1) Non-current liabilities				
(a) Financial Liabilities				
(i) Borrowings	23	3,266.67	1,533.33	
(ia) Lease Liabilities	24	450.38	679.97	
(b) Provisions	25	160.57	112.50	
(c) Deferred tax liabilities (Net)	26	1,586.42	1,883.99	
Total non-current liabilities		5,464.04	4,209.78	
(2) Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	27	15,576.30	15,469.21	
(ia) Lease Liabilities	24	226.13	148.32	
(ii) Trade payables	28			
(A) total outstanding dues of micro enterprises and small enterprises		176.33	143.95	
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		3,436.53	3,076.89	
(iii) Other financial liabilities	29	5,400.77	2,014.37	
(b) Other current liabilities	30	234.80	270.11	
(c) Provisions	31	55.34	51.26	
(d) Current Tax Liabilities (Net)	32	70.56	467.86	
Total current liabilities		25,176.75	21,641.98	
Total Liabilities		30,640.79	25,851.76	
Total Equity and Liabilities		80,823.58	77,679.79	

The accompanying notes are an integral part of the financial statements
As per our attached report of even date

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

SURESH AGASKAR
Partner
Membership No. 110321

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director
(DIN: 00097175)

KANAV JHUNJHUNWALA
Whole Time Director
(DIN: 09507192)

KAYVANNA SHAH
Chief Financial Officer

MUSTAFA MANASAWALA
Company Secretary

Place: Mumbai
Date: April 22, 2026

Standalone Statement of profit and loss for the year ended 31st March, 2026

(Rs in lakhs)				
Particulars	Note No.	For the year ended March 31, 2026	For the year ended March 31, 2025	
I Revenue from Operations	33	39,634.33	42,366.67	
II Other Income	34	5,745.22	2,439.45	
III TOTAL INCOME (I+II)		45,379.55	44,806.12	
IV Expenses				
(a) Cost of materials consumed	35	16,807.45	20,092.22	
(b) Changes in inventories of finished goods and work-in-progress	36	(198.25)	(991.98)	
(c) Employee benefits expense	37	2,264.39	1,988.77	
(d) Finance costs	38	823.90	1,064.42	
(e) Depreciation, amortization and Impairment expenses	39	2,448.49	2,431.86	
(f) Impairment Expenses	40	453.40	-	
(g) Other expenses	41	14,936.11	13,149.50	
TOTAL EXPENSES (a to g)		37,535.48	37,734.78	
V Profit/(loss) before exceptional item & tax (III-IV)		7,844.07	7,071.34	
VI Exceptional item	53 & 54	(5,433.16)	(440.00)	
VII Profit/(loss) before tax (V-VI)		2,410.91	6,631.34	
VIII Tax Expense:				
Current tax		207.30	2,088.16	
Deferred tax		(304.85)	(458.00)	
Adjustments for earlier years		(116.58)	16.86	
Total tax expense	26	(214.12)	1,647.02	
IX Profit/(loss) for the year (VII-VIII)		2,625.03	4,984.31	
X Other Comprehensive Income ('OCI')				
A (i) Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plan		28.92	(1.94)	
(ii) Income tax relating to items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plan		(7.28)	0.49	
Total (A)		21.64	(1.45)	
B (i) Items that will be reclassified to profit or loss				
Cash Flow Hedge		(4,292.44)	-	
(ii) Income tax relating to items that will be reclassified to profit or loss				
Cash Flow Hedge		1,080.32	-	
Total (B)		(3,212.12)	-	
Total Other comprehensive income (A+B)		(3,190.48)	(1.45)	
XI Total comprehensive income for the year (IX+X)		(565.45)	4,982.86	
XII Earnings per equity share	42			
- Basic and Diluted (face value Re. 1) - Before Exceptional Item		9.65	6.50	
- Basic and Diluted (face value Re. 1) - After Exceptional Item		3.14	5.97	

The accompanying notes are an integral part of the financial statements
As per our attached report of even date

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

SURESH AGASKAR
Partner
Membership No. 110321

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director
(DIN: 00097175)

KANAV JHUNJHUNWALA
Whole Time Director
(DIN: 09507192)

KAYVANNA SHAH
Chief Financial Officer

MUSTAFA MANASAWALA
Company Secretary

Place: Mumbai
Date: April 22, 2026

Standalone Statement of cash flows for the year ended 31st March, 2026

(Rs in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
A Cash flows from operating activities		
Profit before tax	2,410.91	6,631.34
Adjustments for:		
Finance costs	735.16	1,020.74
Depreciation and amortisation expenses	2,448.49	2,431.86
Impairment Expenses	453.40	-
Interest income	(329.46)	(320.49)
(Gain)/ Loss on disposal of property, plant and equipment	165.60	182.91
Gain on disposal of investments	(1,419.54)	(922.59)
Gain on fair value of investments	-	(33.46)
Dividend Income	(73.21)	(58.01)
Loss on sale of Preference Shares	5,433.16	945.60
Unrealised exchange (gain) / loss on foreign currency translations	45.09	251.70
Sundry Balances written off / (written back)	125.67	(9.08)
Operating profit before working capital changes	9,995.28	10,120.53
Changes in Assets and Liabilities:		
Adjustments for (increase)/decrease in:		
Trade receivables	(1,666.12)	(244.33)
Inventories	819.00	(1,482.18)
Loans and Advances	(10.41)	19.05
Other assets	(1,317.60)	(383.31)
Adjustments for increase/(decrease) in:		
Trade payables	392.02	(662.35)
Other current financial liabilities	557.33	833.57
Cash generated from operations	8,769.48	8,200.97
Direct taxes paid (net)	(669.92)	(1,762.41)
Net cash generated from operating activities (A)	8,099.56	6,438.56
B Cash flows from investing activities		
Bank balances other than Cash & Cash equivalents	(6.44)	878.21
Purchase of property, plant and equipment	(1,163.74)	(2,013.57)
Purchase of Intangible Assets	(7.13)	(2.89)
Advance for Capital Work in Progress	(443.40)	-
Proceeds from disposals of property, plant and equipment	31.96	4.70
Proceeds from Sale of Preference Shares	111.59	-
(Purchase) / Proceeds of investments	(6,814.91)	(8,200.17)
Advance for Pending Allotment	-	(15.00)
Interest received	329.46	320.49
Dividend received	73.21	58.01
Net cash (used in) investing activities (B)	(7,889.40)	(8,970.22)
C Cash flows from financing activities		
Proceeds from non current borrowings	2,500.00	-
Repayment of non current borrowings	(766.67)	(10.56)
Proceeds/(repayment) from current borrowings	195.83	3,709.59
Payments for the principal portion of lease liability	(148.06)	(133.18)
Payments for the interest portion of lease liability	(51.91)	(53.20)
Interest paid	(823.90)	(1,029.92)
Dividend paid	(1,079.82)	-
Net cash (generated in) financing activities (C)	(174.52)	2,482.73

Standalone Statement of cash flows for the year ended 31st March, 2026 (Contd.)

(Rs in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
D NET INCREASE IN CASH AND CASH EQUIVALENTS [(A) + (B) + (C)]	35.63	(48.93)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
Balances with banks in current accounts and deposit accounts	164.38	212.88
Effect of exchange rate changes on cash and cash equivalents	0.33	0.64
Cash on hand	5.98	6.10
CASH AND CASH EQUIVALENTS	170.70	219.63
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Balances with banks in current accounts and deposit accounts	204.71	164.38
Effect of exchange rate changes on cash and cash equivalents	-	0.33
Cash on hand	1.63	5.98
CASH AND CASH EQUIVALENTS	206.33	170.70
Supplemental Information		
Cash Transactions from Operating Activities:		
Spent towards Corporate Social Responsibility	82.54	53.15

Explanatory notes to Statement of Cash Flows:

- The Statement of Cash Flows is prepared as per Ind AS 7 as notified by Ministry of Corporate Affairs.
- In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.
- The net profit / loss arising due to conversion of current assets / current liabilities, receivable / payable in foreign currency is furnished under the head "Foreign Exchange Fluctuations".
- Changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes:

Reconciliation of liabilities arising from financing activities

Particulars	As at 1st April 2025	Cash flow	Foreign Exchange movement	As at 30th June 2025
Non - current borrowing (including current maturities of non current borrowing)	2,300.00	1,733.33	-	4,033.33
Current borrowing	14,702.55	195.83	(88.74)	14,809.64
	17,002.55	1,929.16	(88.74)	18,842.97

Particulars	As at 1st April 2024	Cash flow	Foreign Exchange movement	As at 31st March 2025
Non - current borrowing (including current maturities of non current borrowing)	2,310.56	(10.56)	-	2,300.00
Current borrowing	11,036.63	3,709.59	(43.67)	14,702.55
	13,347.19	3,699.03	(43.67)	17,002.55

The accompanying notes are an integral part of the financial statements
As per our attached report of even date

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

SURESH AGASKAR
Partner
Membership No. 110321

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director
(DIN: 00097175)

KANAV JHUNJHUNWALA
Whole Time Director
(DIN: 09507192)

KAYVANNA SHAH
Chief Financial Officer

MUSTAFA MANASAWALA
Company Secretary

Place: Mumbai
Date: April 22, 2026

Standalone Statement of changes in equity for the year ended 31st March, 2026
a. Equity Share Capital (note 21)

(Rs in lakhs)	
Particulars	Amount
Balance as at April 01, 2024	835.03
Changes in equity share capital during the year 2024-25	-
Balance as at March 31, 2025	835.03
Changes in equity share capital during the year 2025-26	-
Balance as at March 31, 2026	835.03

b. Other Equity (note 22)

(Rs in lakhs)						
Particulars	Reserves and surplus				Other Comprehensive Income	
	Capital reserve	Securities premium	General reserve	Retained earnings	Remeasurement of Defined Benefit Plans	Effective Portion of Cash Flow Hedges
Balance as at April 01, 2024	182.40	4,529.00	8,274.38	32,991.71	32.63	-
Profit for the year 2024-25	-	-	-	4,984.31	-	-
Other comprehensive income for the year 2024-25 (net of tax)	-	-	-	-	(1.45)	-
Total comprehensive income for the year	-	-	-	4,984.31	(1.45)	-
Balance as at March 31, 2025	182.40	4,529.00	8,274.38	37,976.02	31.18	-
Profit for the year 2025-26	-	-	-	2,625.03	-	-
Other comprehensive income for the year 2025-26 (net of tax)	-	-	-	-	21.64	(3,212.12)
Total comprehensive income for the year	-	-	-	2,625.03	21.64	(3,212.12)
Dividend	-	-	-	(1,079.82)	-	-
Balance as at March 31, 2026	182.40	4,529.00	8,274.38	39,521.24	52.82	(3,212.12)

As per our attached report of even date

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

SURESH AGASKAR
Partner
Membership No. 110321

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director
(DIN: 00097175)

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Chief Financial Officer

KANAV JHUNJHUNWALA
Whole Time Director
(DIN: 09507192)

MUSTAFA MANASAWALA
Company Secretary

Place: Mumbai
Date: April 22, 2026

Notes to Standalone Financial Statements for the year ended 31st March, 2026
1. CORPORATE INFORMATION:

Sarla Performance Fibers Limited ('SPFL' or 'the Company') is a public limited Company incorporated and domiciled in India and has its registered office at Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa - 396 230, U.T. of Dadra & Nagar Haveli, India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

The Company is engaged primarily in manufacturing of various types of polyester and nylon yarns. The Company caters to both domestic and international markets. The Company has four plants, 2 at Silvassa, 1 at Dadra, Union territory of Dadra and Nagar haveli and 1 at Vapi, Gujarat.

The Company has a global presence with key subsidiaries in United States of America (USA) and British Virgin Island (BVI) that are engaged in the manufacture and/or sale of various types of polyester and nylon yarns.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION:
2.1. Basis of preparation and presentation:

The standalone financial statements comply with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('Act') read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act and Rules thereunder.

The standalone financial statements have been prepared under historical cost convention using the accrual method of accounting basis except for certain assets and liabilities measured at fair value. The accounting policies are applied consistently to all the periods presented in the standalone financial statements.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle, para 66 and 69 of Ind AS 1 and other criteria as set out in the Division II of Schedule III to the Act.

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The standalone financial statements are presented in Indian Rupee (INR), the functional currency of the Company.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs, unless otherwise stated.

The financial statements of the Company for the year ended 31st March, 2026 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 22nd April, 2026.

2.2. Use of Judgements and Estimates:

The preparation of the standalone financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and accompanying disclosures.

Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information.

In particular, information about significant areas of estimates and judgements in applying accounting policies that have most significant effect on amounts recognised in the standalone financial statements are as below:

- Estimates of useful lives and residual value of property, plant and equipment and intangible assets;
- Measurement of defined benefit obligations;
- Measurement and likelihood of occurrence of provisions and contingencies;
- Measurement of Right of Use assets and Lease liabilities;
- Measurement of recoverable amounts of cash-generating units;

- Valuation of inventories;
- Provision for loss allowances;
- Fair value measurement of financial instruments;
- Recognition of deferred tax assets.

Revisions to accounting estimates are recognised prospectively.

2.3. Property, plant and equipment and Depreciation:

2.3.1. Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any;

2.3.2. The initial cost of an asset comprises its purchase price (including import duties and non-refundable taxes), any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use);

2.3.3. Directly attributable costs includes cost of testing (net off proceeds from selling any items produced). Excess of net sale proceeds of items produced over the cost of testing, if any, is deducted directly from attributable costs of an item of property, plant, and equipment.

2.3.4. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company;

2.3.5. Spare parts which meet the definition of property, plant and equipment are capitalised as property, plant and equipment in case the unit value of the spare part is above the threshold limit. In other cases, the spare part is inventorised on procurement and charged to Statement of profit and loss on consumption;

2.3.6. An item of property, plant and equipment and any significant part initially recognised separately as part of property, plant and equipment is derecognised upon disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised;

2.3.7. The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates;

2.3.8. Property, plant and equipment which are not ready for intended use as on date of Balance Sheet are disclosed as “Capital work-in-progress”;

2.3.9. Depreciation is provided on pro-rata basis on the straight-line method (after retaining the estimated residual value up to 5%) based on estimated useful life prescribed under Schedule II to the Act, except for assets costing Rs.5,000/- or less are fully depreciated or fully written off in the year of purchase;

2.3.10. Components of the main asset that are significant in value and have different useful lives as compared to the main asset are depreciated over their estimated useful life. Useful life of such components has been assessed based on historical experience and internal technical assessment;

2.3.11. Depreciation on spare parts specific to an item of property, plant and equipment is based on life of the related property, plant and equipment. In other cases, the spare parts are depreciated over their estimated useful life based on the technical assessment;

2.3.12. The Company had chosen the carrying value of Property, Plant and Equipment existing as per previous GAAP as on date of transition to Ind AS i.e. 1st April, 2016 as deemed cost.

2.4. Intangible Assets and Amortisation:

2.4.1. Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably;

2.4.2. Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any;

2.4.3. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses on de-recognition are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses);

2.4.4. The estimated useful life is reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates;

2.4.5. Intangible assets which are not ready for intended use as on date of Balance Sheet are disclosed as “Intangible assets under development”;

2.4.6. The intangible assets with a finite useful life are amortised using straight line method over their estimated useful lives. The management’s estimates of the useful lives for various class of Intangibles are as given below:

Asset	Useful life
Softwares	5 years

2.5. Leases:

The Company assesses whether a contract is or contains a lease, at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether

- the contract involves the use of an identified asset;
- the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- the Company has the right to direct the use of the asset.

2.5.1. As a lessee

The right-of-use asset is a lessee’s right to use an asset over the life of a lease. At the date of commencement of the lease, the Company recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases and leases of low value assets. For these, the Company recognises the lease payments as an operating expense.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

2.5.2. As a lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease.

Finance leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Company shall recognise assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Company shall recognise lease payments from operating leases as income on straight line basis over the term of relevant lessee.

2.6. Investment in Subsidiaries:

Investments in Subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries, the difference between net disposal proceeds and the carrying amounts are recognised in the standalone statement of profit and loss.

2.7. Impairment of Non-financial Assets:

2.7.1. Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. The recoverable amount is the higher of the asset's or Cash Generating Unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets;

2.7.2. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.8. Inventories:

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

2.8.2. Cost of raw materials and stores and spares includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. The aforesaid items are valued at net realisable value if the finished products in which they are to be incorporated are expected to be sold at a loss;

2.8.3. Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

2.9. Provisions and Contingent Liabilities:

2.9.1. Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation;

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

2.9.3. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost;

2.9.4. Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability;

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

2.10. Revenue Recognition:**2.10.1. Sale of goods:**

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch / delivery of goods, based on contracts with the customers. Export sales are recognized on the issuance of Bill of Lading / Airway bill by the carrier. Revenue from sale of power from wind operated generators is accounted when the same is transmitted to and confirmed by the Electricity Board to whom the same is sold.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Revenue excludes taxes collected from customers on behalf of the government.

Contract Balances:**Trade Receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

2.10.2. Rendering of Services

Revenue is recognized from rendering of services when the performance obligation is satisfied and the services are rendered in accordance with the terms of customer contracts. Revenue is measured based on the transaction price, which is the consideration, as specified in the contract with the customer;

Revenue from services is recognised over time by measuring progress towards satisfaction of performance obligation for the services rendered;

Revenue excludes taxes collected from customers on behalf of the government.

2.10.3. Export incentives under various schemes notified by the Government have been recognised on the basis of applicable regulations, and when reasonable assurance to receive such revenue is established;

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

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

2.10.6. Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.11. Segment reporting:

The Company identifies operating segments based on the dominant source, nature of risks and returns and the internal organisation. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Managing Director (who is the Company's chief operating decision maker) in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in conformity with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Company are not allocable to segments on a reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

2.12. Employee Benefits:**2.12.1. Short-term employee benefits:**

Short-term employee benefits (including leave) are recognized as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered;

2.12.2. Post-employment benefits:

The Company operates the following post – employment schemes:

- Defined contribution plans such as provident fund; and
- Defined benefit plans such as gratuity

Defined Contribution Plans:

Obligations for contributions to defined contribution plans such as provident fund are recognised as an expense in the Statement of Profit and Loss as the related service is rendered by the employee. The said benefits are classified as Defined Contribution Schemes as the Company has no further defined obligations beyond the monthly contributions.

Defined Benefit Plans:

The Company's net obligation in respect of defined benefit plans such as gratuity is calculated by estimating the amount of future benefit that the employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed at each reporting period end by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

The current service cost of the defined benefit plan, recognized in the Statement of Profit and Loss as part of employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in the Statement of Profit and Loss. The net interest is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This net interest is included in employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

2.13. Borrowing costs:

2.13.1. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs;

2.13.2. Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss;

2.13.3. Investment Income earned on the temporary investment of funds of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.14. Foreign Currency Transactions:

2.14.1. Monetary items:

Transactions in foreign currencies are initially recorded at their respective exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss either as profit or loss on foreign currency transaction and translation or as borrowing costs to the extent regarded as an adjustment to borrowing costs.

2.14.2. Non – Monetary items:

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.15. Fair Value measurement:

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

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

2.15.3. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability also reflects its non-performance risk;

2.15.4. The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out;

2.15.5. While measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs);

2.15.6. When quoted price in active market for an instrument is available, the Company measures the fair value of the instrument using that price. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis;

2.15.7. If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction;

2.15.8. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

2.16. Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.16.1. Financial Assets:

I. Initial recognition and measurement:

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

All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables that do not contain a significant financing component that are initially measured at the transaction price determined under Ind AS 115.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Financial assets are classified at the initial recognition as financial assets measured at fair value or as financial assets measured at amortised cost.

II. Subsequent measurement:

Financial assets are subsequently classified as measured at

- a) amortised cost;
- b) fair value through profit and loss (FVTPL);
- c) fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

a) Measured at amortised cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

b) Measured at FVOCI:

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at FVOCI. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On de-recognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

For equity instruments, the Company may make an irrevocable election (on initial recognition) to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit & Loss.

c) Measured at FVTPL:

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

III. De-recognition:

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset and the transfer qualifies for derecognition under Ind AS 109.

IV. Impairment of Financial assets:

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets measured at amortised costs and debt instruments measured at FVOCI.

Loss allowance on receivables from customers are measured following the 'simplified approach' at an amount equal to lifetime ECL at each reporting date. In respect of other financial assets, the loss allowance is measured at 12 months ECL only if there is no significant deterioration in the credit risk since initial recognition of the asset or asset is determined to have a low credit risk at the reporting

2.16.2. Financial Liabilities:**I. Initial recognition and measurement:**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

II. Subsequent measurement:

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at FVTPL are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

III. De-recognition:

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2.16.3. Financial guarantees:

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the fair value initially recognised less cumulative amortisation.

2.16.4. Derivative financial instruments:

The Company uses derivative financial instruments to manage the exposure on account of fluctuation in interest rate and foreign exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value with the changes being recognised in the Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2.16.5. Embedded derivatives:

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the classification requirements contained in Ind AS 109 are applied to the entire hybrid contract.

Derivatives embedded in all other host contracts, including financial liabilities are accounted for as separate derivatives and recorded at fair value, if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVTPL.

These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments.

Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

2.16.6. Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.16.7. Derivate Financial Instruments and Hedge Accounting

Derivative instruments such as forward currency contracts are used to hedge foreign currency risks, and are initially recognized at their fair values on the date on which a derivative contract is entered into and

are subsequently re-measured at fair value on each reporting date. A hedge of foreign currency risk of a firm commitment is accounted for as a fair value hedge. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

Derivatives are only used for economic hedging purposes and not as speculative investments.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition as per Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.17. Taxes on Income

2.17.1. Current Tax

Income-tax Assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of reporting period.

Current Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity;

2.17.2. Deferred tax

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.18. Earnings per share

2.18.1. Basic earnings per share is calculated by dividing the profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period;

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

2.19. Cash and Cash equivalents:

2.19.1. Cash and cash equivalents in the Balance Sheet include cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value;

2.19.2. For the purpose of Statement of Cash Flows, Cash and cash equivalents include cash at bank, cash, cheque and draft on hand net off of outstanding bank overdrafts as they are considered an integral part of the Company's cash management. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2.20. Cash Flows:

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

2.21. Dividend:

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

3. Recent Pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2026, MCA has notified amendments to Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, Ind AS 1 - Presentation of Financial Statements, Ind AS 7 - Statement of Cash Flows, Ind AS 107 - Financial Instruments: Disclosures and Ind AS 12, International Tax Reform - Pillar Two Model Rules. The company has reviewed the new pronouncements and based on its evaluation given necessary impact (including additional disclosures) as applicable.

Notes to Standalone Financial Statements for the year ended 31st March, 2026

4 a) Property, Plant & Equipment

(Rs in lakhs)

Gross carrying amount	Freehold Land	Leasehold Land (Right of use asset)	Buildings	Buildings (Right of use asset)	Plant & Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Computers	Total
Balance as at April 01, 2024	3,418.45	8.70	3,113.28	464.56	27,949.38	97.06	280.17	51.89	149.84	35,533.43
Additions	-	-	6.01	786.02	1,640.01	22.08	13.02	6.41	13.21	2,486.77
Deletions	-	-	-	-	(350.28)	-	(6.05)	-	-	(356.34)
Balance as at March 31, 2025	3,418.45	8.70	3,119.29	1,250.59	29,239.11	119.14	287.14	58.30	163.06	37,663.86
Additions	-	-	256.60	0.00	479.97	30.38	-	88.67	1.73	857.36
Deletions	-	-	-	(2.45)	(3,066.51)	(54.59)	(117.67)	(17.28)	(107.02)	(3,365.51)
Impairment Loss Recognized					(453.40)					(453.40)
Balance as at March 31,2026	3,418.45	8.70	3,375.89	1,248.14	26,199.18	94.94	169.47	129.70	57.76	34,702.31

Accumulated Depreciation	Freehold Land	Leasehold Land (Right of use asset)	Buildings	Buildings (Right of use asset)	Plant & Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Computers	Total
Balance as at April 01, 2024	-	3.18	771.64	261.50	11,852.55	51.72	176.47	45.51	134.13	13,296.73
Additions	-	0.43	153.56	167.52	2,042.77	7.77	21.11	0.34	5.88	2,399.39
Deletions	-	-	-	-	(164.38)	-	(4.34)	-	-	(168.73)
Balance as at March 31, 2025	-	3.61	925.20	429.01	13,730.94	59.49	193.23	45.85	140.01	15,527.39
Additions	-	0.43	155.48	178.33	2,055.87	10.07	20.01	7.16	4.67	2,432.03
Deletions	-	-	-	-	(2,895.07)	(51.86)	(99.64)	(16.43)	(102.51)	(3,165.50)
Balance as at March 31,2026	-	4.05	1,080.68	607.35	12,891.74	17.70	113.60	36.59	42.18	14,793.91
Net carrying amount as at March 31, 2026	3,418.45	4.93	2,295.68	640.79	13,307.43	77.24	55.87	92.91	15.59	19,908.40
Net carrying amount as at March 31, 2025	3,418.45	5.36	2,194.55	821.57	15,508.17	59.65	93.91	12.24	23.04	22,136.48

Notes:

(i) Charge has been created over property, plant and equipments of the Company in respect of borrowings (refer note 23, 27 & 55(6))

4 b) Title Deeds of all immovable properties not held in the name of Company (other than properties where the Company is the lessee and the lease agreement are duly executed in favour of the Company).

(Rs in lakhs)

Relevant line item in the Balance Sheet	Description of item of property	Gross carrying amount	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the company
Property, Plant and Equipment	Freehold Land	3,028.83	Krishna Jhunhunwala and Neha Jhunhunwala	Yes	F.Y. 2016-17	Being agricultural land cannot be held in the name of the Company. The Company is in process of conversion of agricultural land to non-agricultural land.
Property, Plant and Equipment	Freehold Land	69.33	Krishna Jhunhunwala and Neha Jhunhunwala	Yes	F.Y. 2022-23	
Property, Plant and Equipment	Freehold Land	43.46	Krishna Jhunhunwala	Yes	F.Y. 2022-23	

5 (a) Capital Work in Progress (CWIP)

(Rs in lakhs)

Particulars	As at 31.03.2026	As at 31.03.2025
Office Premises under construction	443.40	-
Total	443.40	-

(b) Capital work in progress ageing schedule as on March 31, 2026

Particulars	Amount in CWIP for a period of				TOTAL
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in progress	443.40	-	-	-	443.40

Note:

CWIP completion schedule, whose completion is overdue or has exceeded its cost compared to its original plan: None (March 31, 2025: None)

6 Other Intangible assets

(Rs in lakhs)		
	Softwares	Total
Gross carrying amount (at cost)		
Balance as at April 01, 2024	177.72	177.72
Additions	11.38	11.38
Deletions	-	-
Balance as at March 31, 2025	189.09	189.09
Additions	7.13	7.13
Deletions	-	-
Balance as at March 31, 2026	196.22	196.22
Accumulated Amortisation		
Balance as at April 01, 2024	126.01	126.01
Additions	32.47	32.47
Deletions	-	-
Balance as at March 31, 2025	158.48	158.48
Additions	16.46	16.46
Deletions	-	-
Balance as at March 31, 2026	174.94	174.94
Net carrying amount as at March 31, 2026	21.28	21.28
Net carrying amount as at March 31, 2025	30.62	30.62

7 Investments in Subsidiaries

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Investments in Equity shares at cost (fully paid)		
Unquoted		
4,35,000 (March 31, 2025: 4,35,000) Shares of USD 1 each of Sarla Overseas Holdings Limited	183.22	183.22
9,89,000 (March 31, 2025: 9,89,000) Shares of USD 1 each of Sarlalex Inc. USA	596.50	596.50
Less: Provision for Impairment	(596.50)	(596.50)
	183.22	183.22
Investments in Preference shares at cost (fully paid)		
Unquoted		
Nil (March 31, 2025: 11 1% redeemable Preference shares of USD 1,000,000 each of Sarlalex Inc. USA)(Refer Note No 53 & 54)	-	7,824.85
Less: Provision for Impairment (Refer Note no. 53 & 54)	-	(2,280.10)
	-	5,544.75
Total	183.22	5,727.98
Aggregate amount of quoted investments - at cost	-	-
Aggregate amount of quoted investments - at market value	-	-
Aggregate amount of unquoted investments	779.72	8,604.57
Aggregate amount of impairment in the value of investments	596.51	2,876.60

Note:

(i) During the year, the company has sold 1% Non Cumulative redeemable preference shares, which were originally allotted in the FY 2019-20 in lieu of debt to its subsidiary pursuant to the conversion of loans. Resultant Impact arising on such sale has been recognized and disclosed under Exceptional items in the statement of Profit and Loss Account

8 Non current financial assets - Other Investments

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Quoted		
Investments in Debentures at FVTPL	324.15	-
Investments in INVIT at FVTPL	2,414.45	537.83
Investments in Treasury Bills and Government Securities at amortised cost	155.41	155.15
Unquoted		
Investments in units of Alternative Investment Fund (AIF) at FVTPL	4,538.45	1,269.72
Investments in units of Mutual Fund at FVTPL	19,830.00	20,662.75
Investments in Equity shares at FVTPL	1,145.39	999.99
Total	28,407.86	23,625.44
Aggregate amount of quoted investments - at cost	2,145.64	3,701.36
Aggregate amount of quoted investments - at market value	2,894.01	692.98
Aggregate amount of unquoted investments - at cost	23,998.18	10,157.30
Aggregate amount of unquoted investments - at Net Asset value/ Fair Value	25,513.85	22,932.46
Aggregate amount of impairment in the value of investments	-	-

Note:

Instrument Type	Pledged against	As at 31/03/2026	As at 31/03/2025
Mutual Funds	Margin money deposit with brokers	2,557.10	1,024.51
Mutual Funds	Rupee Term Loan	959.89	1,948.38
Mutual Funds	Loan from Non Banking Financial Company	4,055.86	Nil
Mutual Funds	Borrowing Facility taken from Bank	440.48	Nil
Government Securities	Margin money deposit with brokers	155.41	155.15

9 Non-current financial assets - Loans

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
At Amortised Cost		
Other loans and advance (refer note (i))	219.51	219.51
Less: Provision for Doubtful loans and advances (Refer note 61)	(219.51)	(219.51)
	-	-
Loan to Staff	30.08	8.35
Total	30.08	8.35
Sub-classification of Loans		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	30.08	8.35
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	219.51	219.51

Note:

- Other loans and advance includes loan amounting to Rs. 219.51 lakhs (as at March 31, 2025: Rs. 219.51 lakhs) given to a subsidiary without specifying any terms or period of repayment (Refer note 44 and 61)
- No loans are due from directors or other Officers of the Company either severally or jointly with any other person. Further, no loans are due from firms or private companies respectively in which any director is a partner, a director or a member.
- The Company has not given any loans or advances in nature of loans to key managerial persons (KMP), directors or promoters either severally or jointly with any other person except note (i) above.

Amount of loans/ advances in the nature of loans outstanding from Subsidiaries

Particulars	FY 2025-26		FY 2024-25	
	Amount of loan or advance in the nature of loan outstanding (Rs in lakhs)	Percentage to the total Loans and Advances in the nature of loans	Amount of loan or advance in the nature of loan outstanding (Rs in lakhs)	Percentage to the total Loans and Advances in the nature of loans
Related Parties	219.51	80.32%	219.51	90.46%
Total	219.51		219.51	

10 Non-current financial assets - Others

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
At Amortised Cost		
Unsecured, considered good		
Fixed deposits with maturity of more than 12 months	3.67	0.28
Interest Receivable on fixed deposits	0.16	0.06
Security deposits	62.37	138.89
Less : Provision for Security Deposit	-	(56.31)
	62.37	82.58
Total	66.20	82.93

Note:

- (i) Fixed Deposits amounting to Rs. 0.20 lakhs (As at March 31, 2025 Rs. 0.20 lakhs) pledged as margin money deposit for facilities from Banks. (Refer note no. 27)
- (ii) During the FY- 25-26, basis of the Bombay High Court order security deposit amounting to Rs.60.50 Lakhs has been written off.

11 Non current Tax Assets (Net)

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Taxes paid in advance (Net of Provision for tax)	226.22	44.32
Total	226.22	44.32

12 Other Non-Current Assets

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured, considered good		
Capital Advances	220.65	120.00
Less : Provision for Doubtful advances	-	(55.00)
	220.65	65.00
Deposits with government authorities (Refer Note no. 46.1 (iii) & (iv))	288.98	288.98
Prepaid Expenses	68.55	58.35
Total	578.17	412.33

13 Inventories (at lower of cost and net realisable value)

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Raw Materials	1,441.32	2,274.39
Raw Materials - Stock in Transit	46.23	70.35
Work-In -Progress	2,795.89	3,023.93
Finished goods	2,183.61	1,585.62
Finished goods - Stock in Transit	335.75	507.45
Stores and Spares	155.82	268.14
Oil & lubricants	159.30	258.16
Fuel	21.83	13.70
Packing Materials	596.66	553.90
Total	7,736.42	8,555.65

Note:

- (i) Inventories of Rs. 7,736.66 lakhs (as at March 31, 2025: Rs. 8,555.65 lakhs) are hypothecated against working capital facilities from banks. (refer note 27)
- (ii) There has been no write down of inventories during the year.

14 Investments

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Quoted		
Investments in Equity shares at FVTPL	2,783.33	3,628.39
Investments in Exchangeable Traded Funds at FVTPL	5,602.95	1,219.86
Investments in Treasury Bills and Government Securities at amortised cost	-	86.00
Total	8,386.28	4,934.25
Aggregate amount of quoted investments - at cost	8,729.52	5,237.98
Aggregate amount of quoted investments - at market value	8,386.28	4,934.25
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

(Rs. In Lakhs)			
Instrument Type	Pledged against	As at 31/03/2026	As at 31/03/2025
Equity Shares	Margin money deposit with brokers	434.23	-
Equity Shares	Loan taken from Non Banking Financial Company	40.35	-
Exchangeable Traded Funds	Margin money deposit with brokers	2553.86	-

15 Trade Receivables

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
At Amortised Cost		
(a) Trade Receivables considered good - Secured	-	-
(b) Trade Receivables considered good - Unsecured	10,817.90	9,325.22
(c) Trade Receivables which have significant increase in credit risk	189.38	69.62
(d) Trade Receivables - credit impaired	63.84	30.94
Less : Allowance as per Expected credit loss model	(147.71)	(42.83)
Total	10,923.41	9,382.95

Note:

- (i) Trade receivable includes Rs. 546.54 (As at March 31, 2025: Rs.Nil), receivable from subsidiary.
- (ii) Trade Receivables of Rs. 11,071.12 lakhs (as at March 31, 2025: Rs. 9,425.78 lakhs) are hypothecated as security for bank borrowings. (Refer note no. 27)
- (iii) No Trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Further, no loans are due from firms or private companies respectively in which any director is a partner, a director or a member except note (i).
- (iv) Movement in the expected credit loss allowance

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Balance at the beginning of the year	42.83	42.58
Provision/(Reversal) during the year	104.88	0.25
Balance at the end of the year	147.71	42.83

(i) Trade receivables ageing schedule

As at March 31, 2026

As at March 31, 2026							(Rs in lakhs)
Particulars	Outstanding for following periods from due date of payment						TOTAL
	Not Due	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	10,737.35	-	80.55	-	-	-	10,817.90
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	144.39	15.80	9.24	169.43
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	7.79	34.19	21.86	63.84
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	18.32	-	1.63	19.95
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Impairment allowance for trade receivables - which have significant increase in credit risk	-	-	-	(107.20)	(7.78)	(32.73)	(147.71)
Total Current Trade Receivables	10,737.35	-	80.55	63.30	42.21	-	10,923.41

As at March 31, 2025

As at March 31, 2025							
Particulars	Outstanding for following periods from due date of payment						TOTAL
	Not Due	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years	
(i) Undisputed Trade receivables – considered good	8,826.07	-	499.14	-	-	-	9,325.22
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	52.62	8.20	8.81	69.62
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	3.39	17.88	9.66	30.94
(iv) Disputed Trade Receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Less: Impairment allowance for trade receivables - which have significant increase in credit risk	-	-	-	(12.18)	(12.17)	(18.48)	(42.83)
Total Current Trade Receivables	8,826.07	-	499.14	43.83	13.90	-	9,382.95

There are no unbilled receivable as on 31-03-2026 and 31-03-2025

16 Cash & cash equivalents

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
At Amortised Cost		
Balances with Banks	204.71	164.71
Cash on Hand	1.63	5.98
Total	206.34	170.70

17 Bank balances other than Cash & Cash equivalents

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Earmarked Balance with Bank:		
Balance in unpaid dividend account	37.21	31.33
At Amortised Cost		
Fixed deposits with original maturity for more than 3 months but less than 12 months	1.14	3.96
Total	38.35	35.30

Note:

Fixed Deposits amounting to Rs.0.30 lakhs (As at March 31, 2025 Rs. 0.30 lakhs) pledged as margin money deposit for facilities from Banks. (Refer note no. 27)

18 Loans

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
At Amortised Cost		
Unsecured, considered good		
Others		
Loans to Staff	23.69	14.81
Total	23.69	14.81
Sub-classification of loans		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	23.69	14.81
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	23.69	14.81

- (i) No loans are due from directors or other Officers of the Company either severally or jointly with any other person. Further, no loans are due from firms or private companies respectively in which any director is a partner, a director or a member.
- (ii) The Company has not given any loans or advances in nature of loans to key managerial persons (KMP), directors or promoters either severally or jointly with any other person.
- (iii) The Company has not given any short term loan to related party.

19 Other financial assets

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
At Amortised Cost		
Interest Receivable on fixed deposits	0.10	0.47
Other Receivables (Refer note (i))	2,089.57	1,197.90
At FVTPL		
Derivative financial assets:		
Forward Contracts	-	25.35
Others (refer note below)	227.15	-
Total	2,316.82	1,223.72

Note: Others include Call Put Option Asset of Rs 128.21 Lakhs and Unrealised Gain of Rs 98.94 Lakhs

20 Other Current Assets

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured, considered good		
Advances to Suppliers (For Raw Materials and expenses)	573.57	1,081.16
Less : Provision for doubtful advances (Refer note 61)	(304.71)	(390.09)
	268.86	691.07
Amount Receivable from Government Authorities	1,006.06	567.24
Prepaid Expenses	52.54	35.69
Total	1,327.46	1,294.00

Advance to Suppliers (For Raw Materials and expenses) includes Rs. 201.61 lakhs (As at March 31, 2025: Rs. 288.81 lakhs), receivable from subsidiary and Step down subsidiary.

Amount Receivable from Government Authorities include Goods & Service Tax Recoverable of Rs 851.68 Lakhs (As at 31st March, 2025: Rs 492.87 Lakhs) and Export Incentives Receivable of Rs 154.37 Lakhs (As at 31st March, 2025: Rs 74.37 Lakhs)

Equity**21 Equity Share Capital**

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Authorised		
10,00,00,000 (As at March 31, 2025: 10,00,00,000) Equity Shares of Rs. 1 each	1,000.00	1,000.00
Issued, Subscribed and Paid up		
8,35,03,000 (As at March 31, 2025: 8,35,03,000) Equity Shares of Rs. 1 each fully paid up	835.03	835.03
Total	835.03	835.03

21.1 Reconciliation of number of equity shares :

Particulars	As at March 31, 2026		As at March 31, 2025	
	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs
Opening Balance	8,35,03,000	835.03	8,35,03,000	835.03
Changes during the year	-	-	-	-
Closing Balance	8,35,03,000	835.03	8,35,03,000	835.03

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

Particulars	As at March 31, 2026	As at March 31, 2025
Hindustan Cotton Company - through its partners		
No. of Shares	1,16,59,430	1,14,87,389
Percentage	13.96%	13.76%
Satidham Industries Private Limited		
No. of Shares	2,41,33,297	2,41,27,297
Percentage	28.90%	28.89%

21.3 Rights, Preferences and restrictions attached to Equity Shares

The company has only one class of equity shares having par value of Rs. 1/- each (P.Y. Rs. 1/- each). Holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

21.4 During the 5 years immediately preceding the balance sheet date, there were no equity shares allotted as fully paid up pursuant to contract without payment being received in cash, no bonus shares were issued and there was no buy-back of equity shares of the Company.

21.5 Shares held by promoters at the end of the year are as follows:

S. No	Promoter Name	As on 31.03.2026		As on 31.03.2025		% change during the year
		No of shares	% of total shares	No of shares	% of total shares	
1	Neha Krishna Jhunjunwala	4,000	0.00	4,000	0.00	0.00
2	Krishnakumar and sons HUF	3,25,000	0.39	3,25,000	0.39	0.00
3	Vrinda Krishna Jhunjunwala	8,80,252	1.05	8,80,252	1.05	0.00
4	Kanav K Jhunjunwala	6,47,000	0.77	6,47,000	0.77	0.00
5	Krishna Madhusudan Jhunjunwala	32,69,000	3.91	32,69,000	3.91	0.00
6	Madhusudan Jhunjunwala HUF	24,69,596	2.96	24,69,596	2.96	0.00
7	Sarladevi Madhusudan Jhunjunwala	38,94,000	4.66	38,94,000	4.66	0.00
8	Hindustan Cotton Company	1,16,59,430	13.96	1,14,87,389	13.76	0.21
	- Sarladevi Madhusudan Jhunjunwala (Partner)					
9	Sarla Estate Developers Private Limited	1,45,537	0.17	1,45,537	0.17	0.00
10	Harmony Estates Private Limited	2,60,095	0.31	2,60,095	0.31	0.00
11	Satidham Industries Private Limited	2,41,33,297	28.90	2,41,27,297	28.89	0.01
	Total	4,76,87,207	57.11	4,75,09,166	56.90	0.21

22 Other Equity

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Capital reserve	182.40	182.40
Securities premium	4,529.00	4,529.00
General reserve	8,274.38	8,274.38
Other Comprehensive Income (Net of tax)	(3,159.30)	31.18
Retained Earnings	39,521.25	37,976.03
Total	49,347.73	50,992.99

The movement in other Equity:

22.1 Capital reserve

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance as at beginning of the year	182.40	182.40
Movement during the year	-	-
Balance as at end of the year	182.40	182.40

Capital reserve represents forfeiture of application money received for share warrants on lapse of option due to non subscription.

22.2 Securities premium reserve

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance as at beginning of the year	4,529.00	4,529.00
Movement during the year	-	-
Balance as at end of the year	4,529.00	4,529.00

Securities premium reserve is generated by premium on issue of shares. The reserve is eligible for utilisation in accordance with the provisions of the Act.

22.3 General reserve

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance as at beginning of the year	8,274.38	8,274.38
Movement during the year	-	-
Balance as at end of the year	8,274.38	8,274.38

General reserve represents appropriation of retained earnings and are available for distribution to shareholders.

22.4 Other Comprehensive Income

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance as at beginning of the year	31.18	32.63
Remeasurement of defined benefits plan	21.64	(1.45)
Effective portion of cash flow hedge reserve	(3,212.12)	-
Balance as at end of the year	(3,159.30)	31.18

22.5 Retained earnings (Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance as at beginning of the year	37,976.03	32,991.71
Profit for the year	2,625.03	4,984.32
Dividend (refer note below 22.6)	(1,079.82)	-
Balance as at end of the year	39,521.25	37,976.03

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

22.6 Dividend

The Company has paid final dividend of Rs. 3 per equity share of face value of Rs. 1 each, aggregating to Rs. 1079.82 lakhs for FY 2024-25 (previous year Rs. Nil)

Proposed Dividend:

The Board of Directors at its meeting held on 22nd April, 2026 have recommended a payment of final dividend of Rs. 2/- (Previous year Rs. 3) per equity share of face value of Rs. 1 each for the financial year ended 31st March, 2026.

The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognised as a liability.

23 Non-current borrowings

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
At Amortised Cost		
Term loans(Secured)		
From Banks:		
Rupee term loan (refer note (i) & (ii))	766.67	1,533.33
From Others		
From Non-Banking Financial Company (refer note (iii))	2,500.00	
Total	3,266.67	1,533.33

Note:

i) Term loans were applied for the purpose for which the loans were obtained.

ii)	Nature of security	Terms of repayment
	Exclusive charge on units of Mutual funds (Refer Note no: 8 (II))	Term loan of INR 2,300 Lakhs is repayable in 36 equated monthly installment of INR 63.89 lakhs each till March 2028. Repayment starting from April 2025.
iii)	Nature of security	Terms of repayment
	Exclusive charge on units of Mutual funds (Refer Note no: 8 (II))	Term loan of INR 2,500 Lakhs is repayable in 36 months with annual put/call option. Interest rate of 8.00% p.a. floating rate of interest linked to BFRR.

24 Non-current lease liabilities

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Lease Liabilities	450.38	679.97
Total	450.38	679.97

Refer note 51 for Disclosure in respect of leases.

25 Non-current provisions

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits		
Gratuity (Refer note 43)	160.57	112.50
Total	160.57	112.50

26 Tax Expense And Deferred Tax Liabilities (Net)

(a) Amounts recognized in profit and loss

(Rs in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Current tax expense (A)		
In respect of current year	207.30	2,088.16
	207.30	2,088.16
Deferred tax expense (B)		
In respect of current year	(304.85)	(458.00)
	(304.85)	(458.00)
Adjustment for earlier years (C)	(116.58)	16.86
Tax expense recognized in the income statement (A+B+C)	(214.12)	1,647.06

(b) Amounts recognized in other comprehensive income

(Rs in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	(7.28)	0.49
	(7.28)	0.49

(c) Reconciliation of effective tax rate

(Rs in lakhs)

Particulars	For the year ended 31st March, 2026		For the year ended 31st March, 2025	
	%	Amounts	%	Amounts
Profit before tax		2,410.91		6,631.34
Tax using the Company's domestic tax rate	25.17%	606.78	25.17%	1,668.97
Tax effect of:				
Disallowable expenses	0.14%	3.43	0.64%	39.73
Tax exemptions	-0.61%	(14.74)	-0.24%	(14.67)
Tax paid at lower rate	-5.24%	(126.44)	-2.42%	(149.65)
Impairment loss on preference shares of subsidiary	0.00%	-	1.79%	110.74
Reversal of Impairment loss on Preference Shares of Subsidiary	-23.80%	(573.85)		
Cash Flow Hedge	0.00%	-		
Others	0.30%	7.28	-0.40%	(24.96)
	-4.05%	(97.54)	24.54%	1,630.16
Adjustment for earlier years	-4.84%	(116.58)	0.25%	16.86
Effective income tax rate	-8.88%	(214.13)	24.80%	1,647.02

(d) Movement in deferred tax

(Rs in lakhs)

Particulars	Net balance April 01, 2025	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	As at March 31, 2026		
					Net	Deferred tax asset	Deferred tax liability
Deferred tax (Asset)/Liabilities							
Property, plant and equipment	(1,954.90)	292.03	-	-	(1,662.87)	-	(1,662.87)
Fair valuation of Mutual Funds and Equity shares	(175.54)	36.86	-	-	(138.68)	-	(138.68)
Employee benefits	32.20	15.39	(7.28)	-	40.32	40.32	-
Fair valuation of derivatives	-	5.68	-	-	5.68	5.68	-
Fair valuation of Security Deposits	17.62	(17.62)	-	-	-	-	-
MSME Disallowance	-	-	-	-	-	-	-
Allowance for expected credit losses	64.97	(1.62)	-	-	63.35	63.35	-
Allowance for loans & advances given	127.26	(21.49)	-	-	105.77	105.77	-
Tax assets (Liabilities)	(1,883.99)	304.85	(7.28)	-	(1,586.42)	215.12	(1,801.54)
							(Rs in lakhs)
Particulars	Net balance April 01, 2024	Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	As at March 31, 2025		
					Net	Deferred tax asset	Deferred tax liability
Deferred tax Asset / (Liabilities)							
Property, plant and equipment	(2,110.33)	155.43	-	-	(1,954.90)	-	(1,954.90)
Fair valuation of Mutual Funds and Equity shares	(240.57)	65.03	-	-	(175.54)	-	(175.54)
Employee benefits	12.88	18.84	0.49		32.20	32.20	
Fair valuation of investments (Preference Shares)	-	(6.38)	-	-	(6.38)	-	(6.38)
Fair valuation of derivatives	(71.18)	71.18	-	-	-	-	-
Fair valuation of Security Deposits	3.19	14.43	-	-	17.62	17.62	-
Allowance for expected credit losses	63.54	1.43	-	-	64.97	64.97	-
Allowance for loans & advances given	-	127.26	-	-	127.26	127.26	-
Tax assets (Liabilities)	(2,342.47)	458.00	0.49	-	(1,883.99)	252.82	(2,136.81)

27 Borrowings

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
At Amortised Costs		
From Banks - in Foreign Currency		
Secured		
Packing Credit (refer note no. (b) (i),(ii), (iii) & (iv))	6,800.41	12,333.79
Foreign Bill Discounting (refer note no. (b) (i),(ii) & (iii))	-	255.60
Buyer's Credit (refer note no. (b) (i),(ii) & (iii))	2,441.87	2,113.15
WC DL (refer note no. (b) (i),(ii) & (iii))	1,182.72	-
From Banks - Rupee Loans		
Secured		
Packing Credit (refer note no. (b) (i),(ii), (iii) & (iv))	3,634.64	-
Current maturities of long term borrowings (refer note no. 23(ii))	766.67	766.67
From Others		
From Non-Banking Financial Company	750.00	
Total	15,576.30	15,469.21

Note:

- a) Bank returns/stock statements filed by the Company with its bankers are in materially agreement with books of accounts except in respect of quarter ended March 31, 2026 where such quarterly return/statement is yet to be filed.
- b) Term of repayment and securities for current borrowings
All the working capital facilities are secured against:
 - i) First pari passu charge on entire current assets of the Company, excluding those kept, stored, lying loose at Unit No. 1, both present and future.
 - ii) Second pari passu charge on the entire movable property, plant and equipment, excluding the movable property, plant and equipment situated or kept at unit no. 1, of the Company.(save and except for vehicles)
 - iii) Second pari passu charge on immovable property, plant and equipment of the Company situated at silvassa plant unit II bearing survey no. 64/2, 64/3, 64/4, 61/1, 61/2, 63/5, 63/7, 62/5 and all the piece and parcel of Industrial non-agricultural land bearing Survey No. 62/5, admeasuring 2700 sq.mtrs., situated at village - Amli, Silvassa Union Territory of Dadra & Nagar Haveli.
 - iv) Fixed Deposits amounting to Rs.0.50 lakhs (As at March 31, 2025 Rs. 0.50 lakhs) pledged as margin money deposit for facilities from Banks. (Refer note no. 10 and 17)
 - v) Sole charge by way of pledge of mutual funds

28 Trade payables

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
At Amortised Cost		
Trade payables:		
Total outstanding dues of Micro and small enterprises	176.33	143.95
Total outstanding dues of creditors other than Micro and small enterprises	3,436.53	3,076.89
Total	3,612.86	3,220.84

Note:

- a) Micro and Small enterprises under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 have been determined based on the information available with the Company and the required disclosure are given below:

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act		
- Principal	176.33	143.95
- Interest	-	-
The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as deductible expenditure under section 23 of MSMED Act, 2006	-	-
Total	176.33	143.95

b) Trade payables ageing details

(Rs in lakhs)

As at March 31, 2026

Particulars	Outstanding for following periods from due date of payment					TOTAL
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	176.33	-	-	-	-	176.33
(ii) Others	2,798.99	332.10	145.31	46.42	45.62	3,368.44
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	68.09	-	68.09
Total Trade payables	2,975.32	332.10	145.31	114.51	45.62	3,612.86

(Rs in lakhs)

As at March 31, 2025

Particulars	Outstanding for following periods from due date of payment					TOTAL
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	143.95	-	-	-	-	143.95
(ii) Others	2,736.08	149.42	46.42	76.89	-	3,008.80
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues Others	-	-	68.09	-	-	68.09
Total Trade payables	2,880.03	149.42	114.51	76.89	-	3,220.84

29 Other financial liabilities

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
At Amortised Costs		
Liabilities for Capital goods	-	353.15
Interest Accrued	11.38	10.30
Unpaid dividend (refer note (i) & (ii))	37.21	31.33
Salaries , wages & other payable	1,201.65	763.03
Bank overdraft with banks	750.71	773.08
Others	1.61	-
At FVTPL		
Forward Contracts	19.73	-
Others (refer note (iii))	166.35	83.47
At FVOCI		
Target Redemption Forwards	3,212.12	-
Total	5,400.77	2,014.37

Note:

- (i) There are no amounts due for payment to the Investor Education and Protection Fund Under Section 125 of Act, as at the year end.
- (ii) Amount of Rs. 12.22 lakhs (P.Y. 2024-25: 14.52 lakhs) is transferred to Investor Education and Protection Fund during the year.
- (iii) Others Include Call Put Option Liability of Rs 166.35 Lakhs

30 Other current liabilities

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Revenue received in advance		
Advance from customers	128.46	218.47
Others		
Statutory dues	106.34	51.64
Total	234.80	270.11

31 Provisions

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits		
Gratuity (Refer note 43)	32.07	24.18
Leave Encashment	23.27	27.08
Total	55.34	51.26

32 Current Tax Liabilities

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Provision for Tax (Net of taxes paid in advance)	70.56	467.86
Total	70.56	467.86

33 Revenue From Operations

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(a) Sale of Products/ Services:		
- Local Sales	15,058.69	18,129.88
- Export Sales	23,150.86	22,793.54
- Sale of Wind Power	504.73	525.90
Sale of Products/ Services	38,714.29	41,449.32
(b) Other Operating Revenues:		
- Export incentives	840.14	810.70
- Sale of Scrap	79.90	106.64
Other Operating Revenues	920.04	917.34
Revenue from operations	39,634.33	42,366.67

Disclosures as per Ind AS 115

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
1a) Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its statement of Profit and loss.		
Revenue from contracts with customers (Transferred at point in time)		
Sale of speciality yarns	38,209.56	40,923.42
Sale of wind power	504.73	525.90
	38,714.29	41,449.32
Sale of Scrap	79.90	106.64
Total revenue from contracts with customers	38,794.19	41,555.97
b) Reconciliation of the revenue from contracts with customers with revenue from operations		
Total revenue from contracts with customers	38,794.19	41,555.97
Export Incentives	840.14	810.70
Total Revenue from operations (Refer note 33)	39,634.33	42,366.67

2 Disaggregate Revenue

The table below presents disaggregated revenues of the Company from contracts with customers by geography/ offerings/ contract-type/market . The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Total revenue from contracts with customers		
Speciality Yarn		
India	15,138.59	18,236.53
Export	23,150.86	22,793.54
Wind Power		
India	504.73	525.90
Total	38,794.19	41,555.97
3 Reconciliation between revenue with customers and contracted price:		
Revenue as per contracted price	39,029.40	41,827.91
Less: Adjustments		
Sales return	(170.77)	(248.85)
Discounts/ Rebates	(64.44)	(23.08)
Revenue from contracts with Customers	38,794.19	41,555.97
4 Sales by performance obligations		
Upon Shipment	38,289.46	41,030.07
Upon Delivery	-	-
Upon Transmission into grid	504.73	525.90
Total	38,794.19	41,555.97

5 Contract balances

The following table provides information about receivables from contracts with customers:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(a) Trade receivables	11,071.12	9,425.78
Allowance as per Expected credit loss model	(147.71)	(42.83)
Total	10,923.41	9,382.95
Trade receivables are non-interest bearing and are generally on terms of up to 180 days.		
(b) Contract liability		
Advances from Customers	128.46	218.47

The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended March 31, 2026.

34 Other Income

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
a) Interest income:		
Instruments measured at amortised costs		
- on fixed deposits with bank	0.27	12.22
- on debentures, INVIT & bonds	149.16	140.19
- on treasury bills	13.86	30.28
- on alternative investment fund	142.62	51.01
- other	23.55	86.78
b) Dividend Income:		
- Dividend Income from investments valued at FVTPL	73.21	58.01
c) Other non-operating Income:		
- Gain on sale of investments valued at FVTPL	1,419.54	922.59
- Gain on Future and option trading	3,534.58	859.81
- Fair valuation gain on Investments	-	33.46
- Gain on Currency Derivative	-	142.22
- Gain or loss on foreign currency transaction and translation (net)	-	63.27
- Miscellaneous Income	388.44	39.61
Total	5,745.22	2,439.45

35 Cost of material consumed

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Inventories at the beginning of the year	2,274.39	1,357.51
Purchases	15,974.38	21,009.11
Inventories at the end of the year	(1,441.32)	(2,274.39)
Total	16,807.45	20,092.22

36 Changes in inventories of finished goods and work in progress

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Closing inventories		
Work-in-progress	2,795.89	3,023.93
Finished goods	2,519.36	2,093.07
Subtotal (A)	5,315.26	5,117.00
Opening inventories		
Work-in-progress	3,023.93	2,601.31
Finished goods	2,093.07	1,523.71
Subtotal (B)	5,117.00	4,125.02
Net (Increase)/decrease in Inventories [(B)-(A)]	(198.25)	(991.98)

37 Employee benefits expense

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries and wages, bonus etc.	1,969.21	1,775.48
Contribution to provident and other funds	235.08	174.66
Staff welfare expenses	60.10	38.63
Total	2,264.39	1,988.77

38 Finance costs

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
At Amortised Cost		
a) Interest expenses		
Interest on borrowings	683.25	809.36
Exchanges differences regarded as an adjustment to borrowing costs	88.74	43.67
Interest expense on lease liability	51.91	53.20
b) Other interest cost at amortised cost		
Interest on GST (Refer Note 60)	-	123.69
Interest on Income tax and TDS	-	34.50
Total	823.90	1,064.42

39 Depreciation and amortisation expenses

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Depreciation on property, plant and equipment	2,253.69	2,231.87
Depreciation charged for right of use assets - building	178.33	167.52
Amortisation of intangible assets	16.46	32.47
Total	2,448.49	2,431.86

40 Impairment Expenses

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Impairment Expenses on Property, Plant and Equipment	453.40	-
Total	453.40	-

The Company has performed an impairment assessment of its Windmill asset in accordance with Ind AS 36 – Impairment of Assets. The recoverable amount of the asset was determined using the Discounted Cash Flow (DCF) method.

As the recoverable amount was lower than the carrying amount, an impairment loss of Rs. 453.40 lakhs has been recognized.

41 Other expenses

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Consumption of stores and spare parts	599.44	460.76
Power and fuel	2,216.27	2,346.26
Consumption of packing materials	1,381.48	1,505.88
Consumption of oils and chemicals	263.73	331.81
Labour charges	3,201.43	3,182.86
Repairs and Maintenance:		
- Building	3.06	30.99
- Machinery	222.16	192.77
- Others	157.09	215.98
Water, waste and effluent treatment charges	94.97	100.31
Rent	113.13	109.91
Gain or loss on foreign currency transaction and translation (net)	1,758.07	-
Insurance	116.74	79.35
Director sitting fees	4.00	8.70
Legal, professional and consultancy charges	1,371.67	442.29
Corporate Social Responsibility Expenses (Refer note 52)	86.85	91.92
GST Expenses (Refer Note 60)	-	205.15
Loss on sale of Property, Plant and Equipment	165.60	182.91
Miscellaneous expenses	377.44	246.68
Business Promotion Expenses	189.88	167.46
Postage and Courier	102.35	37.55
Security Charges	161.03	156.42
Bank Charges	79.07	83.43
Fair valuation loss on Investments	257.76	
Travelling Expenses	79.43	106.54
Provision for Doubtful Loans and Advances (Refer note 61)	-	505.60
Payments to auditor	21.95	21.85
Freight and forwarding charges	1,130.17	1,347.56
Commission on sales	676.47	988.31
Provision for doubtful receivables/advances	104.88	0.24
Total	14,936.11	13,149.50
Payments to auditor:		
- Audit fees	19.50	19.50
- for certifications	1.43	2.10
- Out of pocket expenses	1.03	0.25
Total	21.95	21.85

(Rs. In Lakhs)

42 Earnings per share (EPS)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Profit for the year before exceptional item	8,058.19	5,424.31
Profit for the year after exceptional item	2,625.03	4,984.32
Weighted average number of Equity shares for basic earning per share	8,35,03,000	8,35,03,000
Nominal value of each share (in Rs.)	1	1
Basic and Diluted earning per share before exceptional item (in Rs.)	9.65	6.50
Basic and Diluted earning per share after exceptional item (in Rs.)	3.14	5.97

(Rs in lakhs)

43 Employee benefits**A Defined Contribution plans:**

The company contributes to the Government managed provident and pension fund for all qualifying employees.

Contribution to provident fund of Rs. 151.76 lakhs (March 31, 2025: Rs. 140.20 lakhs) is recognised as an expense and included in "Contribution to provident and other funds" in Statement of Profit and Loss.

B Defined benefit plans:

The Company has defined benefit plan for payment of gratuity to all qualifying employees. It is governed by the Payment of Gratuity Act, 1972. Under this Act, an employee who has completed five years of service is entitled to the specified benefits provided which depends on the employee's length of service and salary at retirement age. The Company's defined benefit plan is funded with Life Insurance Corporation (LIC).

There are no other post retirement benefits provided by the Company.

The present value of the defined benefit obligation, the related current service cost and past service cost, were measured using the projected unit credit method.

Reconciliation in present value of obligations (PVO)

Particulars	As at March 31, 2026	As at March 31, 2025
PVO at the beginning of the year	178.84	154.95
Interest cost	11.71	11.14
Current service cost	23.72	21.46
Benefits paid	(25.28)	(10.67)
Past Service cost	18.43	-
Actuarial (Gains)/Losses	29.41	1.96
PVO at the end of the year	236.83	178.84

(Rs in lakhs)

Reconciliation of Fair value of plan assets:

Particulars	As at March 31, 2026	As at March 31, 2025
Fair value of plan assets at the beginning of the year	62.16	57.91
Adjustments:		
Return on plan assets excl. interest income	0.49	0.02
Interest income	4.07	4.16
Contributions by the employer	-	-
Benefits paid	(2.53)	0.06
Fair value of plan assets at the end of the year	64.19	62.16

(Rs in lakhs)

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

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
PVO of the defined benefit obligation at the end of period	236.83	178.84
Fair value of planned assets at end of year	(64.19)	(62.16)
Net liabilities / (Assets) recognised in the balance sheet	172.64	116.68

Amount recognised in Statement of Profit and Loss

(Rs in lakhs)		
Particulars	2025-2026	2024-2025
Current service cost	23.72	21.46
Past service cost and loss/(gain) on curtailments and settlement	18.43	-
Net interest	7.64	6.98
Net charge to the statement of profit or loss	49.79	28.44

Amount recognised in Other Comprehensive Income (OCI)

(Rs in lakhs)		
Particulars	2025-2026	2024-2025
Actuarial (Gain)/Loss recognised for the period	29.41	1.96
Return on plan assets excluding net interest	(0.49)	(0.02)
Recognised in OCI for the year	28.92	1.94

Expected Payout

(Rs in lakhs)		
Year	2025-2026	2024-2025
Expected Outflow in 1st Year	79.59	53.86
Expected Outflow in 2nd Year	44.05	30.95
Expected Outflow in 3rd Year	28.51	30.66
Expected Outflow in 4th Year	22.81	19.36
Expected Outflow in 5th Year	22.11	15.34
Expected Outflow in 6th to 10th Year	68.30	51.81

The weighted average duration of the defined benefit plan obligations at the end of reporting period is 3.32 years

Major category of plan assets as a % of total plan

The plan assets are being managed by LIC. No further details are made available by the fund manager. (LIC)

Sensitivity analysis

Significant actuarial assumptions for the determination of defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Impact on present value of defined benefit obligation:		
If discount rate is increased by 0.5%	(7.00)	(2.84)
If discount rate is decreased by 0.5%	7.56	2.95
If salary escalation rate is increased by 0.5%	7.04	2.92
If salary escalation rate is decreased by 0.5%	(6.67)	(2.83)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Principal Actuarial Assumptions

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Discount Rate	6.64%	6.55%
Expected rate of return on plan assets	6.64%	6.55%
Expected rate of salary increase	7.00%	7.00%
Employee attrition rate	20.00%	20.00%
Mortality	Indian Assured Lives (2012-14)	Indian Assured Lives (2012-14)

Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

These plans typically expose the Company to actuarial risks such as interest rate risk and salary risk.

- (a) Interest risk: a decrease in the bond interest rate will increase the plan liability.
- (b) Salary risk: the present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, a variation in the expected rate of salary increase of the plan participants will change the plan liability.

C Other short term employee benefits
Short term leave

The expenses towards compensated absences (annual and short term leave) for the year ended March 31, 2026 of Rs. 35.71 lakhs (March 31, 2025: Rs. 37.66 lakhs), which is included in the 'Employee benefits expense' in the Statement of Profit and Loss.

44 Related party disclosures**1 Relationships****(a) Subsidiaries**

Sarla Overseas Holding Limited - Wholly Owned Subsidiary Company

Sarlaflex Inc. - Wholly Owned Subsidiary Company

(b) Fellow subsidiary

Sarla Europe,Lda - Step down Subsidiary Company

Sarlaflex LLC. - Step down Subsidiary Company

Sarla Leverage Lender LLC - Step down Subsidiary Company

Sarla Estate LLC - Step down Subsidiary Company

(c) Joint Ventures of Subsidiary

Savitex SA De C.V., Honduras

MRK SA De C.V., Honduras

Sarla Textstill Filament Sanayi Ticaret A.S.

(d) Entities controlled by Key Managerial Personnel

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

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

Shri Narayani Seva Sansthan
Shivchandrai Jhunjhunwala Charitable Trust
Snow White Properties Private Limited

(f) Directors & Key Managerial Personnel**(i) Executive Director**

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

(ii) Non Executive Directors

Paulo Manuel Castro - Independent and Non Executive Director
Bharat Kishore Jhamvar - Independent and Non Executive Director
Sachin Shashikant Abhiyankar - Independent and Non Executive Director

(iii) Key Managerial Personnel

Kayvanna Shah - Chief Financial Officer (From June 24, 2024)
Radhika Sharma - Company Secretary (From November 04, 2023 till September 30, 2024)
Meena Jain - Company Secretary (From December 10, 2024 till March 31, 2025)
Kapil Yadav - Company Secretary (From April 25, 2025 till September 04, 2025)
Mustafa Manasawala - Company Secretary (From November 11, 2025)

(g) Relatives of Key Managerial Personnel

Vrinda Jhunjhunwala - Relative of Chairman and Managing Director
Sarladevi Jhunjhunwala - Relative of Chairman & Managing Director and Promoter
Krishnakumar and Sons HUF - Relative of Chairman & Managing Director
Madhusudan Jhunjhunwala & Sons HUF - Relative of Chairman & Managing Director and Promoter

2 Details of transactions with above related parties

Nature of Transaction	Subsidiaries		Fellow subsidiary		Entities over which Key Managerial Personnel are able to exercise significant influence		Key Managerial Personnel / Directors		Relatives of Key Managerial Personnel	
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026	Year ended March 31, 2025
(a) Remuneration (including Retirement Benefits)										
Krishna Jhunjhunwala	-	-	-	-	-	-	180.00	-	-	-
Kanav Jhunjhunwala	-	-	-	-	-	-	19.08	-	-	-
Neha Jhunjhunwala	-	-	-	-	-	-	18.00	-	-	-
Kayvanna Shah	-	-	-	-	-	-	43.60	-	-	-
Vrinda Jhunjhunwala	-	-	-	-	-	-	-	12.35	6.00	-
Radhika Sharma	-	-	-	-	-	-	7.74	-	-	-
Meena Jain	-	-	-	-	-	-	1.48	-	-	-
Kapil Yadav	-	-	-	-	-	-	4.76	-	-	-
Mustafa Manasawala	-	-	-	-	-	-	4.42	-	-	-
(b) Sitting Fees										
Bharat Kishore Jhamvar	-	-	-	-	-	-	3.00	-	-	-
Sachin Shashikant Abhiyankar	-	-	-	-	-	-	2.70	-	-	-
(c) Commission paid										
Sarla Europe, LDA	-	-	253.37	234.05	-	-	-	-	-	-
(d) CSR expenditure										
Shivchandrai Jhunjhunwala Charitable Trust	-	-	-	-	75.00	40.00	-	-	-	-

2 Details of transactions with above related parties

Nature of Transaction	Subsidiaries		Fellow subsidiary		Entities over which Key Managerial Personnel are able to exercise significant influence		Key Managerial Personnel / Directors		Relatives of Key Managerial Personnel	
	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026	Year ended March 31, 2025	Year ended March 31, 2026	Year ended March 31, 2025
(e) Sale of Goods										
Sarlaflex Inc.	524.81	-	-	-	-	-	-	-	-	-
(e) Repayment Received Against Advance Given for Goods										
Sarlaflex Inc.	85.39	224.12	-	-	-	-	-	-	-	-
(f) Rent Paid										
Krishna Jhunjhunwala	-	-	-	-	-	-	21.60	21.60	-	-
Madhusudan Jhunjhunwala & Sons HUF	-	-	-	-	-	-	-	-	21.60	21.60
Hindustan Cotton Co.	-	-	-	-	54.00	54.00	-	-	-	-
Key management personnel compensation										
(Rs. In lakhs)										
Particulars										
Short-term employee benefits										
Post-employment benefits										
Others (including sitting fees to non-executive directors)										
2025-26										
2024-25										
409.53										
269.90										
-										
4.00										
5.70										

- (iv) Goods and Service Tax (GST) demand for Rs 13.54 lakhs pertaining to the Input tax credit availed on input services from various suppliers for FY 2017-18 to 2022-23 (As at March 31, 2025: Rs 13.54 Lakhs). The matter is sub-judiciary with the Commissioner of CGST & Central Excise. The company has deposited Rs. 1.35 Lakhs (As at March 31, 2025: Rs 1.35 Lakhs) against the demand under protest.

46.2 Capital Commitments

(Rs. In lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
For capital expenditures (net of advances of Rs. 196.00 lakhs (As at March 31, 2025: Rs. 105.00 lakhs))	112.00	130.00
For capital work in progress (As at March 31, 2025: Rs. NIL))	2,512.58	-
For Investments in Alternative Investment Funds (net of advances of Rs. Nil (As at March 31, 2025: Rs. 15.00 Lakhs))	1,312.59	2,132.09

47 Financial instruments

A Capital Management:

The Company manages its capital structure with a view to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 23 & 27) and total equity of the Company.

The Company's management reviews the capital structure of the Company on an annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the end of the reporting period was as follows:

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Non-current borrowings	3,266.67	1,533.33
Current borrowings (incl current maturities of non-current borrowings)	15,576.30	15,469.21
Total Debt	18,842.97	17,002.55
Equity	50,182.77	51,828.01
Net debt to equity ratio	0.38	0.33

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

i) Classification of Financial Assets and Liabilities:

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Financial assets		
At Amortised cost		
Investments in Debentures	-	-
Investment in Treasury Bill	155.41	241.16
Trade receivables	10,923.41	9,382.95
Cash and cash equivalents	206.34	170.70
Bank balances other than above	38.35	35.30
Loans	53.77	23.15
Other financial assets	2,383.02	1,281.29
At Fair value through Profit and Loss		
Investments in Equity Shares	3,928.72	4,628.38
Investments in Exchangeable Traded Funds	5,602.95	1,219.86
Derivative contracts	-	25.35
Investments in Debentures	324.15	-
Investments in INVIT	2,414.45	537.83
Investments in Mutual Funds	19,830.00	20,662.75
Investments in Alternative Investment Fund	4,538.45	1,269.72
Total	50,399.03	39,478.44
Financial liabilities		
At Amortised cost		
Borrowings	18,842.97	17,002.55
Lease Liabilities	676.51	828.28
Trade payables	3,612.86	3,220.84
Other Financial liabilities	5,234.41	1,930.90
At Fair value through Profit and Loss		
Derivative contracts - Future and Options Trading	166.35	83.47
Total	28,533.10	23,066.04

Note: Above table excludes Investment in subsidiaries which are measured at cost. (Refer note 7)

ii) Fair Value Measurements (Ind AS 113):

The fair value of the Financial Assets and Liabilities are included at the amount, at which instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments based on the input that is significant to the fair value measurement as a whole:

Level 1:	This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of all Equity Shares which are traded on the stock exchanges, is valued using the closing price at the reporting date.
Level 2:	The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.
Level 3:	If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Particulars	(Rs in lakhs)	
	Fair Values	
	As at March 31, 2026	As at March 31, 2025
Financial Assets at Fair Value through Profit and Loss		
Investments in quoted equity shares (Level 1)	2,783.33	3,628.39
Investments in Exchangeable Traded Funds (Level 1)	5,602.95	1,219.86
Derivative contracts (Level 2)	-	25.35
Investments in debentures (Level 2)	324.15	-
Investments in INVIT (Level 2)	2,414.45	537.83
Investments in Mutual Funds (Level 2)	19,830.00	20,662.75
Investments in Alternative Investment Funds (Level 3)	4,538.45	1,269.72
Investments in unquoted equity shares (Level 3)	1,145.39	999.99
Total	36,638.73	28,343.89

The management assessed that cash and bank balances, trade receivables, loans, trade payables, borrowings (cash credit, foreign currency loans, working capital loans) and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

During the reporting period ending March 31, 2026 and March 31, 2025, there was no transfer between level 1 and level 2 fair value measurement.

Key Inputs for Level 1 and 2 Fair valuation Technique:

1. Mutual Funds: Based on Net Asset Value of the Scheme (Level 2)
2. Derivative (forward) contracts : The fair value is determined using quoted forward exchange rates at the reporting date. (Level 2)
3. Debentures: Based on comparable instruments (Level 2)
4. Listed Equity Investments (other than Subsidiaries): Quoted Bid Price on Stock Exchange (Level 1)

48 Financial risk management objectives (Ind AS 107)

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The key risks and mitigating actions are also placed before the Audit Committee of the Company.

The Company has exposure to the following risks arising from financial instruments:

- A) Credit risk;
- B) Liquidity risk; and
- C) Market risk

A Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from financial assets such as trade receivables, investments in mutual funds, alternative investment funds, preference shares, debentures, derivative financial instruments, other balances with banks, loans and other receivables.

Trade and other receivables

Customer credit is managed by each business unit subject to the Company's established policies, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 0 to 180 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Company does not hold collateral as security. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

The Company measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

The following table provides information about the exposure to credit risk and Expected Credit Loss Allowance for trade and other receivables:

Particulars	As at March 31, 2026	As at March 31, 2025
Up to 180 days	10,737.35	8,826.07
181-365 days	80.55	499.14
Above 365 days	253.22	100.56
Total	11,071.12	9,425.78

Movement in allowances as per expected credit loss model

Particulars	(Rs in lakhs)	
	As at March 31, 2025	As at March 31, 2024
Balance at beginning of the year	42.83	42.58
Movement in expected credit loss allowance	104.88	0.25
Balance at end of the year	147.71	42.83

Loans

The Company has given interest free unsecured loan to subsidiary, Sarlaflex Inc. The subsidiary has suspended its manufacturing operations since December, 2017 and has a negative net worth as on March 31, 2026. Credit risk have been increased significantly for these loans and accordingly necessary impairment provisions have been made.

Other financial assets

The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in Equity Shares, preference shares, Exchangeable Traded Funds, debentures, INVIT, treasury bills, government securities, mutual funds, alternative investments funds and derivative contracts. The Group has diversified portfolio of investment with various number of counter-parties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Management of the Group.

B Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by Company through effective fund management. The Company's principal sources of liquidity are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Company believes that current cash and cash equivalents, tied up borrowing lines and cash flow that is generated from operations is sufficient to meet requirements. Accordingly, liquidity risk is perceived to be low.

The following are the remaining contractual maturities of financial liabilities at the reporting date. Amounts disclosed are the contractual un-discounted cash flows.

Maturity analysis of significant financial liabilities

(Rs in lakhs)

Particulars	As at March 31, 2026			As at March 31, 2025		
	Carrying amount	Contractual cash flows		Carrying amount	Contractual cash flows	
		Upto 1 year	More than 1 year		Upto 1 year	More than 1 year
Financial liabilities						
Borrowings (including Current Maturities of Long-Term Borrowings)	18,842.97	15,576.30	3,266.67	17,002.55	15,469.21	1,533.33
Trade and other payables	3,612.86	3,612.86	-	3,220.84	3,220.84	-
Other financial liabilities	5,234.41	5,234.41	-	1,930.90	1,930.90	-
Futures & Option Trading	166.35	166.35	-	83.47	83.47	-
Lease Liabilities	676.51	226.13	450.38	828.28	148.32	679.97
Total	28,533.10	24,816.06	3,717.05	23,066.04	20,852.74	2,213.30

C Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

I Currency Risk

The Company is exposed to currency risk on account of its operating and financing activities. The functional currency of the Company is Indian Rupee. Company's exposure is mainly denominated in U.S. dollars (USD). The USD exchange rate has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Company has put in place a Financial Risk Management Policy to identify the most effective and efficient ways of managing the currency risks. The Company uses derivative instruments (mainly foreign exchange forward contracts) to mitigate the risk of changes in foreign currency exchange rate.

The Company does not use derivative financial instruments for trading or speculative purposes.

Exposure to currency risk

The currency profile of financial assets and financial liabilities are as below:

(Rs in lakhs)

Particulars	As at March 31, 2026			As at March 31, 2025		
	USD	GBP	EURO	USD	GBP	EURO
Financial assets						
Cash and cash equivalents	-	-	143.64	25.54	-	0.00
Trade receivables	4,629.70	390.63	1,315.04	2,796.90	359.66	1,178.61
Loans	219.51	-	-	219.51	-	-
Less: Foreign currency forward exchange contracts	-	-	(272.52)	(171.16)	-	(553.95)
Net exposure for assets	4,849.21	390.63	1,186.17	2,870.79	359.66	624.67
Financial liabilities						
Foreign Currency Loans	-	-	-	-	-	-
Short term borrowings	-	-	-	-	-	-
Trade and other payables	2,463.37	-	-	2,205.64	-	2.79
Less: Foreign currency forward exchange contracts	-	-	-	-	-	-
Net exposure for liabilities	2,463.37	-	-	2,205.64	-	2.79
Net exposure (Assets - Liabilities)	2,385.83	390.63	1,186.17	665.15	359.66	621.88

Sensitivity analysis

The following table details the Company's sensitivity to a 5% increase and decrease in the Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. This is mainly attributable to the net exposure outstanding on receivables or payables in the Company at the end of the reporting period. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rate. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. In cases where the related foreign exchange fluctuation is capitalised to fixed assets or recognised directly in reserves, the impact indicated below may affect the Company's income statement over the remaining life of the related fixed assets or the remaining tenure of the borrowing respectively.

Impact on profit or loss

(Rs in lakhs)

Particulars	Increase in Exchange rate by 5%		Decrease in Exchange rate by 5%	
	For the year ended March 31, 2026	For the year ended March 31, 2025	For the year ended March 31, 2026	For the year ended March 31, 2025
USD	119.29	33.26	(119.29)	(33.26)
GBP	19.53	17.98	(19.53)	(17.98)
EURO	59.31	31.09	(59.31)	(31.09)

II Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing market interest rates. The Company's exposure to the risk due to changes in interest rates relates primarily to the Company's short-term and long term borrowings with floating interest rates. The Company constantly monitors the credit markets and revisits its financing strategies to achieve an optimal maturity profile and financing cost.

The Company has given interest free loan to Subsidiaries for business purpose.

The Company's investments in term deposits (i.e., certificates of deposits) with banks, investments in preference shares, mutual funds and debentures are at fixed interest rate and therefore do not expose the Company to significant interest rates risk.

Interest Rate Exposure:

(Rs in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Term loans - long term		
Floating Rate Borrowings	-	-
Fixed Rate Borrowings	4,033.33	2,300.00
Short term borrowings	9,242.28	14,702.55
Total	13,275.61	17,002.55

Interest rate sensitivities for floating rate borrowings :

(Rs in lakhs)

Movement in rate	Increase in interest rate by 0.25%		Decrease in interest rate by 0.25%	
Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025	For the year ended March 31, 2026	For the year ended March 31, 2025
Short term borrowings	(23.11)	(36.76)	23.11	36.76

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period.

III Price Risk

The Company has deployed its surplus fund into various financial instruments including units of mutual fund, bond, debentures etc. The Company is exposed to price risk on such investments, which arises on account of interest rate, liquidity and credit quality of underlying securities.

49 Hedge Accounting

The objective of hedge accounting is to represent, in the Company's financial statements, the effect of the Company's use of financial instruments to manage exposures arising from particular risks that could affect profit or loss.

Currency risk-

The Company's risk management policy is to hedge its estimated foreign currency exposure in respect of highly forecasted sales. The Company uses forward exchange contracts to hedge its currency risk. Such contracts are generally designated as fair value hedges. Company's policy is to match the critical terms of the forward exchange contracts with that of the hedged item.

For derivative contracts designated as hedge, the Company documents at inception the economic relationship between the hedging instrument and the hedged item, the hedge ratio, the risk management objective for undertaking the hedge and the methods used to assess the hedge effectiveness. The hedging book consists of transactions to hedge balance sheet assets or liabilities. The tenor of hedging instrument may be less than or equal to the tenor of underlying hedged asset or liability.

Financial contracts designated as hedges are accounted for in accordance with the requirements of Ind AS 109 depending upon the type of hedge.

Hedge effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. The Company assesses hedge effectiveness both on prospective and retrospective basis. The prospective hedge effectiveness test is a forward looking evaluation of whether or not the changes in the fair value or cash flows of the hedging position are expected to be highly effective on offsetting the changes in the fair value or cash flows of the hedged position over the term of the relationship.

On the other hand, the retrospective hedge effectiveness test is a backward-looking evaluation of whether the changes in the fair value or cash flows of the hedging position have been highly effective in offsetting changes in the fair value or cash flows of the hedged position since the date of designation of the hedge. Hedge effectiveness is assessed through the application of critical terms match method/Dollar offset method. Any ineffectiveness in a hedging relationship is accounted for in the statement of profit and loss

Sr. No.	Type of risk / hedge position	Hedged item	Description of hedging strategy	Hedging instrument	Description of hedging instrument	Type of hedging relationship
1	Market Volatility Risk	Target Redemption Forwards (TRF)	Mitigate the impact of fluctuations in foreign exchange rates.	Target Redemption Forwards	Company uses TRF for managing foreign exchange risks on regular forecasted cash flows	Cash flow hedge

The tables below provide details of the derivatives that have been designated as hedges for the periods presented:

(Rs. Lakhs)

As at 31 March 2026										
	Notional principal amounts (Net)	Derivative financial instruments - assets	Derivative financial instruments - liabilities	Change in fair value for the year	Change in fair value for the year recognized in OCI	Ineffectiveness recognized in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from the hedge reserve to (profit) or loss	Line item in profit or loss affected by the reclassification	Balance in cash flow hedge reserve*
TRF (EURO)	32,265.89	-	2,081.89	(2,081.89)	(2,081.89)	NA	NA	-	NA	(2,081.89)
TRF (USD)	24,607.78	-	1,130.23	(1,130.23)	(1,130.23)	NA	NA	-	NA	(1,130.23)

50. Financial Performance Ratios:

(Rs in lakhs)

Ratio	Numerator	Denominator	March 31, 2026	March 31, 2025	% Variation	Reason for variation
Current Ratio (Times)	Current Assets	Current Liabilities	1.23	1.18	3.91%	
Debt-Equity Ratio (Times)	Total Debt	Shareholder's Equity	0.38	0.33	15.15%	
Debt Service Coverage Ratio (Times)	Earnings available for debt service	Debt Service	0.33	0.82	-59.76%	Decreased due to Loss on Sale of Preference Shares
Return on Equity Ratio (%)	Net Profits after taxes - Preference Dividend	Average Shareholder's Equity	5.15%	10.10%	-49.01%	Decreased due to Loss on Sale of Preference Shares
Inventory turnover ratio (Times)	Cost of goods sold	Average Inventory	4.80	5.35	-10.28%	
Trade Receivables turnover ratio (Times)	Net Credit Sales	Avg. Accounts Receivable	3.90	4.58	-14.85%	
Trade payables turnover ratio (Times)	Net Credit Purchases	Average Trade Payables	8.99	9.59	-6.26%	
Net capital turnover ratio (Times)	Net Sales	Working Capital	8.13	7.37	10.31%	
Net profit ratio (%)	Net Profit	Net Sales	6.62%	11.76%	-43.71%	Decreased due to Loss on Sale of Preference Shares
Return on Capital employed(%)	Earning before interest and taxes	Capital Employed	4.51%	10.58%	-57.37%	Decreased due to Loss on Sale of Preference Shares
Return on Investment (%)	Income from Investment	Average Investment	15.95%	8.78%	81.75%	Increase due to higher returns from Futures & Options

Note: Explanation for change in ratio by more than 25%

51 Leases

(Rs in lakhs)

I Disclosure in respect of operating lease (as Lessee):

a) Additions to right of use assets during the reporting year ended March 31, 2025 and its carrying value as on that date

Particulars	As at March 31, 2026	As at March 31, 2025
Addition of right-of-use assets that do not meet the definition of investment property		
Lease hold Land and Buildings	0.00	786.02
Total	0.00	786.02
Depreciation charged during the current year		
Lease hold Land and Buildings	178.77	167.95
Total	178.77	167.95
Carrying value of Right-of-use assets		
Lease hold Land and Buildings	645.72	826.93
Total	645.72	826.93

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

Particulars	As at March 31, 2026	As at March 31, 2025
Balance at the beginning of the year	828.29	190.65
Additions	48.19	824.01
Payment of lease liabilities	(199.97)	(186.38)
Total Lease liabilities	676.51	828.29

(c) Maturity Analysis of Lease liabilities

Maturity analysis for lease hold Land and Buildings	As at March 31, 2026	As at March 31, 2025
Less than one year	176.53	164.39
One to five years	598.74	581.82
More than five years	27.02	188.74
Total undiscounted lease liabilities for the year ended	802.29	934.95
Lease liabilities included in the statement of financial position		
Current	226.13	148.32
Non-current	450.38	679.97
Total Lease Liabilities	676.51	828.28

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

Particulars	As at March 31, 2026	As at March 31, 2025
Depreciation charge for right-of-use assets	178.77	167.95
Interest on lease liabilities (included in finance cost)	51.91	53.20
The expense relating to short-term leases	-	-
The expense relating to leases of low-value assets	-	-
The expense relating to variable lease payments not included in the measurement of lease liabilities	-	-
Income from subleasing right-of-use assets	-	-
Gains or losses arising from sale and leaseback transactions	-	-
Total Amount recognised in the statement of profit or loss	230.68	221.15

(e) Amount recognised in the statement of cash flows

Particulars	As at March 31, 2026	As at March 31, 2025
Total cash outflow for leases (excluding short-term leases, leases of low-value assets)	199.97	186.38

52 CSR Expenditure

a) Gross amount required to be spent by the Company during the year - Rs. 86.31 lakhs (March 31, 2025: Rs.91.92 lakhs)

b) Amount spent during the year

For the year ended March 31, 2026						Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the amount of provision made and movements in the provision during the year.
Opening Balance	Amount required to be spent during the year	Amount spent during the year	(Shortfall)/Excess for the year	Total of previous years shortfall	Reason for shortfall	
6.34	86.31	82.00	2.03	-	Medical Facilities and Social engagement awareness campaign.	N.A.
					Contributed to Shivchandrai Jhunjhunwala Charitable Trust which is related party	
For the year ended March 31, 2025						Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the amount of provision made and movements in the provision during the year.
Opening Balance	Amount required to be spent during the year	Amount spent during the year	(Shortfall)/Excess for the year	Total of previous years shortfall	Reason for shortfall	
45.11	91.92	53.15	6.34	-	Medical Facilities and Social engagement awareness campaign.	N.A.
					Out of above, Rs. 40.00 lakhs Contributed to Shivchandrai Jhunjhunwala Charitable Trust which is related party.	

53 Exceptional Item**During FY 2024-25**

- (a) Impairment loss recognized in statement of Profit and Loss (as an exceptional item): Rs. 440 lakhs
- (b) Recoverable amount: Rs. 2,600.60 lakhs
- (c) Value in use: Rs. 5,544 lakhs
- (d) Carrying Amount: Rs. 5,984 lakhs
- (e) Assumptions used for valuation by an external expert:
 - Valuation is carried out under Ind AS 36, Discounted Cash Flow is worked out with a weighted average Cost of Capital 10%
 - The Future projected Cash Flows were taken into consideration for discounting purposes

54 During FY 2025-26

The Company incorporated Sarla Flex Inc., a wholly owned subsidiary (WOS), in 2012 and had subscribed to 9,89,000 Equity Shares of USD 1 each aggregating to USD 9,89,000 (Equivalent value of investment in INR 596.50 Lakhs).

During FY 2019-20, 11, 1% Non-Cumulative Redeemable Preference Shares (NCRPS) of USD 1,000,000 each was issued by the WOS against the outstanding loan of USD 11,000,000 due to the financial health of the said WOS.

The WOS has suspended its manufacturing operations since December 2017 and had a negative net worth as on 31st March 2025 and 30th September 2025. Due to these circumstances the Company decided to liquidate its investment in the NCRPS.

Due to negative net worth, the WOS had insufficient assets to cover its liabilities and in the situation of distress, recovery was limited to residual assets after debt settlement, resulting in a significant haircut.

Owing to the above scenario, the Company intimated to the Reserve Bank of India (RBI) vide its letter dated 16th February 2026 about its intention to sale the NCRPS at USD 11,000 each to a foreign entity and also to grant permission to write off the losses resulting out of this sale transaction.

Since the buyer wanted to close the transaction immediately, the Company executed the Share Purchase Agreement on 6th March 2026 while the RBI approval was still awaited.

This sale transaction resulted into a loss amounting to Rs. 7,713.26 lakhs. The provision for impairment created in earlier years aggregated to Rs. 2,280.10 lakhs.

Accordingly, after reversing the aforesaid provision, the net impact of Rs. 5,433.16 lakhs is shown as an Exceptional Item in the statement of Profit and Loss for the year ending 31st March 2026.

The Company has written to its Authorized Dealer (AD Bank) to release the funds received as a result of the sale transaction, however, as the regulatory approval is still awaited the AD Bank has withheld the credit of sale proceeds to the Company's account.

The management believes that there is no uncertainty regarding the approvals and the receipt of the aforesaid consideration and has accordingly taken the impact in the Financial Statements.

55 Other disclosures

1. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
2. The Company is not declared as wilful defaulter by any bank or financial Institution or other lender.
3. There is no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
4. The Company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

5. The Company have not traded or invested in Crypto currency or Virtual Currency during the year.
6. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period except few charges, for which the company is in process of satisfying charge against which payment has been made.
7. The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
8. The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
9. The Company has complied with the requirement in respect of number of layers prescribed under Section 2(87) of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rule, 2017.

56 (a) Advance(s) in the nature of Loan as per Regulation 34 (3) read with schedule V of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

(Rs in lakhs)

Particulars	Relationship	31.03.2026	31.03.2025
Name of the loanee - Sarlaflex Inc.	Wholly owned Subsidiary		
In respect of Inter Corporate Deposits			
Amount as at year end		219.51	219.51
Maximum amount outstanding		219.51	213.74

- (b) Particulars of Loans, Guarantees or Investments covered under section 186(4) of the Companies Act, 2013

Name of the Party	Nature	Amount	Purpose
Sarla Overseas Holding Ltd	Investments in Equity Shares	183.22	Capital Investment
Sarlaflex Inc.*	Investments in Equity Shares	596.50	Capital Investment
	Investments in Preference Shares	-	Capital Investment
	Inter - Corporate Loans	219.51	Capital Expenditure and Working Capital

* Excluding Impact of Impairment provisions

57 Relationship with Struck off Companies

(Rs. In Lakhs)

Sr. No.	Name of struck off Company	Nature of transactions with struck off Company	Transaction during the year ended March 31, 2026	Balance outstanding as on March 31, 2026	Transaction during the year ended March 31, 2025	Balance outstanding as on March 31, 2025	Relationship with the Struck off company
1	DeSimran Cartons Pvt Ltd	Advance paid towards purchase of Property	55.00	0.00	--	55.00	Seller
		Security Deposit against Lease of property	56.31	0.00	--	56.31	Lessor
2	Blue Blends (India) Limited	Sale of yarn	--	104.00	--	104.00	Customer

Note- The Company has initiated legal proceedings against both the above Companies for claiming the outstanding amount and the same is sub-judiced. The balances whether recoverable will be decided on the basis of Hon'ble Court's judgement.

58 The Proposed remuneration to Director for FY 2025-26 is in excess of the limits prescribed by section 197 read with Schedule V of the Act. The same is subject to approval of the members in the ensuing annual general meeting.

59 On November 21, 2025, the Government of India notified the four Labour Codes - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 - consolidating 29 existing labour laws. The Ministry of Labour & Employment published draft Rules and FAQs to enable assessment of the financial impact due to changes in regulations. The Company has assessed the impact of the changes, consistent with the Labour Codes, draft rules and FAQs.

Considering the regulatory-driven nature of this impact, the Company has presented such incremental impact of INR 18.37 lakhs in the standalone Statement of profit and loss for the year ended on March 31, 2026. The Company continues to monitor the finalisation of Central / State Rules and clarifications from the Government on other aspects of the Labour Code and would provide appropriate accounting effect as appropriate.

60 For the Financial Year 2024-25, the company had paid Rs.359.85 lakhs inclusive of interest and penalty towards the liabilities arising from disallowance of input tax credit pursuant to an audit conducted by GST authorities from FY 2018-19 to 2022-23.

This amount has been recognized in the statement of Profit and Loss under the head "Other Expenses" and "Finance Cost".

61 For the Financial Year 2024-25, the company had made a provision aggregating to Rs. 505.60 lakhs against the loan and advances given to the wholly owned subsidiary company.

This amount has been recognized in the statement of Profit and Loss under the head "Other Expenses".

62 Events after the reporting period

No adjusting or significant non - adjusting events have occurred between the reporting date (March 31, 2026) and the report release date (April 22, 2026)

63 Figures for previous year have been regrouped, wherever necessary

As per our attached report of even date

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

SURESH AGASKAR
Partner
Membership No. 110321

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director
(DIN: 00097175)

KANAV JHUNJHUNWALA
Whole Time Director
(DIN: 09507192)

KAYVANNA SHAH
Chief Financial Officer

MUSTAFA MANASAWALA
Company Secretary

Place: Mumbai
Date: April 22, 2026

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

SARLA PERFORMANCE FIBERS LIMITED

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of Sarla Performance Fibers Limited ("the Holding Company") and its subsidiaries (the Holding Company and Subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31st March 2026, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended and notes to the consolidated financial statements, including a summary of Material accounting policies and other explanatory information (hereinafter referred to as "the Consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2025, its consolidated loss including other comprehensive loss, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Qualified Opinion

We draw attention to Note No. 57 to the consolidated financial statements, wherein the Holding Company recognized loss of Rs. 7,713.26 lakhs on sale of 1% Non-Cumulative Redeemable Preference Shares held in its wholly owned subsidiary, Sarla Flex Inc.

For the sale and write off of the loss for the above transaction and subsequent receipt of the sales proceeds, the Holding company has applied for the necessary approvals from the regulators and the same is still awaited as on date of our report.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on consolidated financial statements.

Emphasis of Matters

- a) As reported in the component auditor's report of Sarlaflex Inc., a subsidiary, the Financial results of the company is prepared on 'Going Concern' basis in spite of suspension of manufacturing operations since December 2017 and net worth becoming negative;
- b) As reported in the component auditor's report of SOHL, the investments made by SOHL in three Joint Ventures are not consolidated on account of non-resolution of disputes, or non-receipt of financial statements for the year ended 31st March, 2026. Though these investments have been tested for impairment and necessary provisions have been made in FY 2017-18 on transition to Ind AS, we are unable to comment about impact of the same on the consolidated financial statements;

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr no	Key Audit Matter	Auditor's Response
1.	Litigations, Provisions and contingent liabilities The Company has litigations which also include matters under dispute involving significant Management judgement and estimates on the possible outcome of the litigations and consequent provisioning thereof or disclosure as contingent liabilities. Refer Note 47.1 to the consolidated financial statements.	Principal Audit Procedures As part of audit process, we obtained from the Holding Company's Management details of matters under dispute including ongoing and completed tax assessments, demands and litigations. Our audit approach for the above consists of the following audit procedures: - Evaluated and tested the basis of maintaining the tracker relating to the litigation and open tax positions maintained by the Holding Company capturing the details of ongoing litigations and process followed to decide provisioning or disclosure as Contingent Liabilities; - Evaluated management's assessment of such litigations, including the determination of probability of outflow and related financial impact, in accordance with the principles of Ind AS 37; - Discussed with Holding Company's management for sufficient understanding of on-going and potential legal matters impacting the Company; We involved our internal experts, where necessary, to evaluate the Management's underlying judgements in making their estimates with regard to such matters.
2.	Information Technology (IT) systems and controls over financial reporting We identified IT systems and controls over financial reporting as a key audit matter for the Holding Company because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, specifically with respect to revenue and inventories. Also, due to large transaction volumes and the increasing challenge to protect the integrity of the Holding Company's systems and data, cyber security has become more significant; Automated accounting procedures and IT environment controls, which include IT governance, IT general controls over program development and changes, access to program and data and IT operations, IT application controls and interfaces between IT applications are required to be designed and to operate effectively to ensure accurate financial reporting.	We applied the following audit procedures among others, to obtain sufficient and appropriate audit evidence, by our IT Specialist: - Obtain an understanding of the Holding Company's information processing environment, including the IT General Controls (ITGCs) and automated application controls related to systems and database Tested IT General Controls related to User access management (including controls over access provisioning, de-provisioning) change management processes for application and infrastructure changes, segregation of duties around program development, back up management and disaster recovery and audit trail relating to key financial accounting and reporting processes. - Evaluated the Holding Company's periodic access rights reviews, including inspection of approvals for system access changes and role assignments. - Assessed the operating effectiveness of IT application controls including for audit trail (audit log) in the key processes impacting financial reporting of the Holding Company on test check basis.

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

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

expected to be made available to us after the date of this audit report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The Holding Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated statement of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group in accordance with the accounting principles generally accepted in India including the Ind AS specified under section 133 of the Act. The respective Management and Board of Directors of the Companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection of the appropriate accounting software for ensuring compliance with applicable laws and regulations including those related to retention of audit logs 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.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the Companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern

basis of accounting unless respective Management and Board of Directors either intends to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.

The respective Management and Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company have adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of Management and Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty

exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are independent auditors and whose financial information we have audited to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion; Our responsibilities in this regard are further described in 'Other Matter' paragraph in this audit report.
- Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors (i) in planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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

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

applicable, related safeguards;

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

Other Matter

We did not audit the financial statements of two subsidiaries included in the statement, whose financial statements reflect total assets of Rs. 3065.22 lakhs, total liabilities of Rs. 10194.70 lakhs as at 31st March, 2026; total revenue of Rs. 1264.21 lakhs and total comprehensive loss (before consolidation adjustments) of Rs 2335.70 lakhs for the year ended 31st March, 2026 as considered in the Consolidated Financial Results. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors, and such other procedures performed by us as stated in the preceding paragraph above.

These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's Management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. The conversion adjustments made by holding company's management has been audited by other auditors. Our opinion, in so far as it relates to the balances and affairs of such subsidiaries is based on the report of other auditors and conversion adjustments prepared by the Management of the Holding Company and audited by other auditors;

Our opinion is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. Reporting under Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act is not applicable to subsidiaries incorporated outside India, hence, our report

on consolidated financial statements does not contain a statement on the matters specified in paragraph 3(xxi) of the Order.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of subsidiaries, as were audited by other auditors, as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

- a) We have sought and, except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of accounts as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Loss), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements comply with the Ind AS;
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2026 taken on record by the Board of Directors of the Holding Company, none of the director of the Holding Company is disqualified as on 31st March, 2026 from being appointed as a director in terms of Section 164(2) of the Act;
- f) As per the Guidance Note on 'Audit of Internal Financial Controls over Financial Reporting' (revised) issued by Institute of Chartered Accountants of India, since there are no subsidiaries incorporated in India, no reporting on the adequacy of the

internal financial controls with reference to financial statements of subsidiaries and the operating effectiveness of such controls is required. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and operating effectiveness of such controls, refer to our report in 'Annexure B' of the standalone financial statements;

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group (Refer note 47.1 to the consolidated financial statements);
 - ii. The Group has made provision in the consolidated financial statements, as required under the applicable law or Indian accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company
 - iv. a) The Management of the Holding Company has represented that, to the best of its knowledge and belief, as disclosed in note no. 58 (7) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing

or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- b) The Management of Holding Company has represented, that, to the best of its knowledge and belief, as disclosed in note no. 58 (8) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been received by the Holding Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under iv (a) and iv (b) above, contain any material misstatement.
- v. The final dividend paid by the Holding Company during the year in respect of F.Y 2024-2025 is in accordance with Section 123 of the Act to the extent it applies to payment of Dividend
As stated in Note no. 23.7 to the Consolidated Financial Statements,

the Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act to the extent it applies to declaration of dividend

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

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

3. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and to the best of our information and according to the explanations given to us, as stated in Note No. 60, the remuneration to directors for FY 2025-26 is in excess of the limits prescribed by section 197 read with Schedule V of the Act. The same is subject to approval of the members in the ensuing annual general meeting.

For **C N K & Associates LLP**
Chartered Accountants

Firm Registration Number: 101961W/W-100036

Suresh Agaskar

Partner

Membership No.: 110321

UDIN: 26110321HQNME17862

Place: Mumbai

Date: April 22, 2026

Consolidated Balance Sheet as at 31st March 2026

(Rs in lakhs)			
Particulars	Note No.	As at March 31, 2026	As at March 31, 2025
I ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	4	21,749.01	23,866.45
(b) Capital Work in progress	5	443.40	-
(c) Other Intangible assets	6	21.28	30.62
(d) Financial Assets			
(i) Investments accounted for using equity method	7	-	-
(ii) Other Investments	8	28,407.86	23,625.44
(iii) Loans	9	30.08	8.35
(iv) Other financial assets	10	66.20	82.93
(e) Non current Tax Assets (Net)	11	226.22	44.32
(h) Deferred Tax Assets (Net)		1.52	-
(f) Other non-current assets	12	578.17	412.33
Total non-current assets		51,523.75	48,070.43
(2) Current assets			
(a) Inventories	13	7,736.42	9,992.12
(b) Financial Assets			
(i) Investments	14	8,386.28	4,934.25
(ii) Trade receivables	15	11,469.88	9,444.71
(iii) Cash and cash equivalents	16	269.32	248.24
(iv) Bank balances other than (iii) above	17	38.35	35.30
(v) Loans	18	23.69	14.81
(vi) Other financial assets	19	2,316.82	1,223.72
(c) Other current assets	20	1,329.45	1,302.87
Total current assets		31,570.20	27,196.01
Total Assets		83,093.96	75,266.44
II EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	21	835.03	835.03
(b) Preference Share Capital	22	7,824.85	-
(c) Other Equity	22	42,814.73	48,151.90
Equity attributable to equity share holders		51,474.61	48,986.93
Non-controlling interests		(11.24)	6.86
Total equity		51,463.37	48,993.79
Liabilities			
(1) Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	3,525.64	1,775.42
(ia) Lease Liabilities	24	450.38	679.97
(b) Provisions	25	160.57	112.50
(c) Deferred tax liabilities (Net)	26	1,586.42	1,883.99
Total non-current liabilities		5,723.02	4,451.87
(2) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	27	15,576.30	15,469.21
(ia) Lease Liabilities		226.13	148.32
(ii) Trade payables	28		
(A) total outstanding dues of micro enterprises and small enterprises		176.33	143.95
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		3,437.91	3,078.84
(iii) Other financial liabilities	29	5,400.77	2,014.37
(b) Other current liabilities	30	964.18	446.91
(c) Provisions	31	55.34	51.26
(d) Current Tax Liabilities (Net)	32	70.56	467.86
Total current liabilities		25,907.51	21,820.73
Total Liabilities		31,630.52	26,272.60
Total Equity and Liabilities		83,093.96	75,266.44

The accompanying notes are an integral part of the financial statements
As per our attached report of even date

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

SURESH AGASKAR
Partner
Membership No. 110321

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director
(DIN: 00097175)

KANAV JHUNJHUNWALA
Whole Time Director
(DIN: 09507192)

KAYVANNA SHAH
Chief Financial Officer

MUSTAFA MANASAWALA
Company Secretary

Place: Mumbai
Date: April 22, 2026

Consolidated Statement of profit and loss for the year ended 31st March, 2026

(Rs in lakhs)				
Sr. No.	Particulars	Note No.	For the Period ended March 31, 2026	For the year ended March 31, 2025
I	Revenue from Operations	33	40,123.22	42,710.09
II	Other Income	34	5,664.60	2,518.92
III	TOTAL INCOME (I+II)		45,787.82	45,229.01
IV	Expenses			
(a)	Cost of materials consumed	35	17,353.42	20,082.27
(b)	Changes in inventories of finished goods and work-in-progress	36	720.67	(1,015.68)
(c)	Employee benefits expense	37	2,446.12	2,128.54
(d)	Finance costs	38	823.90	1,064.42
(e)	Depreciation and Amortization expenses	39	2,523.15	2,502.16
(f)	Impairment Expenses	40	453.40	-
(f)	Other expenses	41	15,294.79	12,581.43
	TOTAL EXPENSES (a to f)		39,615.45	37,343.14
V	Profit before share of net profits of investment accounted for using equity method and tax (III-IV)		6,172.37	7,885.87
	Exceptional item		(7,713.26)	-
VI	Profit before share of net profits of investment accounted for using equity method and tax (III-IV)		(1,540.89)	7,885.87
	Share of net profit/(loss) of Joint ventures accounted for using the equity method		-	-
VII	Profit before tax (V+VI)		(1,540.89)	7,885.87
VIII	Tax expense:			
	Current tax		212.17	2,091.09
	Deferred tax		(304.85)	(458.00)
	Adjustments for earlier years		(116.58)	16.86
	Total tax expense		(209.26)	1,649.96
IX	Profit / (Loss) for the year (VII-VIII)		(1,331.62)	6,235.91
X	Other Comprehensive Income ('OCI')			
A	(i) Items that will not be reclassified to profit or loss			
	Remeasurement of defined benefit plan		28.92	(1.94)
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	Remeasurement of defined benefit plan		(7.28)	0.49
	Total (A)		21.64	(1.45)
B	(i) Items that will be reclassified to profit or loss			
	Foreign exchange differences in translating financial statements of foreign operations		247.89	(79.64)
	Cash Flow Hedge		(4,292.44)	-
	(ii) Income tax relating to items that will be reclassified to profit or loss			
	Cash Flow Hedge		1,080.32	-
	Total (B)		(2,964.23)	(79.64)
	Total Other comprehensive income (A+B)		(2,942.59)	(81.09)
XI	Total comprehensive income for the year (IX+X)		(4,274.21)	6,154.83
	Profit attributable to:			
	Owners of the Company		(1,313.45)	6,235.73
	Non-Controlling Interest		(18.18)	0.18
	Other Comprehensive Income attributable to:			
	Owners of the Company		(2,942.67)	(81.24)
	Non-Controlling Interest		0.08	0.16
	Total Comprehensive Income attributable to:			
	Owners of the Company		(4,256.11)	6,154.49
	Non-Controlling Interest		(18.10)	0.34
XII	Earnings per equity share	42		
	- Basic and Diluted (face value Re. 1) - Before Exceptional Item		7.66	7.47
	- Basic and Diluted (face value Re. 1) - After Exceptional Item		(1.57)	7.47

The accompanying notes are an integral part of the financial statements
As per our attached report of even date

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

SURESH AGASKAR
Partner
Membership No. 110321

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director
(DIN: 00097175)

KANAV JHUNJHUNWALA
Whole Time Director
(DIN: 09507192)

KAYVANNA SHAH
Chief Financial Officer

MUSTAFA MANASAWALA
Company Secretary

Place: Mumbai
Date: April 22, 2026

Consolidated Statement of cash flows for the year ended 31st March, 2026

(Rs in lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
A Cash flows from operating activities		
Profit before tax	(1,540.87)	7,885.88
Adjustments for:		
Finance costs	735.16	1,020.74
Depreciation and amortisation expenses	2,523.15	2,502.16
Impairment Expenses	453.40	-
Interest income	(329.46)	(320.49)
Gain on disposal of property, plant and equipment	165.60	182.91
Gain on disposal of investments	(1,419.54)	(922.59)
Gain on fair value of investments	-	(33.46)
Dividend Income	(73.21)	(58.01)
Provision for Impairment & Doubtful Advances	-	505.60
Loss on Sale of Preference Shares	7,713.26	-
Unrealised exchange (gain) / loss on foreign currency translations	(621.68)	80.96
Sundry Balances written off / (written back)	125.67	(9.08)
Operating profit before working capital changes	7,731.49	10,834.63
Changes in Assets and Liabilities:		
Adjustments for (increase)/decrease in:		
Inventories	(341.25)	(1,519.24)
Trade receivables	334.29	(329.65)
Loans and Advances	(10.41)	19.05
Other assets	(1,200.38)	(590.24)
Trade payables	426.76	(677.68)
Other current financial liabilities	1,156.63	268.70
Cash generated from operations	8,097.15	8,005.57
Direct taxes paid (net)	(676.31)	(1,765.35)
Net cash generated from operating activities (A)	7,420.84	6,240.22
B Cash flows from investing activities		
Bank balances other than Cash & Cash equivalents	(6.44)	878.21
Purchase of Property, Plant and Equipment	(1,341.44)	(2,055.12)
Purchase of Intangible Assets	(713)	(2.89)
Advance for Capital Work in Progress	(443.40)	-
Proceeds from disposals of property, plant and equipment	31.96	1.37
Proceeds from Investments	111.59	-
Purchase/Proceeds of investments	(6,814.91)	(8,200.17)
Loans to Subsidiaries	-	-
Loans given	(4.54)	(1.10)
Interest received	329.46	320.49
Dividend Income on Current investments	73.21	58.01
Net cash (used in) investing activities (B)	(8,071.63)	(9,016.20)
C Cash flows from financing activities		
Proceeds from non current borrowings	3,350.94	(40.07)
Repayment of non current borrowings	(766.67)	(10.56)
Proceeds/(repayment) from current borrowings	191.29	3,922.22
Payments for the principal portion of lease liability	(148.06)	(133.18)
Payments for the interest portion of lease liability	(51.91)	(53.20)
Interest paid	(823.90)	(1,029.92)
Dividend paid	(1,079.82)	-
Net cash generated from financing activities (C)	671.88	2,655.30
NET INCREASE IN CASH AND CASH EQUIVALENTS [(A) + (B) + (C)]	21.09	(120.68)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
Balances with banks in current accounts and deposit accounts	239.64	359.96
Effect of exchange rate changes on cash and cash equivalents	0.33	0.64
Cash on hand	8.27	8.32

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
CASH AND CASH EQUIVALENTS	248.24	368.92
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Balances with banks in current accounts and deposit accounts	265.18	239.64
Effect of exchange rate changes on cash and cash equivalents	-	0.33
Cash on hand	4.14	8.27
CASH AND CASH EQUIVALENTS	269.32	248.24
Supplemental Information		
Cash Transactions from Operating Activities:		
Spent towards Corporate Social Responsibility	82.54	53.15

Explanatory notes to Statement of Cash Flows:

- The Statement of Cash Flows is prepared as per Ind AS 7 as notified by Ministry of Corporate Affairs.
- In Part-A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part-B and Part-C, figures in brackets indicate cash outflows.
- The net profit / loss arising due to conversion of current assets / current liabilities, receivable / payable in foreign currency is furnished under the head "Foreign Exchange Fluctuations".
- Changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes:

Reconciliation of liabilities arising from financing activities

Particulars	As at 1st April 2025	Cash flow	Foreign Exchange movement/Non Cash Adjustments	As at 31st March 2026
Non - current borrowing (including current maturities of non current borrowing)	2,542.09	1,733.33	16.89	4,292.31
Current borrowing	14,702.55	195.83	(88.74)	14,809.64
	17,244.64	1,929.16	(71.85)	19,101.95

Particulars	As at 1st April 2024	Cash flow	Foreign Exchange movement/Non Cash Adjustments	As at 31st March 2025
Non - current borrowing (including current maturities of non current borrowing)	2,468.95	(168.95)	242.09	2,542.09
Current borrowing	11,036.63	3,709.59	(43.67)	14,702.55
	13,505.58	3,540.64	198.42	17,244.64

The accompanying notes are an integral part of the financial statements
As per our attached report of even date

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

SURESH AGASKAR
Partner
Membership No. 110321

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director
(DIN: 00097175)

KANAV JHUNJHUNWALA
Whole Time Director
(DIN: 09507192)

KAYVANNA SHAH
Chief Financial Officer

MUSTAFA MANASAWALA
Company Secretary

Place: Mumbai
Date: April 22, 2026

Consolidated Statement of changes in equity for the year ended 31st March, 2026

a. Equity Share Capital (note 21)		(Rs in lakhs)
Particulars	Amount	
Balance as at April 01, 2024	835.03	
Changes in equity share capital during the year 2023-24	-	
Balance as at March 31, 2025	835.03	
Changes in equity share capital during the year 2024-25	-	
Balance as at March 31, 2026	835.03	

b. Other Equity (note 22)		(Rs in lakhs)
Particulars	Amount	

Particulars	Reserves and surplus					Other Comprehensive Income Effective Portion of Cash Flow Hedges	Total attributable to Owners of the Company	Attributable to NCI	Total
	Capital reserve	Securities premium	General reserve	Foreign currency translation reserve	Retained earnings				
As at April 01, 2024	183.46	4,529.00	8,274.38	109.61	28,866.69	-	41,996.14	6.52	42,002.65
Profit for the year 2024-25	-	-	-	-	6,235.73	-	6,235.73	0.18	6,235.91
Other comprehensive income for the year 2024-25 (net of tax)*	-	-	-	(78.51)	-	-	(78.51)	0.16	(78.35)
Addition / (Deletions) during the year	-	-	-	-	-	-	-	-	-
Amortisation during the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(78.51)	6,235.73	-	-	-	-
Dividend	-	-	-	-	-	-	-	-	-
As at March 31, 2025	183.46	4,529.00	8,274.38	31.09	35,102.42	-	48,153.36	6.86	48,160.22
Profit for the year 2025-26	-	-	-	-	(1,313.45)	-	(1,313.45)	(18.18)	(1,331.62)
Other comprehensive income for the year 2025-26 (net of tax)*	-	-	-	247.81	-	-	(2,942.67)	0.08	(2,942.59)
Addition / (Deletions) during the year	-	-	-	-	-	-	-	-	-
Amortisation during the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	247.81	(1,313.45)	-	(4,256.11)	(18.10)	(4,274.21)
Dividend	-	-	-	-	(1,079.82)	-	(1,079.82)	-	(1,079.82)
As at March 31, 2026	183.46	4,529.00	8,274.38	278.90	32,709.16	(3,212.12)	42,816.18	(11.24)	42,806.20

* represents remeasurement of defined benefit plans

The accompanying notes are an integral part of the financial statements
As per our attached report of even date

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

SURESH AGASKAR
Partner
Membership No. 110321

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director
(DIN: 00097175)

KANAV JHUNJHUNWALA
Whole Time Director
(DIN: 09507192)

KAYVANNA SHAH
Chief Financial Officer

MUSTAFA MANASAWALA
Company Secretary

Place: Mumbai
Date: April 22, 2026

Notes to Consolidated Financial Statements for the year ended 31st March, 2025

1. CORPORATE INFORMATION:

Sarla Performance Fibers Limited ('SPFL' or 'the Company') is a public limited Company incorporated and domiciled in India and has its registered office at Survey No. 59/1/4, Amil Piparia Industrial Estate, Silvassa - 396 230, U.T. of Dadra & Nagar Haveli, India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India;

The Company and its subsidiaries (collectively the 'Group') is engaged primarily in manufacturing of polyester and nylon yarns. The Company has a global presence with key subsidiaries in United States of America (USA) and British Virgin Islands (BVI) that are engaged in the manufacture and/or sale of various types of polyester and nylon yarns.

The Group caters to both domestic and international markets. The Group has four plants, 2 at Silvassa, 1 at Dadra, Union territory of Dadra and Nagar haveli and 1 at Vapi, Gujarat in India.

2. BASIS OF COMPLIANCE, BASIS OF PREPARATION, CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION:

2.1. Basis of compliance:

The Consolidated Financial Statements (CFS) comply in all material aspects with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('Act') read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

2.2. Basis of preparation and presentation:

The CFS of the Group have been prepared under historical cost convention using the accrual method of accounting basis, except for certain financial instruments that are measured at fair values. The accounting policies are applied consistently to all the periods presented in the standalone financial statements.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle, para 66 and 69 of Ind AS 1 and other criteria as set out in the Division II of Schedule III to the Act.

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

All amounts disclosed in the CFS and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

The CFS of the Group for the year ended 31st March, 2026 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 22nd April, 2026.

2.3. Use of Judgements and Estimates:

The preparation of the CFS requires management to make estimates, assumptions and judgments that affect the reported amounts of revenue, expenses, assets, liabilities and accompanying disclosures.

Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities in future periods. The Group continually evaluates these estimates and assumptions based on the most recently available information.

In particular, information about significant areas of estimates and judgements in applying accounting policies have most significant effect on amounts recognised in the CFS are as below:

- Estimates of useful lives and residual value of property, plant and equipment and intangible assets;
- Measurement of defined benefit obligations;
- Measurement and likelihood of occurrence of provisions and contingencies;
- Measurement of Right of Use assets and Lease liabilities;
- Measurement of recoverable amounts of cash-generating units;
- Valuation of inventories;
- Provision for loss allowances;

- Fair value measurement of financial instruments;
- Recognition of deferred tax assets.

Revisions to accounting estimates are recognised prospectively.

2.4. Basis of Consolidation:

The CFS comprise the financial statements of the Group, its subsidiaries and the Group's interest in joint ventures as at the reporting date.

2.4.1 Subsidiaries:

Subsidiaries include all the entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns through its involvement in the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are consolidated from the date on which Group attains control and are deconsolidated from the date that control ceases to exist;

2.4.2 Joint Venture:

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Interests in joint venture are accounted for using the equity method of accounting;

2.4.3 The CFS have been prepared on the following basis:

- The financial statements of the Group and its subsidiary companies have been consolidated on a line by- line basis by adding together of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profit or losses, unless cost cannot be recovered, as per the applicable Accounting Standard in India. Accounting policies of the respective subsidiaries are aligned wherever necessary, so as to ensure consistency with the accounting policies that are adopted by the Group under Ind AS;
- The Financial Statements of the Subsidiary Companies used in preparation of the CFS are drawn up to the same reporting date as that of the Group. i.e. 31st March, 2026;
- The results of subsidiaries acquired or disposed of during the year are included in the CFS from the effective date of acquisition and up to the effective date of disposal, as appropriate;
- Refer note no. 50 of the consolidated financial statements for not consolidating the share of profit / loss of the joint ventures as per the 'equity method';
- CFS are presented, to the extent applicable, in accordance with the requirements of Schedule III of the 2013 Act as applicable to the Group's separate financial statements;
- Non-controlling interests in the net assets of the subsidiaries that are consolidated consists of the amount of equity attributable to non-controlling shareholders at the date of acquisition and subsequent addition of their share of changes in equity.

Profit or loss and each component of OCI are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

2.4.4 The percentage of ownership interest of the Company in the Subsidiary companies and Joint Ventures as on 31st March, 2026 are as under:

Particulars	Country of Incorporation	Percentage of actual ownership interest as on	
		31st March, 2026	31st March, 2025
Subsidiaries			
Sarlatflex Inc	USA	100%	100%
Sarla Overseas Holding Limited	British Virgin Islands (BVI)	100%	100%
Joint Ventures*			
Savitex SA De C.V., Honduras	Honduras	40%	40%
MRK SA C.V., Honduras	Honduras	33.33%	33.33%
Sarla Tekstil Filament Sanayi Ticaret A.S.	Turkey	45%	45%

*All the Joint Ventures are held by Sarla Overseas Holding Limited. (Refer note 49 of consolidated financial statements)

2.5 Property, plant and equipment and Depreciation:

2.5.1 Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any;

2.5.2 The initial cost of an asset comprises its purchase price (including import duties and non-refundable taxes), any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use);

2.5.3 Directly attributable costs includes cost of testing (net off proceeds from selling any items produced). Excess of net sale proceeds of items produced over the cost of testing, if any, is deducted directly from attributable costs of an item of property, plant, and equipment.

2.5.4 Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group;

2.5.5 Spare parts which meet the definition of property, plant and equipment are capitalised as property, plant and equipment in case the unit value of the spare part is above the threshold limit. In other cases, the spare part is inventorised on procurement and charged to Statement of profit and loss on consumption;

2.5.6 Property, plant and equipment which are not ready for intended use as on date of Balance Sheet are disclosed as "Capital work-in-progress";

2.5.7 An item of property, plant and equipment and any significant part initially recognised separately as part of property, plant and equipment is derecognised upon disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised;

2.5.8 The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates;

2.5.9 Depreciation is provided on a pro-rata basis on the straight line method

(after retaining the estimated residual value up to 5%) based on estimated useful life prescribed under Schedule II to the Act, except for assets costing Rs. 5,000/- or less are fully depreciated or fully written off in the year of purchase;

2.5.10 Components of the main asset that are significant in value and have different useful lives as compared to the main asset are depreciated over their estimated useful life. Useful life of such components has been assessed based on historical experience and internal technical assessment except in respect of following useful lives of assets of a subsidiary:

Type of asset	Useful lives
Equipment	10 years
Buildings	39 years
Computers	5 years
Vehicles	5 years
Furniture and fixtures	7 years

2.5.12 Depreciation on spare parts specific to an item of property, plant and equipment is based on life of the related property, plant and equipment. In other cases, the spare parts are depreciated over their estimated useful life based on the technical assessment;

2.5.13 The Group had chosen the carrying value of Property, Plant and Equipment existing as per previous GAAP as on date of transition to Ind AS i.e. 1st April, 2016 as deemed cost.

2.6 Intangible Assets and Amortisation:

2.6.1 Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably;

2.6.2 Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any;

2.6.3 An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses on de-recognition are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses);

2.6.4 The estimated useful life is reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates;

2.6.5 Intangible assets are not ready for intended use as on date of Balance Sheet are disclosed as “Intangible assets under development”;

2.6.6 The intangible assets with a finite useful life are amortised using straight line method over their estimated useful lives. The management’s estimates of the useful lives for various class of Intangibles are as given below:

Asset	Useful life
Softwares	5 years

2.7 Leases:

The Group assesses whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether

- the contract involves the use of an identified asset;
- the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
- the Group has the right to direct the use of the asset.

2.7.1 As a lessee

The right-of-use asset is a lessee’s right to use an asset over the life of a lease. At the date of commencement of the lease, the Group recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases and leases of low value assets. For these, the Group recognises the lease payments as an operating expense.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

2.7.2 As a lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease.

Finance leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Group shall recognise assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

Operating leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. Group shall recognise lease payments from operating leases as income on straight line basis over the term of relevant lessee.

2.8 Impairment of Non-financial Assets:

Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. The recoverable amount is the higher of the asset’s or Cash Generating Unit’s (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets;

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.9 Inventories:

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

2.9.2 Cost of raw materials and stores and spares includes all charges in bringing the goods to their present location and condition. The aforesaid items are valued at net realisable value if the finished products in which they are to be incorporated are expected to be sold at a loss;

2.9.3 Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

2.10 Fair Value measurement:

2.10.1 The Group measures certain financial instruments at fair value at each reporting date;

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

1.1.3 Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability also reflects its non-performance risk;

2.10.4 The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out;

2.10.5 While measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs)

2.10.6 When quoted price in active market for an instrument is available, the Group measures the fair value of the instrument using that price. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis;

2.10.7 If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation

technique incorporates all of the factors that market participants would take into account in pricing a transaction;

2.10.8 The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group assesses the evidence obtained from third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

2.11 Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.11.1 Financial Assets:

I. Initial recognition and measurement:

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are recognised at fair value, except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are initially measured at the transaction price determined under Ind AS 115.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Financial assets are classified at the initial recognition as financial assets measured at fair value or as financial assets measured at amortised cost.

II. Subsequent measurement:

Financial assets are subsequently classified as measured at

- a) amortised cost
- b) fair value through profit and loss (FVTPL)
- c) fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Group changes its business model for managing financial assets;

a) Measured at amortised cost:

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss;

b) Measured at FVOCI:

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at FVOCI. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On de-recognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss;

For equity instruments, the Group may make an irrevocable election (on initial recognition) to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis.

If the Group decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the Other Comprehensive Income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and loss, even on

sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit & Loss.

c) Measured at FVTPL:

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

III. De-recognition:

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset and the transfer qualifies for derecognition under Ind AS 109.

IV. Impairment of Financial assets:

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the financial assets measured at amortised costs and debt instruments measured at FVOCI.

Loss allowance on receivables from customers are measured following the 'simplified approach' at an amount equal to lifetime ECL at each reporting date. In respect of other financial assets, the loss allowance is measured at 12 months ECL only if there is no significant deterioration in the credit risk since initial recognition of the asset or asset is determined to have a low credit risk at the reporting date.

2.11.2 Financial Liabilities:

I. Initial recognition and measurement:

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

II. Subsequent measurement:

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at FVTPL are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

III. De-recognition:

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires;

2.11.3 Financial guarantees:

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee.

Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the fair value initially recognised less cumulative amortisation;

2.11.4 Derivative financial instruments:

The Group uses derivative financial instruments to manage the exposure on account of fluctuation in interest rate and foreign exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value with the changes being recognised in the Statement of Profit and Loss. Derivatives are carried

as financial assets when the fair value is positive and as financial liabilities when the fair value is negative;

2.11.5 Embedded derivatives:

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the classification requirements contained in Ind AS 109 are applied to the entire hybrid contract.

Derivatives embedded in all other host contracts, including financial liabilities are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVTPL.

These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments.

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows;

2.11.6 Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.11.7 Derivate Financial Instruments and Hedge Accounting

Derivative instruments such as forward currency contracts are used to hedge foreign currency risks, and are initially recognized at their fair values on the date on which a derivative contract is entered into and are subsequently re-measured at fair value on each reporting date. A hedge of foreign currency risk of a firm commitment is accounted for as a fair value hedge. Any gains or losses arising from changes in the fair value of derivatives are taken directly to Statement of Profit and Loss.

Derivatives are only used for economic hedging purposes and not as speculative investments.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition as per Ind AS 109 . A financial liability (or a part of a financial liability) is derecognized from the company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.12 Revenue Recognition:

2.12.1 Sale of goods:

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch / delivery of goods, based on contracts with the customers. Export sales are recognized on the issuance of Bill of Lading / Airway bill by the carrier. Revenue from sale of power from wind operated generators is accounted when the same is transmitted to and confirmed by the Electricity Board to whom the same is sold.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, price concessions, incentives, and returns, if any, as specified in the contracts with the customers. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Revenue excludes taxes collected from customers on behalf of the government.

Contract Balances

Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2.12.2 Rendering of Services

Revenue is recognized from rendering of services when the performance obligation is satisfied and the services are rendered in accordance with the terms of customer contracts. Revenue is measured based on the transaction price, which is the consideration, as specified in the contract with the customer.

Revenue from services is recognised over time by measuring progress towards satisfaction of performance obligation for the services rendered;

Revenue also excludes taxes collected from customers on behalf of government.

2.12.3 Export incentives under various schemes notified by the Government have been recognised on the basis of applicable regulations, and when reasonable assurance to receive such revenue is established;

2.12.4 Interest income is recognized using the effective interest rate (EIR) method;

2.12.5 Dividend income on investments is recognised when the right to receive dividend is established;

2.12.6 Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.13 Employee Benefits:

2.13.1 Short-term employee benefits:

Short-term employee benefits (including leave) are recognized as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered;

2.13.2 Post-employment benefits:

The Group operates the following post – employment schemes:

- Defined contribution plans such as provident fund; and
- Defined benefit plans such as gratuity

Defined Contribution Plans:

Obligations for contributions to defined contribution plans such as provident fund are recognised as an expense in the Statement of Profit and Loss as the related service is rendered by the employee. The said benefits are classified as Defined Contribution Schemes as the Group has no further defined obligations beyond the monthly contributions.

Defined Benefit Plans:

The Group's net obligation in respect of defined benefit plans such as gratuity is calculated by estimating the amount of future benefit that the employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed at each reporting period end by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

The current service cost of the defined benefit plan, recognized in the Statement of Profit and Loss as part of employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in the Statement of Profit and Loss. The net interest is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This net interest is included in employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

2.14 Borrowing costs:

2.14.1 Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs;

2.14.2 Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss;

2.14.3 Investment Income earned on the temporary investment of funds of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.15 Foreign Currency Transactions:

2.15.1 The functional currency of the Group is Indian Rupees (₹), whereas functional currency of foreign subsidiaries is USD (\$). The presentation currency of the group is Indian Rupees (₹);

2.15.2 Monetary items:

Transactions in foreign currencies are initially recorded at their respective exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss either as profit or loss on foreign currency transaction and translation or as borrowing costs to the extent regarded as an adjustment to borrowing costs.

2.15.3 Non – Monetary items:

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

2.15.4 Foreign operations:

For the purpose of consolidation, those operations that have a functional currency different from the Group's presentation currency, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. The net impact of such translation are recognised in OCI and held in Foreign Currency Translation Reserve ('FCTR'), a component of Equity.

2.16 Provisions and Contingent Liabilities:

2.16.1 Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation;

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

2.16.3 If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost;

2.16.4 Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Group, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability;

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

2.17 Taxes on Income**2.17.1 Current Tax**

Income-tax Assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of reporting period.

Current Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity;

2.17.6 Deferred tax

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred Tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.18 Segment reporting:

The Group identifies operating segments based on the dominant source, nature of risks and returns and the internal organisation. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Managing Director (who is the Group's chief operating decision maker) in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in conformity with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

2.19 Earnings per share

2.19.1 Basic earnings per share are calculated by dividing the profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period;

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

2.20 Cash and Cash equivalents:

Cash and cash equivalents in the Balance Sheet include cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, Cash and cash equivalents include cash at bank, cash, cheque and draft on hand. The Group considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2.21 Cash Flows:

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities are segregated.

2.22 Dividend:

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the respective Group's Board of Directors.

2 Recent Pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2026, MCA has notified amendments to Ind AS 21 - The Effects of Changes in Foreign Exchange Rates, Ind AS 1 - Presentation of Financial Statements, Ind AS 7 - Statement of Cash Flows, Ind AS 107 - Financial Instruments: Disclosures and Ind AS 12, International Tax Reform - Pillar Two Model Rules. The company has reviewed the new pronouncements and based on its evaluation given necessary impact (including additional disclosures) as applicable.

Notes to Consolidated Financial Statements for the year ended 31st March, 2025**4 a) Property, Plant & Equipment**

		Freehold Land	Leasehold Land (Right of use asset)	Buildings	Buildings (Right of use asset)	Plant & Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Computers	Total
(Rs in lakhs)											
Gross carrying amount											
Balance as at March 31, 2024		3,506.44	9.79	5,300.19	464.56	34,008.86	104.39	296.32	66.01	174.80	43,931.34
Additions		-	-	6.01	786.02	1,640.01	22.08	13.02	9.61	13.21	2,489.97
Deletions		-	-	-	-	(350.28)	-	(6.05)	-	-	(356.34)
Exchange fluctuations		2.10	13.22	44.90	-	161.81	0.19	0.42	0.87	0.66	224.17
Balance as at March 31, 2025		3,508.54	23.02	5,351.10	1,250.58	35,460.39	126.66	303.71	76.49	188.67	46,289.14
Additions		-	-	256.60	0.00	479.97	30.38	-	88.67	1.73	857.36
Deletions		-	-	-	(2.45)	(3,066.51)	(54.59)	(117.67)	(17.28)	(107.02)	(3,365.51)
Impairment Loss Recognized		-	-	-	-	(453.40)	-	-	-	-	(453.40)
Exchange fluctuations		8.62	54.35	184.54	-	665.03	0.80	1.74	6.25	2.72	924.04
Balance as at March 31, 2026		3,517.16	77.36	5,792.24	1,248.13	33,085.49	103.25	187.78	154.14	86.09	44,251.63
Accumulated Depreciation											
Balance as at March 31, 2024		19.30	3.17	1,244.54	261.94	17,966.26	59.06	193.01	37.94	159.09	19,942.56
Depreciation charge for the year		14.20	0.43	201.74	167.52	2,042.77	7.77	21.11	8.26	5.88	2,469.69
Depreciation on deletion		-	-	-	-	(164.38)	-	(4.34)	-	-	(168.73)
Exchange fluctuations		10.68	-	3.09	-	161.81	0.19	0.42	0.58	0.66	177.44
Balance as at March 31, 2025		44.19	3.61	1,449.37	429.45	20,006.46	67.02	210.20	46.78	165.63	22,420.96
Depreciation charge for the year		14.83	0.43	205.78	178.33	2,055.87	10.07	20.01	16.69	4.67	2,506.69
Depreciation on deletion		-	-	-	-	(2,895.07)	(51.86)	(99.64)	(16.43)	(102.51)	(3,165.50)
Exchange fluctuations		45.79	-	19.12	-	665.03	0.80	1.74	3.54	2.72	738.73
Balance as at March 31, 2026		104.81	4.04	1,674.28	607.78	19,832.29	26.03	132.30	50.59	70.50	22,500.88
Net carrying amount as at March 31, 2026		3,412.35	73.32	4,117.97	640.35	13,253.20	77.22	55.48	103.55	15.59	21,749.01
Net carrying amount as at March 31, 2025		3,464.35	19.41	3,901.73	821.13	15,453.94	59.64	93.52	29.70	23.05	23,866.46

Notes:

(i) Charge has been created over property, plant and equipments of the company in respect of borrowings (refer note 24, 28 & 57(6))

4 b) Title Deeds of all immovable properties not held in the name of Holding Company (other than properties where the Holding Company is the lessee and the lease agreement are duly executed in favour of the Holding Company).

Relevant line item in the Balance Sheet	Description of item of property	Gross carrying amount	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the company
Property, Plant and Equipment	Freehold Land	3,028.83	Krishna Jhunhunwala and Neha Jhunhunwala	Yes	F.Y. 2016-17	Being agricultural land cannot be held in the name of the Company.
Property, Plant and Equipment	Freehold Land	69.33	Krishna Jhunhunwala and Neha Jhunhunwala	Yes	F.Y. 2022-23	The Company is in process of conversion of agricultural land to non-agricultural land.
Property, Plant and Equipment	Freehold Land	43.46	Krishna Jhunhunwala	Yes	F.Y. 2022-23	

5 (a) Capital Work in Progress (CWIP)

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Capital Work in Progress (CWIP)	443.40	-
Total	443.40	-

(b) Capital work in progress ageing schedule as on March 31, 2026

(Rs in lakhs)

Particulars	Amount in CWIP under development for a period of				TOTAL
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress	443.40	-	-	-	443.40

6 Intangible asset

(Rs in lakhs)

Gross carrying amount (at cost)	Softwares	Total
Balance as at April 01, 2024	177.72	177.72
Additions	11.38	11.38
Deletions	-	-
Balance as at March 31, 2025	189.09	189.09
Additions	7.13	7.13
Deletions	-	-
Balance as at March 31, 2026	196.22	196.22
Accumulated Amortisation		
Balance as at April 01, 2024	126.01	126.01
Additions	32.47	32.47
Deletions	-	-
Balance as at March 31, 2025	158.48	158.48
Additions	16.46	16.46
Deletions	-	-
Balance as at March 31, 2026	174.94	174.94
Net carrying amount as at March 31, 2026	21.28	21.28
Net carrying amount as at March 31, 2025	30.62	30.62

7 Investments accounted for using equity method

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Investments in Joint Ventures		
Unquoted		
Savitex SA De C.V., Honduras	1,856.76	1,856.76
MRK SA C.V., Honduras	127.39	127.39
Sarla Tekstil Filament Sanayi Ticaret A.S.	74.97	74.97
Less: Provision for Diminution in value of investments	(2,059.12)	(2,059.12)
Total	-	-

Note:

Refer note 51 for details of interest in other entities.

8 Non current financial assets - Other Investments

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Quoted		
Investments in debentures at amortised cost	324.15	-
Investments in debentures at FVTPL	2,414.45	537.83
Investments in Treasury Bills and Government Securities at amortised cost	155.41	155.15
Unquoted		
Investments in units of alternative investment fund at FVTPL	4,538.45	1,269.72
Investments in units of Mutual fund at FVTPL	19,830.00	20,662.75
Investments in equity shares at FVTPL	1,145.39	999.99
Total	28,407.86	23,625.44
Aggregate amount of quoted investments - at cost	2,145.64	3,701.36
Aggregate amount of quoted investments - at market value	2,894.01	692.98
Aggregate amount of unquoted investments - at cost	23,998.18	10,157.30
Aggregate amount of unquoted investments - at Net Asset value/ Fair Value	25,513.85	22,932.46
Aggregate amount of impairment in the value of investments	-	-

Note:

Instrument Type	Pledged against	As at 31/03/2026	As at 31/03/2025
Mutual Funds	Margin money deposit with brokers	2,557.10	1,024.51
Mutual Funds	Rupee Term Loan	959.89	1,948.38
Mutual Funds	Loan from Non Banking Financial Company	4,055.86	Nil
Mutual Funds	Borrowing Facility taken from Yes Bank	440.48	Nil
Government Securities	Margin money deposit with brokers	155.41	155.15

9 Non-current financial assets - Loans

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
At Amortised Cost		
Other loans and advance	-	319.43
Less: Provision for Doubtful loans and advances	-	(319.43)
Loan to Staff	30.08	8.35
Allowance for Bad and Doubtful Advances	-	-
Total	30.08	8.35
Sub-classification of loans		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	30.08	8.35
Loans which have significant increase in credit risk	-	319.43
Loans - credit impaired	-	-
Provision for Doubtful loans and advances	-	(319.43)
Total	30.08	8.35

Note:

- (i) No loans are due from directors or other Officers of the Company either severally or jointly with any other person. Further, no loans are due from firms or private companies respectively in which any director is a partner, a director or a member.
- (ii) The Company has not given any loans or advances in nature of loans to key managerial persons (KMP), directors or promoters either severally or jointly with any other person

10 Non-current financial assets - others

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
At Amortised Cost		
Unsecured, considered good		
Fixed deposits with remaining maturity for more than 12 months	3.67	0.28
Interest Receivable	0.16	0.06
Security deposits	62.37	138.90
Less: Provision for Security Deposit	-	(56.31)
	62.37	82.59
Total	66.20	82.93

Note:

- (i) Fixed Deposits amounting to Rs. 0.20 lakhs (As at March 31, 2025 Rs. 0.20 lakhs) pledged as margin money deposit for facilities from Banks. (Refer note no. 27)
- (ii) During the FY- 25-26, basis of the Bombay High Court order security deposit amounting to Rs. 60.50 Lakhs has been written off.

11 Non current Tax Assets (Net)

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Taxes paid in advance (Net of Provision for tax)	226.22	44.32
Total	226.22	44.32

12 Other Non-Current Assets

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured, considered good		
Capital Advances	220.65	120.00
Less : Provision for Doubtful advances	-	(55.00)
	220.65	65.00
Deposits with government authorities (Refer Note no. 46.1 (iii) & (iv))	288.98	288.98
Prepaid Expenses	68.55	58.35
Total	578.17	412.33

13 Inventories (at lower of cost and net realisable value)

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Raw Materials	1,441.32	2,660.16
Raw Materials - Stock in Transit	46.23	70.35
Work-In -Progress	2,795.89	3,023.93
Finished goods	2,183.61	2,504.54
Finished goods - Stock in Transit	335.75	507.45
Stores and Spares	155.82	275.45
Oil & lubricants	159.30	279.05
Fuel	21.83	13.70
Stock in Trade	-	-
Packing Materials	596.66	657.48
Total	7,736.42	9,992.12

Note:

- (i) Inventories of Rs. lakhs 7,7736.42 Lakhs (as at March 31, 2025: Rs. 8,555.65 lakhs) are hypothecated against working capital facilities from banks. (refer note 23 & 27)
- (ii) There has been a write down of inventories of Rs. 1,304.69 Lakhs (Previous Year Rs. Nil) during the year.

14 Investments

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Quoted		
Investment in Equity shares at FVTPL	2,783.33	3,628.39
Investments in Exchangeable Traded Funds at FVTPL	5,602.95	1,219.86
Investments in Treasury Bills and Government Securities at amortised cost	-	86.00
Total	8,386.28	4,934.25
Aggregate amount of quoted investments - at cost	8,729.52	5,237.98
Aggregate amount of quoted investments - at market value	8,386.28	4,934.25
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

15 Trade Receivables

Instrument Type	Pledged against	As at 31/03/2026	As at 31/03/2025
Equity Shares	Margin money deposit with brokers	434.23	-
Equity Shares	Loan taken from Non Banking Financial Company	40.35	-
Exchangeable Traded Funds	Margin money deposit with brokers	2,553.86	-

Particulars	As at March 31, 2026	As at March 31, 2025
(a) Trade Receivables considered good - Secured	-	-
(b) Trade Receivables considered good - Unsecured	11,364.36	9,386.97
(c) Trade Receivables which have significant increase in credit risk	328.38	187.45
(d) Trade Receivables - credit impaired	63.84	30.94
Less: Allowance as per Expected credit loss model	(286.70)	(160.65)
Total	11,469.88	9,444.71

Note:

- (i) Trade Receivables of Rs. 11,071.12 lakhs (as at March 31, 2025: Rs. 9,425.78 lakhs) are hypothecated as security for bank borrowings. (Refer note no. 27)
- (ii) No Trade receivables are due from directors or other Officers of the Company either severally or jointly with any other person. Further, no loans are due from firms or private companies respectively in which any director is a partner, a director or a member.
- (iii) Movement in the expected credit loss allowance

Particulars	As at March 31, 2026	As at March 31, 2025
Balance at the beginning of the year	160.65	81.64
(Provision)/Reversal during the year	126.05	79.65
Balance at the end of the year	286.70	160.65

(i) Trade receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment							TOTAL
	Not Due	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years		
(i) Undisputed Trade receivables - considered good	11,283.82	-	80.55	-	-	-	11,364.36	
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	283.39	15.80	9.24	308.43	
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	7.79	34.19	21.86	63.84	
(iv) Disputed Trade Receivables- considered good	-	-	-	-	-	-	-	
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	18.32	-	1.63	19.95	
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	
Less: Impairment allowance for trade receivables - which have significant increase in credit risk	-	-	-	(246.20)	(7.78)	(32.73)	(286.70)	
Total Current Trade Receivables	11,283.82	-	80.55	63.30	42.21	-	11,469.88	

Particulars	Outstanding for following periods from due date of payment							TOTAL
	Not Due	< 6 months	6 months - 1 year	1-2 years	2-3 years	> 3 years		
(i) Undisputed Trade receivables - considered good	8,887.83	-	499.14	-	-	-	9,386.98	
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	52.62	8.20	126.64	187.45	
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	3.39	17.88	9.66	30.94	
(iv) Disputed Trade Receivables- considered good	-	-	-	-	-	-	-	
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	
(vi) Disputed Trade Receivables - credit impaired	-	-	-	-	-	-	-	
Less: Impairment allowance for trade receivables - which have significant increase in credit risk	-	-	-	(12.18)	(12.17)	(136.30)	(160.65)	
Total Current Trade Receivables	8,887.83	-	499.14	43.83	13.90	-	9,444.71	

There are no unbilled receivable as on 31-03-2026 and 31-03-2025

16 Cash & cash equivalents

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
At Amortised Cost		
Balances with Banks	265.18	239.97
Cash on Hand	4.14	8.27
Total	269.32	248.24

17 Bank balances other than Cash & Cash equivalents

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Earmarked Balance with Bank:		
Balance in unpaid dividend account	37.21	31.33
At Amortised Cost		
Fixed deposits with original maturity for more than 3 months but less than 12 months	1.14	3.96
Total	38.35	35.30

Note:

- (i) Fixed Deposits amounting to Rs.0.30 lakhs (As at March 31, 2025 Rs. 0.30 lakhs) pledged as margin money deposit for facilities from Banks. (Refer note no. 27)

18 Loans

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Others		
Loans to staff	23.69	14.81
Total	23.69	14.81
Sub-classification of loans		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	23.69	14.81
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	23.69	14.81

- (i) No loans are due from directors or other Officers of the Company either severally or jointly with any other person. Further, no loans are due from firms or private companies respectively in which any director is a partner, a director or a member.
- (ii) The Company has not given any loans or advances in nature of loans to key managerial persons (KMP), directors or promoters either severally or jointly with any other person.
- (iii) The Company has not given any short term loan to related party.

19 Other financial assets

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
At Amortised Cost		
Unsecured considered good		
Interest Receivable on fixed deposits	0.10	0.47
Other Receivables	2,089.57	1,197.90
At FVTPL		
Derivative financial assets:		
Forward Contracts	-	25.35
Others	227.15	-
Total	2,316.82	1,223.72

Note: Other Include Call Put Option Asset of Rs 128.21 Lakhs and Unrealised Gain of Rs 98.94 Lakhs

20 Other Current Assets

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Advances to Suppliers (For Raw Materials and expenses)	371.96	795.07
Less : Provision for doubtful advances	(104.00)	(104.00)
	267.96	691.07
Amount Receivable from Government Authorities	1,006.06	567.24
Prepaid Expenses	52.54	35.69
Other receivable	2.90	8.87
Total	1,329.45	1,302.87

Amount Receivable from Government Authorities include Goods & Service Tax Recoverable of Rs 851.68 Lakhs (As at 31st March, 2025: Rs 492.87 Lakhs) and Export Incentives Receivable of Rs 154.37 Lakhs (As at 31st March, 2025: Rs 74.37 Lakhs)

Equity**21 Equity Share Capital**

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Authorised		
10,00,00,000 (As at March 31, 2025: 10,00,00,000) Equity Shares of Rs. 1 each	1,000.00	1,000.00
Issued, Subscribed and Paid up		
8,35,03,000 (As at March 31, 2025: 8,35,03,000) Equity Shares of Rs. 1 each	835.03	835.03
Total	835.03	835.03

21.1 Reconciliation of number of equity shares :

(Rs in lakhs)				
Particulars	As at March 31, 2026		As at March 31, 2025	
	No. of Shares	Amount in lakhs	No. of Shares	Amount in lakhs
Opening Balance	83,503,000	835.03	83,503,000	835.03
Changes during the year	-	-	-	-
Closing Balance	83,503,000	835.03	83,503,000	835.03

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

Shareholders	As at March 31, 2026	As at March 31, 2025
Hindustan Cotton Company - through its partners		
No. of Shares	11,659,430	11,463,789
Percentage	13.96%	13.73%
Satidham Industries Private Limited		
No. of Shares	24,133,297	23,959,222
Percentage	28.90%	28.69%

21.3 Rights, preferences and restrictions attached to Equity Shares

The Company has only one class of equity shares having par value of Re. 1/- each (P.Y. Rs. 1/- each) holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

21.4 During the 5 years immediately preceding the balance sheet date, there were no equity shares allotted as fully paid up pursuant to contract without payment being received in cash, no bonus shares were issued and there was no buy-back of equity shares of the Company.

22.5 Shares held by promoters at the end of the year are as follows:

S. No	Promoter Name	As on 31.03.2026		As on 31.03.2025		% change during the year
		No of shares	% of total shares	No of shares	% of total shares	
1	Neha Krishna Jhunjunwala	4,000	0.00	4,000	0.00	-
2	Krishnakumar and sons HUF	325,000	0.39	325,000	0.39	-
3	Vrinda Krishna Jhunjunwala	880,252	1.05	880,252	1.05	-
4	Kanav K Jhunjunwala	647,000	0.77	647,000	0.77	-
5	Krishna Madhusudan Jhunjunwala	3,269,000	3.91	3,269,000	3.91	-
6	Madhusudan Jhunjunwala HUF	2,469,596	2.96	2,469,596	2.96	-
7	Sarladevi Madhusudan Jhunjunwala	3,894,000	4.66	3,894,000	4.66	-
8	Hindustan Cotton Company - Sarladevi Madhusudan Jhunjunwala (Partner)	11,659,430	13.96	11,487,389	13.76	0.21
9	Sarla Estate Developers Private Limited	145,537	0.17	145,537	0.17	-
10	Harmony Estates Private Limited	260,095	0.31	260,095	0.31	-
11	Satidham Industries Private Limited	24,133,297	28.90	24,127,297	28.89	0.01
	Total	47,687,207	57.11	47,509,166	56.90	0.21

22 Other Equity

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Capital reserve	183.46	183.46
Securities premium reserve	4,529.00	4,529.00
General reserve	8,274.38	8,274.38
Other Comprehensive Income (Net of tax)	(3,159.30)	31.18
Foreign Currency Translation Reserve	277.62	31.09
Retained Earnings	32,709.55	35,102.80
Total	42,814.73	48,151.90

The movement in other Equity:**22.1 Capital reserve**

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance as at beginning of the year	183.46	183.46
Movement during the year	-	-
Balance as at end of the year	183.46	183.46

Capital reserve represents forfeiture of application money received for share warrants on lapse of option due to non subscription.

22.2 Securities premium reserve

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance as at beginning of the year	4,529.00	4,529.00
Movement during the year	-	-
Balance as at end of the year	4,529.00	4,529.00

Securities premium reserve is generated by premium on issue of shares. The reserve is eligible for utilisation in accordance with the provisions of the Act.

22.3 General reserve

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Balance as at beginning of the year	8,274.38	8,274.38
Movement during the year	-	-
Balance as at end of the year	8,274.38	8,274.38

General reserve represents appropriation of retained earnings and are available for distribution to shareholders.

22.4 Foreign Currency Translation Reserve

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Balance as at beginning of the year	29.81	109.61
Adjustments	-	-
Movement during the year	247.81	(79.81)
Balance as at end of the year	277.62	29.81

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Currency Units) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

22.5 Other Comprehensive Income

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Balance as at beginning of the year	31.18	32.63
Remeasurement of defined benefits plan	21.64	(1.45)
Effective portion of cash flow hedge reserve	(3,212.12)	-
Balance as at end of the year	(3,159.30)	31.18

22.6 Retained earnings

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Balance as at beginning of the year	35,102.80	28,867.07
Profit for the year	(1,313.45)	6,235.73
Re measurement of Net defined benefit plans (net of tax)	-	-
Dividend (refer note below)	(1,079.82)	-
Balance as at end of the year	32,709.53	35,102.80

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

22.7 Dividend

The Company has paid final dividend of Rs. 3 per equity share of face value of Rs. 1 each, aggregating to Rs. 1,079.82 lakhs for FY 2024-25 (previous year Rs. Nil)

Proposed Dividend:

The Board of Directors at its meeting held on 22nd April, 2026 have recommended a payment of final dividend of Rs. 2/- (Previous year Rs. 3) per equity share of face value of Rs. 1 each for the financial year ended 31st March, 2026.

The above is subject to approval at the ensuing Annual General Meeting of the Holding Company and hence is not recognised as a liability.

23 Non -Current borrowings

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Term Loans:		
Secured Loans - From Bank		
Indusind Bank (Rupee term loan) (refer note (i) & (ii)(I))	766.67	1,533.33
Secured Loans - From others		
From Non-Banking Financial Company	2,500.00	-
Unsecured Loans - From others		
Other loans and advances	258.98	242.09
Less : Reversal of Unsecured Loans	-	-
Total	3,525.64	1,775.42

Note:

i) Term loans were applied for the purpose for which the loans were obtained.

ii)	Nature of security	Terms of repayment
	Exclusive charge on units of Mutual funds (Refer Note no: 8 (II))	Term loan of INR 2,300 Lakhs is repayable in 36 equated monthly installment of INR 63.89 lakhs each till March 2028. Repayment starting from April 2026.
iii)	Nature of security	Terms of repayment
	Exclusive charge on units of Mutual funds (Refer Note no: 8 (II))	Term loan of INR 2,500 Lakhs is repayable in 36 months with annual put/call option. Interest rate of 8.00% p.a. floating rate of interest linked to BFRR.

24 Non-current lease liabilities

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Lease Liabilities	450.38	679.97
Total	450.38	679.97

Refer note 51 for Disclosure in respect of leases.

25 Non-current provisions

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits		
Gratuity (Refer note 44)	160.57	112.50
Total	160.57	112.50

26 Tax Expense And Deferred Tax Liabilities (Net)**(a) Amounts recognized in profit and loss**

Particulars	(Rs in lakhs)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Current tax expense (A)		
In respect of current year	212.17	2,091.09
	212.17	2,091.09
Deferred tax expense (B)		
In respect of current year	(304.85)	(458.00)
	(304.85)	(458.00)
Adjustment for earlier years (C)	(116.58)	16.86
Tax expense recognized in the income statement (A+B+C)	(209.26)	1,649.96

(b) Amounts recognized in other comprehensive income

Particulars	(Rs in lakhs)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	(7.28)	0.49
	(7.28)	0.49

(c) Reconciliation of effective tax rate

Particulars	For the year ended 31st March, 2026		For the year ended 31st March, 2025	
	%	Amounts	%	Amounts
Profit before tax		(1,540.89)		7,885.87
Tax using the Company's domestic tax rate	25.17%	(387.81)	25.17%	1,984.72
Tax effect of:				
Disallowable expenses	-0.22%	3.43	0.50%	39.73
Tax exemptions	0.96%	(14.74)	-0.19%	(14.67)
Tax Impact of Overseas Subsidiaries (net)	-27.43%	422.68	-2.56%	(202.08)
Tax paid at lower rate	8.21%	(126.44)	-1.90%	(149.65)
Others	-0.66%	10.21	-0.32%	(24.96)
	6.01%	(92.67)	20.71%	1,633.09
Adjustment for earlier years	7.57%	(116.58)	0.21%	16.86
Effective income tax rate	13.58%	(209.25)	20.92%	1,649.96

(d) Movement in deferred tax

Particulars	(Rs in lakhs)			
	As at March 31, 2026		As at March 31, 2025	
	Net	Deferred tax asset	Net	Deferred tax liability
Deferred tax (Asset)/Liabilities				
Property, plant and equipment	(1,662.86)	-	(1,662.86)	(1,662.86)
Fair valuation of Mutual Funds and Equity shares	(138.68)	-	(138.68)	(138.68)
Employee benefits	40.32	40.32	-	-
Fair valuation of derivatives	5.68	-	5.68	5.68
Fair valuation of Security Deposits	-	-	-	-
MSME Disallowance	-	-	-	-
Allowance for expected credit losses	63.35	63.35	63.35	-
Allowance for Loans & Advances	105.77	105.77	105.77	-
Tax assets (Liabilities)	(1,586.42)	209.44	(1,795.86)	(1,795.86)

Particulars	(Rs in lakhs)			
	As at March 31, 2025		As at March 31, 2025	
	Net	Deferred tax asset	Net	Deferred tax liability
Deferred tax Asset / (Liabilities)				
Property, plant and equipment	(1,954.90)	-	(1,954.90)	(1,954.90)
Fair valuation of Mutual Funds and Equity shares	(175.54)	-	(175.54)	(175.54)
Employee benefits	32.20	32.20	-	-
Fair valuation of derivatives	(6.38)	-	(6.38)	(6.38)
Fair valuation of Security Deposits	10.77	10.77	-	-
MSME Disallowance	17.62	17.62	-	-
Allowance for expected credit losses	64.97	64.97	-	-
Allowance for Loans & Advances	127.26	127.26	-	-
Tax assets (Liabilities)	(1,883.99)	252.82	(2,136.81)	(2,136.81)

27 Borrowings

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
At Amortised Costs		
From Banks - in Foreign Currency		
Secured		
Packing Credit (refer note no. (b) (i),(ii), (iii) & (iv))	6,800.41	12,333.79
Foreign Bill Discounting (refer note no. (b) (i),(ii) & (iii))	-	255.60
Buyer's Credit (refer note no. (b) (i),(ii) & (iii))	2,441.87	2,113.15
WCDL (refer note no. (b) (i),(ii) & (iii))	1,182.72	-
From Banks - Rupee Loans		
Secured		
Packing Credit (refer note no. (b) (i),(ii), (iii) & (iv))	3,634.64	
Current maturities of long term borrowings	766.67	766.67
From Others		
From Non-Banking Financial Company	750.00	
Total	15,576.30	15,469.21

Note:

- a) Bank returns/stock statements filed by the Holding Company with its bankers are in materially agreement with books of accounts except in respect of quarter ended March 31, 2026 where such quarterly return/statement is yet to be filed.
- b) Term of repayment and securities for current borrowings
- All the working capital facilities are secured against:
- First pari passu charge on entire current assets of the Holding Company, excluding those kept, stored, lying loose at Unit No. 1, both present and future.
 - Second pari passu charge on the entire Movable property, plant and equipment, excluding the movable property, plant and equipment situated or kept at unit no. 1, of the Holding Company. (save and except for vehicles).
 - Second pari passu charge on immovable fixed assets of the Holding Company situated at silvassa plant unit II bearing survey no. 64/2, 64/3, 64/4, 61/1, 61/2, 63/5, 63/7, 62/5 and all the piece and parcel of Industrial non-agricultural land bearing Survey No. 62/5, admeasuring 2700 sq.mtrs., situated at village - Amli, Silvassa Union Territory of Dadra & Nagar Haveli.
 - Fixed Deposits amounting to Rs. 0.50 lakhs (As at March 31, 2025 Rs. 0.50 lakhs) pledged as margin money deposit for facilities from Banks. (Refer note no. 10 and 17)
 - Sole charge by way of pledge of mutual funds

28 Trade payables

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Trade payables:		
Total outstanding dues of Micro and Medium enterprises	176.33	143.95
Total outstanding dues of creditors other than Micro and Medium enterprises	3,437.91	3,078.84
Total	3,614.23	3,222.79

Trade payables ageing details

(Rs in lakhs)						
As at March 31, 2026						
Particulars	Outstanding for following periods from due date of payment					TOTAL
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	176.33	-	-	-	-	176.33
(ii) Others	2,800.36	332.10	145.31	46.42	45.62	3,369.81
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	68.09	-	68.09
Total Trade payables	2,976.69	332.10	145.31	114.51	45.62	3,614.23

(Rs in lakhs)						
As at March 31, 2025						
Particulars	Outstanding for following periods from due date of payment					TOTAL
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	143.95	-	-	-	-	143.95
(ii) Others	2,738.02	149.42	46.42	76.89	-	3,010.74
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues Others	-	-	68.09	-	-	68.09
Total Trade payables	2,881.97	149.42	114.51	76.89	-	3,222.79

29 Other financial liabilities

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Creditors for Capital goods	-	353.15
Interest Accrued	11.38	10.30
Unpaid dividend (refer note (i) & (ii))	37.21	31.33
Salaries , wages & other payable	1,201.65	763.03
Book overdraft with banks	750.71	773.08
Others	1.61	-
Derivative financial liabilities:		
At FVTPL		
Forward Contracts	19.73	-
Others (refer note (iii))	166.35	83.47
At FVOCI		
Target Redemption Forwards	3,212.12	
Total	5,400.77	2,014.37

Note:

- (i) There are no amounts due for payment to the Investor Education and Protection Fund Under Section 125 of the Act, as at the year end.

- (ii) Amount of Rs. 12.22 lakhs (P.Y. 2024-25: 14.52 lakhs) is transferred to Investor Education and Protection Fund during the year.
- (iii) Other Include Call Put Option Liability of Rs 166.35 Lakhs

30 Other current liabilities

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Revenue received in advance		
Advance from customers	128.46	218.47
Others		
Statutory dues	342.83	108.25
creditors for expenses	53.16	
Other liabilities	439.74	120.19
Total	964.18	446.91

31 Provisions

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Provision for employee benefits		
Gratuity (Refer note 43)	32.07	24.18
Leave Encashment	23.27	27.08
Total	55.34	51.26

32 Current tax liabilities (Net)

(Rs in lakhs)		
Particulars	As at March 31, 2026	As at March 31, 2025
Provision for Tax (Net of Taxes paid in advance)	70.56	467.86
Total	70.56	467.86

33 Revenue From Operations

(Rs in lakhs)		
Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(a) Sale of Products/ Services:		
- Local Sales	15,058.69	18,129.88
- Export Sales	23,552.98	22,793.54
- Sale of Wind Power	504.73	525.90
Sale of Products/ Services	39,116.40	41,449.32
(b) Other Operating Revenues:		
- Export incentives	840.14	810.70
- Sale of Scrap	79.90	106.64
- Commission Income	86.78	343.43
Other Operating Revenues	1,006.82	1,260.77
Revenue from operations	40,123.22	42,710.09

Disclosures as per Ind AS 115

(Rs in lakhs)		
Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
1a) Details of revenue from contracts with customers recognised by the Group, net of indirect taxes in its statement of Profit and loss.		
Revenue from contracts with customers (Transferred at point in time)		
Sale of yarns	38,611.67	40,923.42
Sale of wind power	504.73	525.90
	39,116.40	41,449.02
Sale of Scrap	79.90	106.64
Total revenue from contracts with customers	39,196.30	41,555.67
b) Reconciliation of the revenue from contracts with customers with revenue from operations		
Total revenue from contracts with customers	39,196.30	41,555.67
Commission Income	86.78	343.43
Export Incentives	840.14	810.70
Total Revenue from operations (Refer note 33)	40,123.22	42,710.09
2 Disaggregate Revenue		
The table below presents disaggregated revenues of the Group from contracts with customers by geography/ offerings/ contract-type/market. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.		
Total revenue from contracts with customers		
Yarn		
India	15,138.59	18,236.53
Export (Including deemed export)	23,552.98	22,793.54
Wind Power		
India	504.73	525.90
Total	39,196.30	41,555.67
3 Reconciliation between revenue with customers and contracted price:		
Revenue as per contracted price	39,431.51	41,934.88
Less: Adjustments		
Sales return	(170.77)	(246.59)
Discounts/ Rebates	(64.44)	(132.62)
Revenue from contracts with Customers	39,196.30	41,555.67

(Rs in lakhs)		
Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
4 Sales by performance obligations		
Upon Shipment	38,691.57	41,030.07
Upon Delivery	-	-
Upon Transmission into grid	504.73	525.90
Total	39,196.30	41,555.67

5 Contract balances

The following table provides information about receivables from contracts with customers:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
(a) Trade receivables	11,756.58	9,574.42
Allowance as per Expected credit loss model	(286.70)	(160.65)
Total	11,469.88	9,413.77
Trade receivables are non-interest bearing and are generally on terms of up to 180 days.		
(b) Contract liability		
Advances from Customers	128.46	218.47

The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended March 31, 2025.

34 Other Income

(Rs in lakhs)		
Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
a) Interest income		
Instruments measured at amortised costs		
- on fixed deposits with bank	0.27	12.22
- on debentures, INVIT & bonds	149.16	140.19
- on treasury bills	13.86	30.28
- on alternative investment fund	142.62	51.01
- others	23.55	86.78
b) Dividend Income		
- Dividend Income from Current investments at FVTPL	73.21	58.01
c) Other non-operating Income		
- Gain on sale of investments valued at FVTPL	1,419.54	922.59
- Gain on Future and option trading	3,534.58	859.81
- Fair Valuation gain on Investments	-	33.46
- Gain on Currency Derivative	-	142.22
- Gain or loss on foreign currency transaction and translation (net)	-	63.27
- Miscellaneous Income	307.82	119.08
Total	5,664.60	2,518.92

35 Cost of material consumed

(Rs in lakhs)		
Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Inventories at the beginning of the year	2,660.16	1,733.33
Purchases	16,340.11	21,009.11
Inventories at the end of the year	(1,646.85)	(2,660.16)
Total	17,353.42	20,082.27

36 Changes in inventories of finished goods (including stock in trade) and work in progress

(Rs in lakhs)		
Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Closing stock		
Work-in-progress	2,795.89	3,023.93
Finished goods	2,519.36	3,011.99
Subtotal (A)	5,315.26	6,035.93
Opening stock		
Work-in-progress	3,023.93	2,601.31
Finished goods	3,011.99	2,418.93
Subtotal (B)	6,035.93	5,020.24
Net (Increase)/decrease in Inventories [(B)-(A)]	720.67	(1,015.68)

37 Employee benefits expense

(Rs in lakhs)		
Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Salaries, wages and bonus	2,116.47	1,887.53
Contribution to provident and other funds	267.83	199.06
Staff welfare expenses	61.82	41.94
Total	2,446.12	2,128.54

38 Finance costs

(Rs in lakhs)		
Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
At Amortised Cost		
Interest expenses		
Interest on borrowings	683.25	809.36
Exchanges differences regarded as an adjustment to borrowing costs	88.74	43.67
Interest expense on lease liability	51.91	53.20
Interest on GST	-	123.69
Interest on Income tax and TDS	-	34.50
Total	823.90	1,064.42

39 Depreciation and amortisation expenses

(Rs in lakhs)		
Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Depreciation on property, plant and equipment	2,328.36	2,302.17
Depreciation charged for right of use assets - building	178.33	167.52
Amortisation of intangible assets	16.46	32.47
Total	2,523.15	2,502.16

40 Impairment Expenses

Particulars	(Rs in lakhs)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Impairment Expenses on Property, Plant and Equipment	453.40	-
Total	453.40	-

41 Other expenses

Particulars	(Rs in lakhs)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Consumption of stores and spare parts	599.44	460.76
Power and fuel	2,216.27	2,352.15
Consumption of packing materials	1,381.48	1,505.88
Consumption of oils and chemicals	263.73	331.81
Labour charges	3,201.43	3,182.86
Repairs and Maintenance:		
- Building	3.06	30.99
- Machinery	222.16	192.77
- Others	157.09	246.32
Water, waste and effluent treatment charges	94.97	100.31
Rent	113.13	118.37
Insurance	116.74	79.35
Director sitting fees	4.00	8.70
Legal, professional and consultancy charges	1,387.51	458.39
Rates and Taxes	371.18	19.26
Corporate Social Responsibility Expenses	86.85	91.92
GST Expenses	-	205.15
Inventory Writeoff	135.97	-
Loss on sale of Property, Plant and Equipment	165.60	182.91
Loss on foreign currency transaction and translation (net)	1,758.07	0.17
Miscellaneous expenses	415.21	287.47
Business Promotion Expenses	189.88	167.46
Postage and Courier	102.35	37.55
Security Charges	161.03	156.42
Bank Charges	80.26	86.25
Fair valuation loss on Investments	257.76	
Travelling Expenses	79.43	106.54
Payments to auditor	22.45	22.35
Freight and forwarding charges	1,179.77	1,394.83
Commission on sales	423.10	754.27
Provision for doubtful receivables/advances	104.88	0.24
Total	15,294.79	12,581.43
Payment to auditor		
- Audit fees	20.00	20.00
- for certifications	1.43	2.10
- Out of pocket expenses	1.03	0.25
Total	22.45	22.35

42 Earnings per share (EPS)

Particulars	(Rs In lakhs)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Profit for the year before exceptional item	6,399.81	6,235.73
Profit for the year after exceptional item	(1,313.45)	6,235.73
Weighted average number of Equity shares for basic earning per share	83,503,000	83,503,000
Nominal value of each share (in Rs.)	1	1
Basic and Diluted earning per share before exceptional item	7.66	7.47
Basic and Diluted earning per share after exceptional item	(1.57)	7.47

43 Employee benefits**A Defined Contribution plans:**

The company contributes to the Government managed provident and pension fund for all qualifying employees.

Contribution to provident fund of Rs. 151.76 lakhs (March 31, 2025: Rs. 140.20 lakhs) is recognised as an expense and included in "Contribution to provident and other funds" in Statement of Profit and Loss.

B Defined benefit plans:

The Company has defined benefit plan for payment of gratuity to all qualifying employees. It is governed by the Payment of Gratuity Act, 1972. Under this Act, an employee who has completed five years of service is entitled to the specified benefits provided which depends on the employee's length of service and salary at retirement age. The Company's defined benefit plan is funded with Life Insurance Corporation (LIC).

There are no other post retirement benefits provided by the Company.

The present value of the defined benefit obligation, the related current service cost and past service cost, were measured using the projected unit credit method.

Reconciliation in present value of obligations (PVO)

Particulars	(Rs in lakhs)	
	As at March 31, 2026	As at March 31, 2025
PVO at the beginning of the year	178.84	154.95
Interest cost	11.71	11.14
Current service cost	23.72	21.46
Benefits paid	(25.28)	(10.67)
Past Service cost	18.43	-
Actuarial (Gains)/Losses	29.41	1.96
PVO at the end of the year	236.83	178.84

Reconciliation of Fair value of plan assets:

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Fair value of plan assets at the beginning of the year	62.16	57.91
Adjustments:		
Return on plan assets excl. interest income	0.49	0.02
Interest income	4.07	4.16
Contributions by the employer	-	-
Benefits paid	(2.53)	0.06
Fair value of plan assets at the end of the year	64.19	62.16

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

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
PVO of the defined benefit obligation at the end of period	236.83	178.84
Fair value of planned assets at end of year	(64.19)	(62.16)
Net liabilities / (Assets) recognised in the balance sheet	172.64	116.68

Amount recognised in Statement of Profit and Loss

(Rs in lakhs)

Particulars	2025-2026	2024-2025
Current service cost	23.72	21.46
Past service cost and loss/(gain) on curtailments and settlement	18.43	-
Net interest	7.64	6.98
Net charge to the statement of profit or loss	49.79	28.44

Amount recognised in Other Comprehensive Income (OCI)

(Rs in lakhs)

Particulars	2025-2026	2024-2025
Actuarial (Gain)/Loss recognised for the period	29.41	1.96
Return on plan assets excluding net interest	(0.49)	(0.02)
Recognised in OCI for the year	28.92	1.94

Expected Payout

(Rs in lakhs)

Year	2025-2026	2024-2025
Expected Outflow in 1st Year	79.59	53.86
Expected Outflow in 2nd Year	44.05	30.95
Expected Outflow in 3rd Year	28.51	30.66
Expected Outflow in 4th Year	22.81	19.36
Expected Outflow in 5th Year	22.11	15.34
Expected Outflow in 6th to 10th Year	68.30	51.81

The weighted average duration of the defined benefit plan obligations at the end of reporting period is 3.49 years

Major category of plan assets as a % of total plan

The plan assets are being managed by LIC. No further details are made available by the fund manager. (LIC)

Sensitivity analysis

Significant actuarial assumptions for the determination of defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Impact on present value of defined benefit obligation:		
If discount rate is increased by 0.5%	(7.00)	(2.84)
If discount rate is decreased by 0.5%	7.56	2.95
If salary escalation rate is increased by 0.5%	7.04	2.92
If salary escalation rate is decreased by 0.5%	(6.67)	(2.83)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Principal Actuarial Assumptions

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Discount Rate	6.64%	6.55%
Expected rate of return on plan assets	6.64%	6.55%
Expected rate of salary increase	7.00%	7.00%
Employee attrition rate	20.00%	20.00%
Mortality	Indian Assured Lives (2012-14)	Indian Assured Lives (2012-14)

Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

These plans typically expose the Company to actuarial risks such as interest rate risk and salary risk.

- (a) Interest risk: a decrease in the bond interest rate will increase the plan liability.
- (b) Salary risk: the present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, a variation in the expected rate of salary increase of the plan participants will change the plan liability.

C Other short term employee benefits**Short term leave**

The expenses towards compensated absences (annual and short term leave) for the year ended March 31, 2026 of Rs. 35.71 lakhs (March 31, 2025: Rs. 37.66 lakhs), which is included in the 'Employee benefits expense' in the Statement of Profit and Loss.

44 Related party disclosures**1 Relationships****(a) Joint Ventures of Subsidiary (Refer note 52)**

Savitex SA De C.V., Honduras

MRK SA De C.V., Honduras

Sarla Textstill Filament Sanayi Ticaret A.S.

(b) Entities controlled by Key Managerial Personnel

Satidham Industries Private Limited

Hindustan Cotton Company

Harmony Estates Pvt Ltd

Sarla Twisters Private Limited

Sarla Estate Developers Pvt Ltd

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

Shri Narayani Seva Sansthan

Shivchandrai Jhunjhunwala Charitable Trust

Snow White Properties Private Limited

(d) Directors & Key Managerial Personnel**(i) Executive Director**

Krishna Jhunjhunwala - Chairman & Managing Director

Kanav Jhunjhunwala - Director

Neha Jhunjhunwala - Director

(ii) Non Executive Directors

Paulo Manuel Castro - Independent and Non Executive Director

Bharat Kishore Jhamvar - Independent and Non Executive Director

Sachin Shashikant Abhiyankar - Independent and Non Executive Director

(iii) Key Managerial Personnel

Kayvanna Shah - Chief Financial Officer (From June 24, 2025)

Radhika Sharma - Company Secretary (From November 04, 2023 till September 30, 2024)

Meena Jain - Company Secretary (From December 10, 2025 till March 31, 2025)

Kapil Yadav - Company Secretary (From April 25, 2025 till September 04, 2025)

Mustafa Manasawala - Company Secretary (From November 11, 2025)

(e) Relatives of Key Managerial Personnel

Vrinda Jhunjhunwala - Relative of Chairman and Managing Director

Sarladevi Jhunjhunwala - Relative of Chairman & Managing Director and Promoter

Krishnakumar and Sons HUF - Relative of Chairman & Managing Director

Madhusudan Jhunjhunwala & Sons HUF - Relative of Chairman & Managing Director and Promoter

2 Details of transactions with above related parties

Nature of Transaction	Entities over which Key Managerial Personnel are able to exercise significant influence	Key Managerial Personnel / Directors		Relatives of Key Managerial Personnel	
		Year ended		Year ended	
		March 31, 2026	March 31, 2025	March 31, 2026	March 31, 2025
(a) Remuneration (including Retirement Benefits)					
Krishna Jhunjhunwala	-	247.00	180.00	-	-
Kanav Jhunjhunwala	-	56.48	19.08	-	-
Neha Jhunjhunwala	-	37.05	18.00	-	-
Kayvanna Shah	-	59.82	43.60	-	-
Vrinda Jhunjhunwala	-	-	-	12.35	6.00
Radhika Sharma	-	-	7.74	-	-
Meena Jain	-	-	1.48	-	-
Kapil Yadav	-	4.76	-	-	-
Mustafa Manasawala	-	4.42	-	-	-
(b) Sitting Fees					
Bharat Kishore Jhamvar	-	2.00	3.00	-	-
Sachin Shashikant Abhiyankar	-	2.00	2.70	-	-
(c) CSR expenditure					
Shivchandrai Jhunjhunwala Charitable Trust	75.00	-	-	-	-
(d) Rent Paid					
Krishna Jhunjhunwala	-	21.60	21.60	-	-
Madhusudan Jhunjhunwala & Sons HUF	-	-	-	21.60	21.60
Hindustan Cotton Co.	54.00	-	-	-	-
Key management personnel compensation					
Particulars		2025-2026		2023-2025	
Short-term employee benefits		409.53		269.90	
Post-employment benefits**		-		-	
Others (including sitting fees to non-executive directors)		4.00		5.70	

** As the liabilities for gratuity is provided on actuarial basis for the Company as a whole, the amounts pertaining to the directors and KMP are not included.

3 Balances Outstanding:

Nature of Transaction	As at March 31, 2026	As at March 31, 2025
(a) Security Deposit		
Krishna Jhunhunwala	11.00	11.00
Hindustan Cotton Company	36.00	36.00
Madhusudan Jhunhunwala & Sons HUF	11.00	11.00

Notes:

- (a) The transactions with related parties are made in the normal course of business and on the terms equivalent to those that prevails in the arm's length transactions.
- (b) Amounts outstanding are unsecured and will be settled in cash or receipts of goods and services.

45 Products from which reportable segments derive their revenues

Information reported to the chief operating decision maker (CODM) for the purpose of resources allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Segments have been identified and reported taking into account the nature of products, the integration of manufacturing processes, the organization structure and the internal financial reporting systems.

In accordance with paragraph 4 of notified Ind AS 108 "Operating segments" the Group has disclosed segment information only on the basis of the consolidated financial statements.

The Group is predominantly involved into activity of manufacturing and processing of synthetic yarn which mainly have similar risk and nature. The Group has also diversified its activities into Wind Power Generation. Accordingly, the Group's business segment falls under two segments:

- Manufacturing of Yarn
- Generation of Wind Power

Segment revenue and results

The following is an analysis of the Group's revenue and results from operations by reportable segment

(Rs in lakhs)

Segment	Segment revenue	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Yarn	39,618.49	42,184.19
Generation of Wind Power	643.91	663.89
	40,262.39	42,848.08
Elimination of Intersegment revenues	(139.17)	(137.99)
Unallocated	-	-
	40,123.22	42,710.09

(Rs in lakhs)

Segment	Segment Results	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Yarn	5,072.92	8,335.04
Generation of Wind Power	(196.84)	19.02
	4,876.08	8,354.06
Finance costs	(823.90)	(1,064.42)
Other expenses	(3,544.41)	(1,922.69)
Other income	5,664.60	2,518.92
Profit before tax	6,172.37	7,885.87
Current Tax	(95.59)	(2,107.95)
Deferred Tax	304.85	458.00
Profit after tax	6,381.63	6,235.92

Notes:

Segment profit represents the profit before tax earned by each segment without allocation of finance cost, other expenses, as well as other income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

(Rs in lakhs)

Particulars	As at March 31, 2026	As at March 31, 2025
Segment assets		
Yarn	41,810.05	41,251.49
Generation of Wind Power	4,225.20	5,375.64
Total segment assets	46,035.25	46,627.13
Unallocated	37,058.71	28,639.31
Consolidated Total assets	83,093.96	75,266.44
Segment liabilities		
Yarn	15,081.04	8,996.29
Generation of Wind Power	11.08	153.25
Total segment liabilities	15,092.11	9,149.54
Unallocated	16,538.47	17,123.11
Consolidated Total liabilities	31,630.58	26,272.65

Other segment information

(Rs in lakhs)

Particulars	Depreciation and amortisation		Capital expenditure	
	For the year ended March 31, 2026	For the year ended March 31, 2025	For the year ended March 31, 2026	For the year ended March 31, 2025
Yarn	2,136.42	2,130.92	1,293.19	2,018.48
Generation of Wind Power	386.74	371.24	-	341.99
Total	2,523.15	2,502.16	1,293.19	2,360.47

Revenue from major products

Particulars	(Rs in lakhs)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Yarn	39,618.49	42,184.19
Generation of Wind Power	504.73	525.90
Total	40,123.22	42,710.09

Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets* by location of assets are detailed below:

Particulars	(Rs in lakhs)			
	Revenue from external customers		Non current assets*	
	For the year ended March 31, 2026	For the year ended March 31, 2025	As at March 31, 2026	As at March 31, 2025
India	38,859.01	42,132.62	21,125.28	22,571.54
U.S.A.	926.92	-	1,884.02	1,766.56
Other countries	337.29	577.48	8.79	15.61
Total	40,123.22	42,710.09	23,018.09	24,353.70

* Non-current assets exclude those relating to financial assets and deferred tax assets.

Information about major customers

Only one customer contributed 10% or more to the Group's revenue for the year ended March 31, 2026 and March 31, 2025 in case of Yarn business

46.1 Contingent liabilities not provided for:

Claims against the company not acknowledged as debt:

- Claim against Company not acknowledged as debt, comprises of excise duty & Custom duty disputed by company relating to issue of applicability of duty and classification of goods aggregating to Rs.963.16 lakhs (As at March 31, 2023: Rs. 963.16 lakhs).
- The Differential CST liability in respect of Non Collection of C Forms of Rs. 42.12 lakhs (As at March 31, 2023: Rs. 42.12 lakhs).
- In the Earlier Years, Goods and Service Tax (GST) demand for Rs 643.51 lakhs pertaining to the GST refund availed on exports on payment of IGST in EOU unit for FY 2018-19 to 2021-22 was raised. The matter is disposed off during the FY 2025-26. The company had deposited Rs. 117.00 Lakhs (As at March 31, 2025: Rs 117.00 Lakhs) against the demand under protest and the refund of the said deposit is awaited.
- Goods and Service Tax (GST) demand for Rs 13.54 lakhs pertaining to the Input tax credit availed on input services from various suppliers for FY 2017-18 to 2022-23 (As at March 31, 2025: Rs Nil). The matter is sub-judiciary with the Commissioner of CGST & Central Excise. The company has deposited Rs. 1.35 Lakhs (As at March 31, 2025: Rs Nil) against the demand under protest.

46.2 Capital Commitments

Particulars	(Rs. In lakhs)	
	As at March 31, 2026	As at March 31, 2025
For capital expenditures (net of advances of Rs. 196.00 lakhs (As at March 31, 2025: Rs. 105.00 lakhs))	112.00	130.00
For capital work in progress (As at March 31, 2025: Rs. NIL))	2,512.58	-
For Investments in Alternative Investment Funds (net of advances of Rs. 15.00 lakhs (As at March 31, 2025: Rs. 15.00 Lakhs))	1,312.59	2,132.09

47 Financial instruments

A Capital Management:

The Group manages its capital structure with a view to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as detailed in notes 24 & 28) and total equity of the Group.

The Group's management reviews the capital structure of the Group on an annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the end of the reporting period was as follows:

Particulars	(Rs in lakhs)	
	As at March 31, 2026	As at March 31, 2025
Non-current borrowings	3,525.64	1,775.42
Current borrowings (including current maturities of non-current borrowings)	15,576.30	15,469.21
Total Debt	19,101.95	17,244.64
Equity	51,463.37	48,993.79
Net debt to equity ratio	0.37	0.35

For the purpose of computing debt to equity ratio, equity includes Equity Share Capital, Other Equity including Non controlling Interest and Debt includes Long term borrowings, short term borrowings and current maturities of long term borrowings.

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

i) Classification of Financial Assets and Liabilities:

Particulars	(Rs in lakhs)	
	As at March 31, 2026	As at March 31, 2025
Financial assets		
At Amortised cost		
Investments in Debentures	324.15	-
Investments in Treasury Bill	-	86.00
Trade receivables	11,469.88	9,444.71
Cash and cash equivalents	269.32	248.24
Bank balances other than above	38.35	35.30
Loans	53.77	23.15
Other financial assets	2,538.43	2,436.44
At Fair value through Profit and Loss		
Investments in equity shares	3,928.72	3,628.39
Derivative contracts	-	25.35
Investments in Debentures	8,017.40	1,757.68
Investments in Mutual Funds	19,830.00	20,662.75
Investments in Alternative Investments Funds	4,538.45	1,269.72
Total	51,008.48	39,617.74
Financial liabilities		
At Amortised cost		
Borrowings	19,101.95	17,244.64
Lease Liabilities	676.51	828.28
Trade payables	3,614.23	3,222.79
Other Financial liabilities	5,381.03	1,985.24
At Fair value through Profit and Loss		
Derivative contracts - Future and Options Trading	19.73	29.13
Total	28,793.46	23,310.08

ii) Fair Value Measurements (Ind AS 113):

The fair values of the Financial Assets and Liabilities are included at the amount, at which instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments based on the input that is significant to the fair value measurement as a whole:

Level 1:	This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of all Equity Shares which are traded on the stock exchanges, is valued using the closing price at the reporting date.
Level 2:	The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.
Level 3:	If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Particulars	(Rs in lakhs)	
	As at March 31, 2026	As at March 31, 2025
Financial Assets at Fair Value through Profit and Loss		
Investments in quoted equity shares (Level 1)	2,783.33	3,628.39
Derivative contracts (Level 2)	-	25.35
Investments in debentures (Level 2)	8,017.40	1,757.68
Investments in Mutual Funds (Level 2)	19,830.00	20,662.75
Investments in alternative investments funds (Level 3)	4,538.45	1,269.72
Investments in unquoted equity shares (Level 3)	1,145.39	-
Total	36,314.58	27,343.90

The management assessed that cash and bank balances, trade receivables, loans, trade payables, borrowings (cash credit, foreign currency loans, working capital loans) and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

During the reporting period ending March 31, 2026 and March 31, 2025, there was no transfer between level 1 and level 2 fair value measurement.

Key Inputs for Level 1 and 2 Fair valuation Technique:

1. Mutual Funds : Based on Net Asset Value of the Scheme (Level 2)
2. Derivative (forward) contracts : The fair value is determined using quoted forward exchange rates at the reporting date. (Level 2)
3. Debentures: Based on comparable instruments (Level 2)
4. Listed Equity Investments: Quoted Bid Price on Stock Exchange (Level 1)

48 Financial risk management objectives (Ind AS 107)

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The key risks and mitigating actions are also placed before the Audit Committee of the Group.

The Group has exposure to the following risks arising from financial instruments:

- A) Credit risk;
- B) Liquidity risk; and
- C) Market risk

A Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from financial assets such as trade receivables, investments in mutual funds, preference shares, debentures, derivative financial instruments, other balances with banks, loans and other receivables.

Trade and other receivables

Customer credit is managed by each business unit subject to the Group's established policies, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 0 to 180 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Group does not hold collateral as security. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

The Group measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

The following table provides information about the exposure to credit risk and Expected Credit Loss Allowance for trade and other receivables:

Particulars	(Rs in lakhs)	
	As at March 31, 2026	As at March 31, 2025
Not due		
up to 180 days	11,283.82	8,900.52
181-365 days	80.55	260.58
Above 365 days	392.22	444.26
Total	11,756.58	9,605.36

Movement in provisions of doubtful debts

Particulars	(Rs in lakhs)	
	As at March 31, 2026	As at March 31, 2025
Opening provision	160.65	157.71
Additional provision made	126.05	2.94
Reinstatement of provision	-	-
Closing provision	286.70	160.65

Other financial assets

The Group maintains exposure in cash and cash equivalents, term deposits with banks, investments in Equity Shares, preference shares, Exchangeable Traded Funds, debentures, INVIT, treasury bills, government securities, mutual funds, alternative investments funds and derivative contracts. The Group has diversified portfolio of investment with various number of counter-parties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Management of the Group.

B Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by Group through effective fund management. The Group's principal sources of liquidity are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Group believes that current cash and cash equivalents, tied up borrowing lines and cash flow that is generated from operations is sufficient to meet requirements. Accordingly, liquidity risk is perceived to be low.

The following are the remaining contractual maturities of financial liabilities at the reporting date. Amounts disclosed are the contractual un-discounted cash flows.

Maturity analysis of significant financial liabilities

(Rs in lakhs)

Particulars	As at March 31, 2026			As at March 31, 2025		
	Carrying amount	Contractual cash flows		Carrying amount	Contractual cash flows	
		Upto 1 year	More than 1 year		Upto 1 year	More than 1 year
Financial liabilities						
Borrowings (including Current Maturities of Long-Term Debts)	19,101.95	15,576.30	3,525.64	17,244.64	15,469.21	1,775.42
Trade and other payables	3,614.23	3,614.23	-	3,222.79	3,222.79	-
Other financial liabilities	5,400.77	5,400.77	-	2,014.37	2,014.37	-
Lease Liabilities	676.51	226.13	450.38	828.28	148.32	679.97
Total	28,793.46	24,817.43	3,976.03	23,310.08	20,854.69	2,455.39

C Market risk

Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

I Currency Risk

The Group is exposed to currency risk on account of its operating and financing activities. The functional currency of the Group is Indian Rupee. Group's exposure is mainly denominated in U.S. dollars (USD). The USD exchange rate has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Group has put in place a Financial Risk Management Policy to Identify the most effective and efficient ways of managing the currency risks. The Group uses derivative instruments (mainly foreign exchange forward contracts) to mitigate the risk of changes in foreign currency exchange rate.

The Group does not use derivative financial instruments for trading or speculative purposes.

Exposure to currency risk

The currency profile of financial assets and financial liabilities are as below:

(Rs in lakhs)

Particulars	As at March 31, 2026			As at March 31, 2025		
	USD	GBP	EURO	USD	GBP	EURO
Financial assets						
Cash and cash equivalents	10.02	-	196.61	93.40	-	0.00
Trade receivables	4,290.03	389.84	1,379.19	2,974.94	359.66	1,178.61
Loans	-	-	-	-	-	-
Less: Foreign currency forward exchange contracts	-	-	(272.52)	(171.16)	-	(784.76)
Net exposure for assets	4,300.05	389.84	1,303.28	2,897.18	359.66	393.85
Financial liabilities						
Foreign Currency Loans	-	-	-	-	-	-
Short term borrowings	-	-	-	-	-	-
Trade and other payables	2,463.37	-	-	2,203.69	-	2.79
Less: Foreign currency forward exchange contracts	-	-	-	-	-	-
Net exposure for liabilities	2,463.37	-	-	2,203.69	-	2.79
Net exposure (Assets - Liabilities)	1,836.68	389.84	1,303.28	693.49	359.66	391.06

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. This is mainly attributable to the net exposure outstanding on receivables or payables in the Group at the end of the reporting period. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% charge in foreign currency rate. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. In cases where the related foreign exchange fluctuation is capitalised to fixed assets or recognised directly in reserves, the impact indicated below may affect the Group's income statement over the remaining life of the related fixed assets or the remaining tenure of the borrowing respectively.

Impact on profit or loss

(Rs in lakhs)

Movement in currency	Increase in Exchange rate by 5%		Decrease in Exchange rate by 5%	
	For the year ended March 31, 2026	For the year ended March 31, 2025	For the year ended March 31, 2026	For the year ended March 31, 2025
USD	91.83	34.67	(91.83)	(34.67)
GBP	19.49	17.98	(19.49)	(17.98)
EURO	65.16	19.55	(65.16)	(19.55)

II Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing market interest rates. The Group's exposure to the risk due to changes in interest rates relates primarily to the Group's short-term and long term borrowings with floating interest rates. The Group constantly monitors the credit markets and revisits its financing strategies to achieve an optimal maturity profile and financing cost.

The Group's investments in term deposits(i.e. certificates of deposits) with banks, investments in preference shares, mutual funds and debentures are at fixed interest rate and therefore do not expose the Group to significant interest rate risk.

Interest Rate Exposure:

Particulars	(Rs in lakhs)	
	For the year ended March 31, 2026	For the year ended March 31, 2025
Term loans - long term		
Floating Rate Borrowings	-	-
Fixed Rate Borrowings	4,783.33	2,300.00
Non Interest bearing	258.98	242.09
Short term borrowings	14,059.64	14,702.55
Total	19,101.95	17,244.64

Interest rate sensitivities for floating rate borrowings :

Movement in rate	(Rs in lakhs)			
	Increase in Exchange rate by 0.25%		Decrease in Exchange rate by 0.25%	
Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025	For the year ended March 31, 2026	For the year ended March 31, 2025
Short term borrowings	35.15	36.76	(35.15)	(36.76)

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period.

III Price Risk

The Company has deployed its surplus fund into various financial instruments including units of mutual fund, bond, debentures etc. The Company is exposed to price risk on such investments, which arises on account of interest rate, liquidity and credit quality of underlying securities.

49 Hedge Accounting

The objective of hedge accounting is to represent, in the Company's financial statements, the effect of the Company's use of financial instruments to manage exposures arising from particular risks that could affect profit or loss.

Currency risk-

The Company's risk management policy is to hedge its estimated foreign currency exposure in respect of highly forecasted sales. The Company uses forward exchange contracts to hedge its currency risk. Such contracts are generally designated as fair value hedges. Company's policy is to match the critical terms of the forward exchange contracts with that of the hedged item.

For derivative contracts designated as hedge, the Company documents at inception the economic relationship between the hedging instrument and the hedged item, the hedge ratio, the risk management objective for undertaking the hedge and the methods used to assess the hedge effectiveness. The hedging book consists of transactions to hedge balance sheet assets or liabilities. The tenor of hedging instrument may be less than or equal to the tenor of underlying hedged asset or liability.

Financial contracts designated as hedges are accounted for in accordance with the requirements of Ind AS 109 depending upon the type of hedge.

Hedge effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. The Company assesses hedge effectiveness both on prospective and retrospective basis. The prospective hedge effectiveness test is a forward looking evaluation of whether or not the changes in the fair value or cash flows of the hedging position are expected to be highly effective on offsetting the changes in the fair value or cash flows of the hedged position over the term of the relationship.

On the other hand, the retrospective hedge effectiveness test is a backward-looking evaluation of whether the changes in the fair value or cash flows of the hedging position have been highly effective in offsetting changes in the fair value or cash flows of the hedged position since the date of designation of the hedge. Hedge effectiveness is assessed through the application of critical terms match method/Dollar offset method. Any ineffectiveness in a hedging relationship is accounted for in the statement of profit and loss

Sr. No.	Type of risk / hedge position	Hedged item	Description of hedging strategy	Hedging instrument	Description of hedging instrument	Type of hedging relationship
1	Market Volatility Risk	Target Redemption Forwards (TRF)	Mitigate the impact of fluctuations in foreign exchange rates.	Target Redemption Forwards	Company uses TRF for managing foreign exchange risks on regular forecasted cash flows	Cash flow hedge

The tables below provide details of the derivatives that have been designated as hedges for the periods presented:

(Lakhs)

As at 31 March 2026										
	Notional principal amounts (Net)	Derivative financial instruments - assets	Derivative financial instruments - liabilities	Change in fair value for the year	Change in fair value for the year recognized in OCI	Ineffectiveness recognized in profit or loss	Line item in profit or loss that includes hedge ineffectiveness	Amount reclassified from the hedge reserve to (profit) or loss	Line item in profit or loss affected by the reclassification	Balance in cash flow hedge reserve*
TRF (EURO)	32,265.89	-	2,081.89	(2,081.89)	(2,081.89)	NA	NA	-	NA	(2,081.89)
TRF (USD)	24,607.78	-	1,130.23	(1,130.23)	(1,130.23)	NA	NA	-	NA	(1,130.23)

50 Leases

I Disclosure in respect of operating lease (as Lessee):

(a) Additions to right of use assets during the reporting year ended March 31, 2026 and its carrying value as on that date

Particulars	(Rs in lakhs)	
	As at March 31, 2026	As at March 31, 2025
Addition of right-of-use assets that do not meet the definition of investment property		
Lease hold Land and Buildings	0.00	786.02
Total	0.00	786.02
Depreciation charged during the current year		
Lease hold Land and Buildings	178.33	167.52
Total	178.33	167.52
Carrying value of Right-of-use assets		
Lease hold Land and Buildings	640.35	821.13
Total	640.35	821.13

(b) Movement in Lease liabilities for the year ended:

Particulars	As at March 31, 2026	As at March 31, 2025
Balance at the beginning of the year	828.27	190.64
Additions	48.19	824.01
Payment of Lease liabilities	(199.97)	(186.38)
Total Lease liabilities	676.49	828.27

(c) Maturity Analysis of Lease liabilities

Maturity analysis for Leasehold Land and Buildings	As at March 31, 2026	As at March 31, 2025
Less than one year	176.53	164.39
One to five years	598.74	581.82
More than five years	27.02	188.74
Total undiscounted Lease liabilities for the year ended	802.29	934.95
Lease liabilities included in the statement of financial position		
Current	226.13	148.32
Non-current	450.38	679.97
Total Lease Liabilities	676.51	828.28

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

Particulars	As at March 31, 2026	As at March 31, 2025
Depreciation	178.33	167.52
Interest on lease liabilities (included in finance cost)	51.91	53.20
The expense relating to short-term leases accounted for applying paragraph 6. This expense need not include the expense relating to leases with a lease term of one month or less	-	-
The expense relating to leases of low-value assets accounted for applying paragraph 6. This expense shall not include the expense relating to short-term leases of low-value assets included in paragraph 53(c)	-	-
The expense relating to variable lease payments not included in the measurement of lease liabilities	-	-
Income from subleasing right-of-use assets	-	-
Gains or losses arising from sale and leaseback transactions	-	-
Total Amount recognised in the Statement of profit or loss	230.24	220.71

(e) Amount recognised in the statement of cash flows

Particulars	As at March 31, 2026	As at March 31, 2025
Total cash outflow for leases (excluding short-term leases, leases of low-value assets)	199.97	186.38

51 Disclosures as required under schedule iii to the Companies Act 2013 with respect to Consolidated Financial Statements

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in Other comprehensive income		Share in Total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated Other comprehensive income	Amount	As % of consolidated profit or loss	Amount
Parent								
Sarla Performance Fibers Limited	97.51%	50,183	-197.13%	2,625	108.42%	(3,190)	13.23%	(565)
Subsidiaries								
Foreign								
Sarlaflex Inc.	-13.92%	(7,166)	121.84%	(1,622)	23.01%	(677)	53.80%	(2,300)
Sarla Overseas Holding Limited	0.09%	48	1.82%	(24)	-0.21%	6	0.42%	(18)
Inter company Elimination	16.34%	8,410	172.10%	(2,292)	-31.22%	919	32.12%	(1,373)
Non - Controlling Interest in subsidiaries	-0.02%	(11)	1.37%	(18)	0.00%	0	0.42%	(18)

52 Entities not consolidated

Sarla Overseas Holdings Limited(SOHL) has commercial disputes with its JV partners Savitex S.A. De C.V. & MRK S.A. De C.V., resulting into the matter being referred to the appropriate judicial authority in Honduras. The matter being subjudice, the financial performance of both the JV's are not taken in to consideration while preparing the Consolidated Financial statements. Also Financial statements of Sarla Tekstil have also not been considered on account of non receipt of the same.

53 In F.Y. 2020-21, the subsidiary (SOHL) had made impairment provision for its loans and advances due to which its net worth has become negative. Looking to business prospects and actual profits for the year, financial statements of SOHL have been prepared based on 'going concern' basis.

54 The subsidiary (Sarlaflex, Inc.) has suspended its manufacturing operations since December 2017. The management is monitoring the situation on a continuous basis and is confident that there would no need for an impairment at this stage. Accordingly, the financial statements of the subsidiary have been prepared based on 'going concern' assumption.

55 Events after the reporting period

No adjusting or significant non - adjusting events have occurred between the reporting date (March 31, 2026) and the report release date (April 22, 2026)

56 Exceptional Item**During FY 2025-26**

The Holding Company incorporated Sarla Flex Inc., a wholly owned subsidiary (WOS), in 2012 and had subscribed to 9,89,000 Equity Shares of USD 1 each aggregating to USD 9,89,000 (Equivalent value of investment in INR 596.50 Lakhs).

During FY 2019-20, 11, 1% Non-Cumulative Redeemable Preference Shares (NCRPS) of USD 1,000,000 each was issued by the WOS against the outstanding loan of USD 11,000,000 due to the financial health of the said WOS.

The WOS has suspended its manufacturing operations since December 2017 and had a negative net worth as on 31st March 2025 and 30th September 2025. Due to these circumstances the Company decided to liquidate its investment in the NCRPS.

Due to negative net worth, the WOS had insufficient assets to cover its liabilities and in the situation of distress, recovery was limited to residual assets after debt settlement, resulting in a significant haircut.

Owing to the above scenario, the Holding Company intimated to the Reserve Bank of India (RBI) vide its letter dated 16th February 2026 about its intention to sale the NCRPS at USD 11,000 each to a foreign entity and also to grant permission to write off the losses resulting out of this sale transaction.

Since the buyer wanted to close the transaction immediately, the Holding Company executed the Share Purchase Agreement on 6th March 2026 while the RBI approval was still awaited.

This sale transaction resulted into a loss amounting to Rs. 7,713.26 lakhs and is shown as an Exceptional Item in the statement of Profit and Loss for the year ending 31st March 2026.

The Holding Company has written to its Authorized Dealer (AD Bank) to release the funds received as a result of the sale transaction, however, as the regulatory approval is still awaited the AD Bank has withheld the credit of sale proceeds to the Company's account.

The management believes that there is no uncertainty regarding the approvals and the receipt of the aforesaid consideration and has accordingly taken the impact in the Financial Statements.

57 Other disclosures

- The Group does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The Group is not declared as wilful defaulter by any bank or financial Institution or other lender.
- There is no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
- The Group has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- The Group have not traded or invested in Crypto currency or Virtual Currency during the year.
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period except few charges, for which the company is in process of satisfying charge against which payment has been made.
- The Group have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- The Group have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- The Group has complied with the requirement in respect of number of layers prescribed under Section 2(87) of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rule, 2017.

58 Relationship with Struck off Companies

(Rs. In Lakhs)

Sr. No.	Name of struck off Company	Nature of transactions with struck off Company	Transaction during the year ended March 31, 2026	Balance outstanding as on March 31, 2026	Transaction during the year ended March 31, 2025	Balance outstanding as on March 31, 2025	Relationship with the Struck off company
1	DeSimran Cartons Pvt Ltd	Advance paid towards purchase of Property	55.00	0.00	--	55.00	Seller
		Security Deposit against Lease of property	56.31	0.00	--	56.31	Lessor
2	Blue Blends (India) Limited	Sale of yarn	--	104.00	--	104.00	Customer

Note- The Holding Company has initiated legal proceedings against both the above Companies for claiming the outstanding amount and the same is sub-judiced. The balances whether recoverable will be decided on the basis of Hon'ble Court's judgement.

59 The Proposed remuneration to Director for FY 2025-26 is in excess of the limits prescribed by section 197 read with Schedule V of the Act. The same is subject to approval of the members in the ensuing annual general meeting.

60 On November 21, 2025, the Government of India notified the four Labour Codes - the Code on Wages, 2019, the Industrial Relations Code, 2020, the Code on Social Security, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 - consolidating 29 existing labour laws. The Ministry of Labour & Employment published draft Rules and FAQs to enable assessment of the financial impact due to changes in regulations. The Company has assessed the impact of the changes, consistent with the Labour Codes, draft rules and FAQs.

Considering the regulatory-driven nature of this impact, the Company has presented such incremental impact of INR 18.37 lakhs in the standalone Statement of profit and loss for the year ended on March 31, 2026. The Company continues to monitor the finalisation of Central / State Rules and clarifications from the Government on other aspects of the Labour Code and would provide appropriate accounting effect as appropriate.

61 For the Financial Year 2024-25, the holding company has paid Rs.359.85 lakhs inclusive of interest and penalty towards the liabilities arising from disallowance of input tax credit pursuant to an audit conducted by GST authorities from FY 2018-19 to FY 2022-23. This amount has been recognized in the statement of Profit and Loss under the head "Other Expenses" and "Finance Cost".

62 Figures for previous year have been regrouped, wherever necessary

As per our attached report of even date

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

SURESH AGASKAR
Partner
Membership No. 110321

For and on behalf of the Board of Directors

KRISHNAKUMAR M. JHUNJHUNWALA
Managing Director
(DIN: 00097175)

KANAV JHUNJHUNWALA
Whole Time Director
(DIN: 09507192)

KAYVANNA SHAH
Chief Financial Officer

MUSTAFA MANASAWALA
Company Secretary

Place: Mumbai
Date: April 22, 2026

SARLA PERFORMANCE FIBERS LIMITED

CIN: L31909DN1993PLC000056

Registered Office: Survey No. 59/1/4, Amla Piparia Industrial Estate, Silvassa – 396 230, U.T. of Dadra & Nagar Haveli
Corporate Office: 304, Arcadia, 195, Nariman Point, Mumbai – 400 021 | Tel: 022-2283 4116

E-mail: investors@sarlafibers.com | Website: www.sarlafibers.com | NSE: SARLAPOLY | BSE: 526885 |

ISIN: INE453D01025

NOTICE OF THE THIRTY-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **Thirty-Third (33rd) Annual General Meeting** ("AGM") of the Members of **SARLA PERFORMANCE FIBERS LIMITED** ("the Company") will be held on **Wednesday, July 29, 2026, at 11:00 a.m. (IST)** through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS

ITEM NO. 1: ADOPTION OF STANDALONE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS

To receive, consider and adopt:

- the audited standalone financial statements of the Company for the financial year ended March 31, 2026, together with the reports of the Board of Directors and the auditors thereon; and
- the audited consolidated financial statements of the Company for the financial year ended March 31, 2026, together with the report of the auditors thereon.

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT the audited standalone financial statements of the Company for the financial year ended March 31, 2026, together with the reports of the Board of Directors and the auditors thereon, and the audited consolidated financial statements of the Company for the financial year ended March 31, 2026, together with the report of the auditors thereon, as circulated to the members, be and are hereby received, considered and adopted."

ITEM NO. 2: TO DECLARE A DIVIDEND ON THE EQUITY SHARES OF THE COMPANY FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT a dividend of ₹2 (Rupees Two Only) per equity share of face value of ₹1 (Rupee One Only) each, fully paid-up, be and is hereby declared for the financial year ended March 31, 2026, to those members / beneficial owners whose names appear on the Register of Members / in the records of the depositories as on the Record Date, i.e., July 22, 2026, fixed for the purpose, as recommended by the Board

of Directors of the Company, in accordance with the provisions of Section 123 and other applicable provisions, if any, of the Companies Act, 2013; and that the same be paid subject to deduction of tax at source, if any, in accordance with the provisions of the Income-tax Act, 2025 and the rules made thereunder."

ITEM NO. 3: TO CONSIDER THE RE-APPOINTMENT OF MS. NEHA KRISHNA JHUNJHUNWALA (DIN: 07144529) AS A DIRECTOR OF THE COMPANY, WHO RETIRES BY ROTATION

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s), amendment(s), clarification(s), substitution(s) or re-enactment(s) thereof for the time being in force), and in accordance with the Articles of Association of the Company, Ms. Neha Krishna Jhunjhunwala (DIN: 07144529), who retires by rotation at this Annual General Meeting and, being eligible, offers herself for re-appointment, be and is hereby re-appointed as a Director of the Company."

SPECIAL BUSINESS

ITEM NO. 4: TO CONSIDER THE RATIFICATION OF REMUNERATION PAYABLE TO M/S. KASINA & ASSOCIATES, COST ACCOUNTANTS (FIRM REGISTRATION NO. 104088), RE-APPOINTED AS COST AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING MARCH 31, 2027

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013, and the rules made thereunder (including any statutory modification(s), amendment(s), clarification(s), substitution(s) or re-enactment(s) thereof for the time being in force), the remuneration of ₹95,000/- (Rupees Ninety-Five Thousand Only) plus applicable taxes and reimbursement of out-of-pocket expenses, as incurred, payable to M/s. Kasina & Associates, Cost Accountants (Firm Registration No. 104088), re-appointed by the Board of Directors

as Cost Auditors to conduct the cost audit of the Company under the Companies (Cost Records and Audit) Rules, 2014, for the financial year ending March 31, 2027, as recommended by the Audit Committee and fixed by the Board of Directors, be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT any Director and/or Key Managerial Personnel of the Company be and is hereby severally authorised to do all such acts, deeds, matters and things as may be necessary, proper or expedient, including filing requisite forms and submitting documents with the Ministry of Corporate Affairs and/or any other statutory or regulatory authority, and to settle any questions, difficulties or doubts that may arise in this regard, for the purpose of giving effect to this Resolution and matters incidental thereto."

ITEM NO. 5: REVISION IN REMUNERATION OF MS. NEHA KRISHNA JHUNJHUNWALA (DIN: 07144529), DIRECTOR (EXECUTIVE)

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT the Company, having confirmed that it has not defaulted in payment of any dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor as on the date of this resolution, and pursuant to the provisions of Sections 197 and 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s), amendment(s), clarification(s), substitution(s) or re-enactment(s) thereof for the time being in force), and in compliance with Regulation 17 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, the approval of the members be and is hereby accorded by way of Special Resolution for the revision in the remuneration payable to Ms. Neha Krishna Jhunjhunwala (DIN: 07144529), Director (Executive) of the Company, for the remainder of her tenure i.e. up to February 11, 2027, with effect from April 01, 2026, on the following terms and conditions:

- Basic Salary: ₹36,00,000/- (Rupees Thirty-Six Lakhs Only) per annum;
- Allowances, Benefits and Perquisites: ₹36,00,000/- (Rupees Thirty-Six Lakhs Only) per annum;
- Total Annual Remuneration: ₹72,00,000/- (Rupees Seventy-Two Lakhs Only);

- In addition, Ms. Jhunjhunwala shall be entitled to annual leave encashment of up to ₹2,10,000/- (Rupees Two Lakhs Ten Thousand Only) in accordance with the Company's policies;

RESOLVED FURTHER THAT where the remuneration payable to Ms. Neha Krishna Jhunjhunwala in any financial year during the said period exceeds the limits prescribed under the second proviso to Section 197(1) of the Companies Act, 2013, the aforesaid remuneration shall be payable notwithstanding such limits, and this Special Resolution shall constitute the approval of the Members as required under the said proviso;

RESOLVED FURTHER THAT where in any financial year during the tenure of Ms. Neha Krishna Jhunjhunwala as Director (Executive) of the Company, the Company has no profits or its profits are inadequate as computed in accordance with Section 198 of the Companies Act, 2013, the Company be and is hereby authorised to pay remuneration to Ms. Neha Krishna Jhunjhunwala not exceeding ₹74,10,000/- (Rupees Seventy-Four Lakhs Ten Thousand Only) per annum (inclusive of annual leave encashment as per the Company's policies) as minimum remuneration in accordance with the applicable provisions of Schedule V of the Companies Act, 2013 (including any statutory modification(s), amendment(s), clarification(s) or re-enactment(s) thereof for the time being in force), and since this Resolution is being passed as a **Special Resolution**, the same shall constitute the requisite approval for payment of remuneration up to the aforesaid amount, notwithstanding that it may exceed the limits specified in the table under Section II(A) of Part II of Schedule V of the Companies Act, 2013, in accordance with the proviso thereto."

RESOLVED FURTHER THAT the revision in remuneration with effect from April 01, 2026 as approved herein, having been recommended by the Nomination and Remuneration Committee and approved by the Board of Directors prior to the date of this Annual General Meeting, shall be deemed to have been approved by the Members of the Company with effect from April 01, 2026, and the Company be and is hereby authorised to give effect to such revision from the said date;

RESOLVED FURTHER THAT the Board of Directors and the Nomination and Remuneration Committee of the Company be and are hereby authorised to determine, vary, alter and modify the components and structure of the aforesaid remuneration from time to time, within the overall annual limit of ₹74,10,000/- (Rupees Seventy-Four Lakhs Ten Thousand Only) (inclusive of annual leave encashment, if any, as per the Company's policies) approved herein, as may be considered appropriate;

RESOLVED FURTHER THAT the Board of Directors and the Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as may be necessary or expedient for the purpose of giving effect to this Resolution, including filing of necessary forms and returns with the Registrar of Companies and/or any other statutory or regulatory authority, and for matters connected therewith or incidental thereto."

ITEM NO. 6: APPROVAL OF WAIVER OF RECOVERY OF EXCESS REMUNERATION PAID TO MS. NEHA KRISHNA JHUNJHUNWALA (DIN: 07144529), DIRECTOR (EXECUTIVE) OF THE COMPANY, FOR THE FINANCIAL YEAR 2025-26

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT the Company, having confirmed that it has not defaulted in payment of any dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor as on the date of this resolution, and pursuant to the provisions of Section 197(10) read with Section 197(9) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s), amendment(s), clarification(s), substitution(s) or re-enactment(s) thereof for the time being in force), and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded to waive the recovery of the excess remuneration of ₹22,70,648/- (Rupees Twenty-Two Lakhs Seventy Thousand Six Hundred and Forty-Eight Only) paid to Ms. Neha Krishna Jhunjunwala (DIN: 07144529), Director (Executive) of the Company, during the financial year 2025-26, being the amount paid in excess of the limit of one per cent (1%) of the net profits of the Company computed in accordance with Section 198 of the Companies Act, 2013, as prescribed under clause (ii)(A) of the second proviso to Section 197(1) of the Companies Act, 2013. The said excess remuneration was paid without obtaining the prior approval of the members by way of special resolution as required under the said proviso. This resolution for waiver of recovery of the said excess is being passed within two years from the date the said sum became refundable, as permissible under Section 197(10) of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company and/or any Committee thereof and/or any Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and to take all such actions as may be considered necessary, proper or expedient

for giving effect to this Resolution and for matters connected therewith or incidental thereto."

ITEM NO. 7: APPROVAL OF AGGREGATE REMUNERATION PAYABLE TO EXECUTIVE DIRECTORS WHO ARE MEMBERS OF THE PROMOTER AND PROMOTER GROUP OF THE COMPANY – CONFIRMATION FOR THE FINANCIAL YEAR ENDED MARCH 31, 2026 AND PRIOR APPROVAL FOR THE REMAINDER OF THEIR RESPECTIVE TENURES, PURSUANT TO SECTION 197 OF THE COMPANIES ACT, 2013 AND REGULATION 17(6)(e) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution**:

"RESOLVED THAT the Company having confirmed that it has not defaulted in payment of any dues to any bank, public financial institution, non-convertible debenture holders or any other secured creditor, and pursuant to the provisions of Section 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Rules made thereunder, Regulation 17(6)(e) and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), including any statutory modification(s), amendment(s), clarification(s), substitution(s) or re-enactment(s) thereof for the time being in force, and pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, consent of the Members be and is hereby accorded to and confirmation is hereby provided for the aggregate remuneration of ₹3,40,53,000/- (Rupees Three Crores Forty Lakhs Fifty Three Thousand Only) paid/payable for the financial year ended March 31, 2026 to the following Executive Directors who are members of the Promoter and Promoter Group of the Company:

Name	Designation	Remuneration (₹)*
Mr. Krishna Madhusudan Jhunjunwala (DIN: 00097175)	Managing Director	2,47,00,000
Ms. Neha Krishna Jhunjunwala (DIN: 07144529)	Director (Executive)	37,05,000
Mr. Kanav Krishna Jhunjunwala (DIN: 09507192)	Whole-Time Director	56,48,000
Total		3,40,53,000

* including Leave Encashment

the individual remuneration of the aforesaid Executive Directors having already been approved by the Members through separate Special Resolutions passed from time to time, notwithstanding that based on the net profits of the Company computed in accordance with Section 198 of the Act for the financial year ended March 31, 2026, such aggregate remuneration exceeds:

- five per cent (5%) of the net profits of the Company prescribed under Regulation 17(6)(e)(ii) of the SEBI LODR Regulations;
- ten per cent (10%) of the net profits of the Company being the aggregate remuneration limit applicable to the Managing Director and Whole-Time Director under the second proviso to Section 197(1) of the Act; and
- eleven per cent (11%) of the net profits of the Company being the overall managerial remuneration limit under the first proviso to Section 197(1) of the Act;

RESOLVED FURTHER THAT the Members do hereby also accord their prior approval, pursuant to Regulation 17(6)(e)(ii) of the SEBI LODR Regulations and the first and second provisos to Section 197(1) of the Act, for the aggregate annual remuneration payable to Mr. Krishna Madhusudan Jhunjunwala (DIN: 00097175), Managing Director; Ms. Neha Krishna Jhunjunwala (DIN: 07144529), Director (Executive); and Mr. Kanav Krishna Jhunjunwala (DIN: 09507192), Whole-Time Director, being Executive Directors who are members of the Promoter and Promoter Group of the Company, for each financial year commencing from April 01, 2026, during the remainder of their respective tenures, at such individual remuneration levels as have been, or may hereafter be, approved or revised by the Members through separate Special Resolutions from time to time, notwithstanding that the aggregate annual remuneration payable to all such Executive Directors, being the aggregate of their respective individually approved annual remunerations as in force from time to time, may in any such financial year exceed:

- five per cent (5%) of the net profits of the Company being the threshold under Regulation 17(6)(e)(ii) of the SEBI LODR Regulations;
- ten per cent (10%) of the net profits of the Company being the aggregate limit applicable to the Managing Director and Whole-Time Director under the second proviso to Section 197(1) of the Act; and/or
- eleven per cent (11%) of the net profits of the Company being the overall managerial remuneration ceiling under the first proviso to Section 197(1) of the Act;

in each case, net profits being computed in accordance with Section 198 of the Act;

RESOLVED FURTHER THAT this prior approval shall constitute the requisite approval of the Members in terms of Regulation 17(6)(e) of the SEBI LODR Regulations and the first and second provisos to Section 197(1) of the Act, and shall remain valid in respect of each such Executive Director until the expiry of their respective term of appointment, or such further period as may be approved by the Members by Special Resolution from time to time, without the need for any further or separate approval of the Members solely on account of such aggregate remuneration exceeding the aforesaid percentage-based limits, provided always that:

- the individual remuneration of each such Executive Director is duly approved by the Members by way of a Special Resolution prior to payment;
- any revision in the individual remuneration of any such Executive Director shall itself be approved by the Members by a separate Special Resolution before such revision takes effect; and
- as on the date of payment of such remuneration, the Company has not defaulted in payment of dues to any bank, public financial institution, non-convertible debenture holders or any other secured creditor;

RESOLVED FURTHER THAT the Board of Directors of the Company and/or any Committee thereof and/or any Key Managerial Personnel of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and to take all such actions as may be considered necessary, proper or expedient for giving effect to this Resolution and for matters connected therewith or incidental thereto."

**By Order of the Board of Directors
For Sarla Performance Fibers Limited**

Sd/-

Mustafa Yusuf Manasawala
Company Secretary & Compliance Officer
M. No. A76344

Place: Mumbai
Date: April 22, 2026

Registered Office:

Survey No. 59/1/4, Amlī Piparia Industrial Estate,
Silvassa – 396 230, U.T. of Dadra & Nagar Haveli
Tel: 0260-3290467 | Fax: 0260-2631356
Email: investors@sarlafibers.com
Website: www.sarlafibers.com

NOTES TO THE NOTICE

SECTION I: GENERAL INSTRUCTIONS

1. Meeting through VC/OAVM

The Ministry of Corporate Affairs ("MCA") vide General Circular Nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 02/2021 dated January 13, 2021, 02/2022 dated May 5, 2022, 10/2022 dated December 28, 2022, 09/2023 dated September 25, 2023, 09/2024 dated September 19, 2024 and 03/2025 dated September 22, 2025 (collectively, "MCA Circulars"), has permitted companies to hold their AGMs through Video Conferencing ("VC") or Other Audio-Visual Means ("OAVM"), without physical presence of Members at a common venue, till further orders.

The Securities and Exchange Board of India ("SEBI") has also issued corresponding relaxations to listed entities under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR Regulations") vide its circulars dated May 12, 2020, January 15, 2021, May 13, 2022, January 5, 2023, October 7, 2023 and October 3, 2024 (collectively, "SEBI Circulars"), inter alia relaxing the requirements under Regulations 36(1)(b) and 44(4) of the LODR Regulations.

In compliance with the MCA Circulars and SEBI Circulars, the 33rd AGM of the Company is being held through VC/OAVM. The Registered Office of the Company shall be deemed to be the venue of the AGM. Further, in accordance with Secretarial Standard-2 on General Meetings issued by ICSI read with the Guidance/Clarification dated April 15, 2020, the proceedings of the AGM shall be deemed to be conducted at the Registered Office of the Company.

Members attending the AGM through VC/OAVM shall be counted for determining the quorum under Section 103 of the Companies Act, 2013.

2. Authority to conduct the AGM

The Chairman of the Board of Directors, or in his absence such other Director or person as may be authorised by the Board, has been authorised by the Board of Directors to conduct the AGM through VC/OAVM and to exercise all such powers as may be necessary or expedient for the smooth conduct of the Meeting, including the power to adjourn the Meeting.

3. Explanatory Statement

The Explanatory Statement pursuant to the provisions of Section 102 of the Act in respect

of Special Business, stating material facts and reasons for the proposed resolutions, is annexed hereto and forms part of this Notice.

4. Director seeking re-appointment

Information required pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with Secretarial Standard-2, in respect of **Ms. Neha Krishna Jhunjunwala**, Director (Executive), seeking re-appointment as Director retiring by rotation (Item No. 3), is provided in the Annexure to this Notice forming an integral part hereof.

5. Proxy, Attendance Slip and Route Map

Since this AGM is being held pursuant to the MCA/SEBI Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.

6. Circulation of Notice and Annual Report

In compliance with the MCA Circulars and SEBI Circulars, the Notice of the 33rd AGM and the Annual Report for Financial Year 2025-26 are being sent only through electronic mode to all Members whose e-mail addresses are registered with the Company / Registrar and Share Transfer Agent ("RTA") or with the respective Depository Participant(s).

In accordance with Regulation 36(1)(b) of the Listing Regulations, the Company is also sending a letter to Members whose e-mail addresses are not registered, providing the **weblink and QR code** for accessing the Annual Report and AGM Notice for Financial Year 2025-26.

The Notice of the AGM and Annual Report will be sent to those Members / Beneficial Owners whose names appear in the Register of Members / list of beneficiaries received from the Depositories as on **Friday, June 26, 2026**.

The Notice and Annual Report are also available on the Company's website at www.sarlafibers.com, on BSE Limited at www.bseindia.com, on National Stock Exchange of India Limited at www.nseindia.com, and on MUFG Intime India Private Limited (formerly Link Intime India Private Limited) at <https://instavote.linkintime.co.in>. Members requiring hard copies may send a request to investors@sarlafibers.com, mentioning their Folio No. / DP ID and Client ID.

7. Institutional / Corporate Members

Institutional / Corporate Members (i.e. other than individuals / HUF / NRI etc.) are required to send a duly certified scanned copy (PDF / JPG format) of their Board or governing body resolution / authorisation etc., authorising their representative to attend the AGM through VC/OAVM on their behalf and to vote through remote e-voting, pursuant to Section 113 of the Act.

Non-Individual Body Corporate shareholders shall send a scanned copy of the Board resolution to the scrutinizer at csvyoma@aslassociates.in with a copy to the RTA at enotices@in.mpms.mufg.com and to the Company at investors@sarlafibers.com.

Alternatively, such shareholders may also upload their Board Resolution / Authority Letter by clicking on the "Upload Board Resolution / Authority Letter" option displayed under the "e-Voting" tab on <https://instavote.linkintime.co.in> after logging in with their credentials.

8. Joint holders and cut-off date for voting

The **cut-off date** for determining the entitlement of Members to vote at the AGM shall be **Wednesday, July 22, 2026**. Only those persons who are Members of the Company as on the cut-off date shall be entitled to cast their vote by remote e-voting or during the AGM.

In case of joint holders attending the AGM, only the joint holder whose name appears higher in the order of names as per the Register of Members as on the cut-off date will be entitled to vote.

9. PAN submission

SEBI has mandated submission of the Permanent Account Number ("PAN") by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit their PAN to their respective Depository Participant(s). Members holding shares in physical form are requested to submit their PAN details to the Company's RTA, MUFG Intime India Private Limited.

Note: If PAN is incorrect / invalid / inoperative / not linked to Aadhaar, tax will be deducted at higher rates and credit of TDS may not be available. [Section 397(2) of the Income-Tax Act, 2025]

10. KYC updation for physical shareholders

Members holding shares in physical form are advised to ensure that their PAN, nomination, contact details, bank account particulars and specimen signature are duly updated with the RTA.

11. Registration / updation of e-mail addresses

Members are urged to register or update their e-mail addresses immediately. Non-compliance may result in **freezing of the folio and withholding of dividends**. Members whose e-mail addresses are not registered may do so as follows:

- Members holding shares in **demat form** may contact their respective Depository Participant.
- Members holding shares in **physical form** may contact the Company's RTA, MUFG Intime India Private Limited, at investor.helpdesk@in.mpms.mufg.com or through the online portal at https://web.in.mpms.mufg.com/helpdesk/Service_Request.html.

Those Members who have already registered their e-mail address are requested to keep it validated with their Depository Participant to enable servicing of notices, documents, reports and other communications electronically in future. Members are also encouraged to register their e-mail addresses to contribute to a paperless, sustainable future.

12. Participation, queries and speaking at the AGM

The Members can join the AGM in VC/OAVM mode **15 minutes before and after** the scheduled time of commencement of the Meeting. The facility of participation at the AGM through VC/OAVM will be made available for **1,000 Members** on a **first-come-first-served basis**. This will not include Large Shareholders (shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc., who are allowed to attend without restriction on account of first-come-first-served basis.

Members wishing to speak during the AGM must pre-register by sending their name, Folio No. / DP ID & Client ID and mobile number to investors@sarlafibers.com on or before **Wednesday, July 22, 2026**. A speaking serial number will be allotted on a first-come-first-served basis.

- Other Members may pose questions via the active chat-board during the Meeting.
- Members who wish to seek any information or clarification on the accounts or operations of the Company, or intend to

raise any query, may send their queries at least 7 (seven) days before the date of the AGM, i.e., on or before **Wednesday, July 22, 2026 at 5:00 P.M. (IST)**, at investors@sarlafibers.com, mentioning their name and Folio No. / DP ID and Client ID. This will enable the Company to compile the relevant information and provide replies at the Meeting. The Company will endeavour to answer only those questions received in advance. Depending on the availability of time, the Company reserves the right to restrict the number of speakers at the Meeting.

- c) The Company shall not be responsible for any voting errors or technical issues arising out of Members' own internet connectivity or device-related problems. Members are advised to use a stable broadband connection for the best experience.

13. E-voting facility

In compliance with the provisions of Section 108 and other applicable provisions of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations, the Company is offering only e-voting facility to all Members and all business will be transacted only through the electronic voting system. The Company has engaged the services of **MUFG Intime India Private Limited** for facilitating e-voting to enable Members to cast their votes electronically as well as during the AGM.

Resolutions passed by Members through e-voting are deemed to have been passed as if they have been passed at the AGM. Members participating at the AGM who have not already cast their vote by remote e-voting are eligible to exercise their right to vote at the AGM. Members who have already cast their vote by remote e-voting prior to the AGM will be eligible to participate at the AGM but shall not be entitled to cast their vote again on such resolution(s) for which their vote has already been cast.

Instructions for e-voting and joining the AGM will be provided separately as part of this Notice.

14. Documents available for inspection

The Register maintained under Sections 170 and 189 of the Act will be available electronically for inspection by the Members during the AGM. Further, all documents referred to in this Notice will also be available for electronic inspection by the Members from the date of circulation

of this Notice up to the date of the AGM, i.e., **Wednesday, July 29, 2026**. Members seeking to inspect such documents can send an e-mail to investors@sarlafibers.com.

Members requiring information on the Audited Financial Statements for Financial Year 2025-26 may write to investors@sarlafibers.com at least seven (7) days before the date of the AGM i.e., on or before **Wednesday, July 22, 2026 at 5:00 P.M. (IST)**.

15. Register of Members and Share Transfer Books — closure

The Register of Members and the Share Transfer Books of the Company will remain closed from **Thursday, July 23, 2026 to Wednesday, July 29, 2026** (both days inclusive) for the purpose of the 33rd AGM and for determining the entitlement of Members to receive the Final Dividend, if declared at the AGM.

The **Record Date** for the purpose of determining the entitlement of Members to receive the Final Dividend shall be **Wednesday, July 22, 2026**. Members whose names appear in the Register of Members of the Company and those whose names appear as Beneficial Owners as at the close of business hours on the Record Date, as per details to be furnished by the Depositories (NSDL and CDSL), shall be entitled to receive the Final Dividend, if declared.

The Promoter and Promoter Group of the Company have voluntarily and irrevocably waived their entitlement to receive the Final Dividend of ₹2/- per equity share (200% on face value of ₹1/-) for the Financial Year ended March 31, 2026.

16. Dematerialisation of shares

In terms of the Listing Regulations, securities of listed companies can only be transferred in dematerialised form with effect from April 01, 2019, except in case of transmission or transposition of securities. Members holding shares in physical form are strongly advised to dematerialise their shares at the earliest to avail benefits including ease of transfer, pledging, receipt of corporate benefits and elimination of risks associated with physical certificates.

SEBI has mandated the listed companies to process service requests for issue of securities in dematerialised form only, subject to the folio being KYC compliant. Accordingly, Members are requested to submit duly filled and signed Form ISR-4 to the RTA.

With effect from **April 02, 2026**, SEBI has dispensed with the requirement of issuance of a Letter of Confirmation ("LOC") for effecting direct credit of securities to the dematerialised account of investors. Under the revised framework, investors must already hold a demat account and submit a duly attested Client Master List issued by the Depository Participant, not older than two months, along with the applicable prescribed forms. Upon receipt of a complete and valid request, the Company and its RTA shall, after due verification, effect direct credit of securities to the investor's demat account within 30 days. LOCs issued prior to April 02, 2026 remain valid for dematerialisation within 120 days of issuance. [SEBI Master Circular No. SEBI/HO/38/13/(4)2026-MIRSD-POD/1/4298/2026 dated February 6, 2026]

Request for transfer, transmission and transposition of securities shall be effected only in dematerialised form. Members with pending service requests are requested to contact the RTA at investor.helpdesk@in.mpms.mufg.com or write to the Company at investors@sarlafibers.com by submitting Form ISR-4 and such other forms/documents as may be required under the SEBI framework, along with a recent Client Master List.

17. Special window for lodgement of physical share transfer requests

A special window, as per mandate of SEBI, is available till **February 4, 2027**, to facilitate lodgement of transfer requests executed before April 01, 2019 but which were either not lodged for transfer, or were lodged and subsequently rejected, returned or not attended due to deficiency of documents, process or otherwise.

Eligible shareholders are requested to submit the requisite documents to the Company / RTA before February 4, 2027. **Securities transferred through this mechanism shall be credited only in dematerialised form** and will remain under a one year **lock-in** from the date of credit, during which they cannot be transferred, lien-marked, or pledged. [SEBI Master Circular No. SEBI/HO/38/13/(4)2026-MIRSD-POD/1/4298/2026 dated February 6, 2026]

18. Duplicate share certificates

Pursuant to SEBI Master Circular No. SEBI/HO/38/13/(4)2026-MIRSD-POD/1/4298/2026 dated February 6, 2026, the procedure for issuance of duplicate share certificates has been simplified and the documentation requirements have been rationalised. Duplicate share certificates are issued only in dematerialised form.

The documents required for issuance of duplicate share certificates are as under:

Value of Securities	Documents Required
Up to ₹10,000	Undertaking on plain paper (no notarisation required)
Above ₹10,000 and up to ₹10 lakh	Affidavit-cum-Indemnity Bond executed on a non-judicial stamp paper of appropriate value
Above ₹10 lakh	(i) Affidavit-cum-Indemnity Bond executed on a non-judicial stamp paper of appropriate value; and (ii) FIR / Police Complaint

In addition to the above, shareholders may be required to submit such other documents as may be prescribed by the RTA. Shareholders are advised to refer to the website of MUFG Intime India Private Limited or contact the RTA for the latest documentation requirements.

19. Nomination

Members holding shares in physical form may make / change / cancel a nomination in respect of their shareholding under Section 72 of the Act by submitting Form SH-13 (Nomination) / SH-14 (Change / Cancellation) / ISR-3 (Opt-out) to the RTA. All forms are available on the RTA's website. Members holding shares in dematerialised form are requested to register their nomination details with their respective Depository Participants.

20. Consolidation of folios

Members holding shares in the same name under different Folio numbers are requested to apply for consolidation of such Folios by submitting Form ISR-4 along with requisite KYC documents and share certificates to the RTA, MUFG Intime India Private Limited. The consolidated shares will be issued in dematerialised form only.

21. Change of address, bank mandates and demat account safety

Members holding shares in electronic (demat) form are requested to intimate any change in their address or bank mandates to their respective Depository Participants. Members holding shares in physical form are requested to advise any change in their address or bank mandates to the Company and / or the RTA at investor.helpdesk@in.mpms.mufg.com.

Members are also advised to exercise due diligence and notify the Company of any change

in address or the demise of any Member as soon as possible. To prevent fraudulent transactions, Members are advised not to leave their demat account(s) dormant for long and to obtain periodic statements of holdings from their Depository Participants to verify holdings from time to time.

22. DigiLocker

SEBI has introduced DigiLocker as a Digital Public Infrastructure to reduce unclaimed securities in the Indian Securities Market. DigiLocker is a digital documents wallet of the Government of India facilitating investors to securely store and access issued documents, demat holdings etc., along with a facility to appoint a nominee to their DigiLocker account.

In the event of the investor's demise, such nominee(s) will be provided access to the digital information of the deceased investor to initiate the process of transmission of deceased investor's financial assets or to pass the information to the surviving joint holder or to legal heirs. [SEBI Circular No. SEBI/HO/OIAE/OIAE_IAD-3/P/CIR/2025/32 dated March 19, 2025] Members are encouraged to register on DigiLocker and link their securities for enhanced safety and ease of transmission.

23. Non-Resident Indian (NRI) Members

Non-Resident Indian (NRI) Members are requested to inform the RTA, MUFG Intime India Private Limited, promptly of:

- any change in their residential status upon return to India for permanent settlement; and
- the particulars of their bank account maintained in India, including the complete name of the bank, account number, account type and branch address with PIN code, to facilitate remittance of dividend / any other amounts payable by the Company in India.

24. Online Dispute Resolution (ODR)

SEBI has established a common Online Dispute Resolution Portal ("ODR Portal") for resolution of disputes arising in the Indian Securities Market. [SEBI Circular Nos. SEBI/HO/OIAE/OIAE_IAD1/P/CIR/2023/131 dated July 31, 2023 and SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/135 dated August 4, 2023 read with Master Circular No. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/145 dated July 31, 2023] Post exhausting the option to resolve grievances with

the RTA / the Company directly and through the existing SCORES platform, investors can initiate dispute resolution through the ODR Portal at <https://smartodr.in/login>, which can also be accessed through the Company's website at <https://www.sarlafibers.com/smart-odr/>.

25. Dividend — related information

(a) Recommended Final Dividend and payment timeline

The Board of Directors has recommended a **Final Dividend of ₹2/- (200%) per equity share** of face value of ₹1/- each for the Financial Year ended March 31, 2026, subject to approval of the Members at the ensuing AGM. If the Final Dividend is approved at the AGM, payment of such dividend subject to deduction of tax at source will be made as per the prescribed timelines:

- Demat shareholders:** To all Beneficial Owners in respect of shares held in dematerialised form as per the data made available by NSDL and CDSL, as of the close of business hours on **Wednesday, July 22, 2026**.
- Physical shareholders:** To all Members in respect of shares held in physical form after giving effect to valid transfer, transmission or transposition requests lodged with the Company as of the close of business hours on **Wednesday, July 22, 2026**.

The Promoter and Promoter Group of the Company have voluntarily and irrevocably waived their entitlement to the Final Dividend for Financial Year 2025-26.

(b) Mandatory electronic payment of dividend

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025, notified on 18th November 2025 and effective from 19th November 2025, dividend payments are required to be made exclusively through electronic modes and payment through dividend warrants or cheques has been discontinued. Payment shall be made subject to the folio being KYC compliant, i.e., PAN, contact details including mobile number, bank account details and specimen signature being registered with the Company / RTA (for shareholders holding shares in physical form), and

updating of bank details with Depository Participants (for shareholders holding shares in dematerialised form). [Schedule I of the Listing Regulations read with SEBI Master Circular No. SEBI/HO/38/13/(4)2026-MIRSD-POD/1/4298/2026]

Accordingly, Members holding securities in demat mode are requested to update their bank details with their Depository Participants. Members holding securities in physical form shall send a request for updating their bank details to the Company's RTA at investor.helpdesk@in.mpms.mufig.com.

(c) Tax deduction at source (TDS) on Final Dividend

Dividend income is taxable in the hands of the Members and the Company is required to deduct tax at source ("TDS") from dividend paid to Members at the prescribed rates as per the Income-Tax Act, 2025 and Finance Acts of the respective years. In general, no tax will be deducted on payment of dividend to resident individual Members (with valid PAN details updated in their folio / client ID records) where the total dividend amount payable does not exceed **₹10,000 (Rupees Ten Thousand Only)**.

Members are requested to submit the tax exemption documents electronically on or before **Wednesday, July 22, 2026 by 5:00 P.M. (IST)** to the Company's RTA at investor.helpdesk@in.mpms.mufig.com. Members holding shares in dematerialised form may also submit the exemption documents directly through their Depository (CDSL or NSDL), linked to their PAN, without requiring a separate submission to the Company / RTA.

The following documents are required to be submitted by the respective categories of shareholders:

Category of Shareholder	Document(s) to be submitted
Resident individual shareholders with valid PAN whose income does not exceed the maximum amount not chargeable to tax or who is not liable to pay income tax	Form 121 (erstwhile Form 15G or Form 15H)

Category of Shareholder	Document(s) to be submitted
Non-resident shareholders [including Foreign Portfolio Investors (FPIs)] who can avail beneficial rates under tax treaty between India and their country of tax residence	- No Permanent Establishment Declaration - Beneficial Ownership Declaration - Tax Residency Certificate - Copy of electronically filed Form 41 (erstwhile Form 10F) - Any other document which may be required

**If PAN is incorrect / invalid / inoperative / not linked to Aadhaar, tax will be deducted at higher rates and credit of TDS may not be available. [Section 397(2) of the Income-Tax Act, 2025]*

Members are requested to submit the latest Forms to avail exemption of TDS. The erstwhile Forms shall not be accepted for this purpose.

All communications / queries regarding TDS should be addressed to the Company's RTA at investor.helpdesk@in.mpms.mufig.com on or before the Record Date, i.e., Wednesday, July 22, 2026 by 5:00 P.M. (IST). Incomplete and / or unsigned forms and declarations will not be considered. Duly completed and signed documents are required to be submitted to MUFG Intime India Private Limited.

For queries related to TDS computation or certificates, Members may write to investor.helpdesk@in.mpms.mufig.com. FAQs on taxation of dividend distribution are available on the Company's website at www.sarlafibers.com.

Shareholders may note that in case tax on said dividend is deducted at a higher rate in the absence of the aforementioned details / documents, the option is available to file the return of income as per the Income-Tax Act, 2025 and claim an appropriate refund, if eligible. No claim shall lie against the Company for any taxes deducted.

Shareholders are requested to update their tax residential status, PAN, registered e-mail address, mobile numbers and other details with their Depository Participants (for demat shares) or with the Company's RTA (for physical shares), and to complete necessary formalities to link their bank accounts to their demat accounts to enable timely credit of dividend. Shareholders should consult their tax advisors for requisite action.

(d) Unclaimed dividends and IEPF

Members are requested to note that dividends, if not encashed for a consecutive

period of **7 (seven) years** from the date of transfer to the Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ("IEPF"). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. Members / claimants are urgently requested to claim their dividends from the Company within the stipulated timeline.

The following dividends remain unclaimed. **Members are urged to claim the same before the due dates:**

Sr.	Financial Year	Date of Declaration	Due Date for Transfer to IEPF
1	FY 2018-19 — Final Dividend	September 27, 2019	November 01, 2026
2	FY 2021-22 — Final Dividend	September 28, 2022	November 02, 2029
3	FY 2024-25 — Final Dividend	June 25, 2025	July 30, 2032

26. Transfer of unpaid / unclaimed amounts and shares to IEPF

Pursuant to Sections 124 and 125 of the Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Authority Rules"), dividends remaining unpaid / unclaimed for seven (7) consecutive years are transferred to the IEPF, along with the corresponding shares.

During Financial Year 2025-26, the Company transferred **₹12,22,358/-** (Final Dividend for Financial Year 2017-18) and **78,518 underlying Equity Shares** to the IEPF Authority. Details of shares transferred to IEPF are available at www.sarlafibers.com/unclaimed-dividend-information-investor/. Members may claim

dividends / shares transferred to IEPF by filing Form IEPF-5 at www.iepf.gov.in. For revalidation or encashment of unclaimed dividend warrants, Members may contact the RTA at investor.helpdesk@in.mpms.mufig.com or the Company's Secretarial Department at investors@sarlafibers.com. No claim shall lie against the Company once amounts are transferred to IEPF.

Pursuant to Regulation 39 read with Schedule V and VI of the Listing Regulations, the details of equity shares lying in the Unclaimed Suspense Account of the Company are set out below:

Particulars	No. of Shareholders	No. of Equity Shares
Aggregate number of shareholders and outstanding shares in the suspense account as on April 01, 2025 (opening balance)	2	6,000
Shareholders who approached the Company for transfer of shares from suspense account during FY 2025-26	1	2,000
Shareholders to whom shares were transferred from suspense account during FY 2025-26	1	2,000
Shares transferred to IEPF during FY 2025-26 from the suspense account	0	0
Aggregate number of shareholders and outstanding shares in the suspense account as on March 31, 2026 (closing balance)	1	4,000

The voting rights on shares lying in the Unclaimed Suspense Account shall remain frozen till the rightful owner of such shares claims the shares and establishes his / her title of ownership thereto.

SECTION II: VOTING THROUGH ELECTRONIC MEANS

1. E-Voting Facility (Remote E-Voting and E-Voting during AGM)

Pursuant to Section 108 of the Companies Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Regulation 44 of the SEBI Listing Regulations, SS-2, and the Circulars, the Company is providing its Members the facility to cast votes electronically through

- remote e-voting prior to the AGM, and
- e-voting during the AGM, on all resolutions set forth in this Notice.

The Company has appointed MUFG Intime India Private Limited (Formerly Link Intime India Private Limited) as the agency to provide the e-Voting facility and VC/OAVM facility for this AGM.

2. Scrutinizer

The Board of Directors has appointed CS Vyoma Desai (Membership No.: FCS 11166 / COP: 23010), Partner, M/s. Abbas Lakdawalla & Associates LLP, Practicing Company Secretaries, as the Scrutinizer to scrutinize the remote e-voting process and e-voting during the AGM in a fair and transparent manner. The Scrutinizer has provided her consent to act as Scrutinizer and is not disqualified from so acting.

3. Cut-Off Date

This Notice of the Annual General Meeting will be sent to all Members whose names appear in the Register of Members / Register of Beneficial Owners furnished by the Depositories as on Friday, June 26, 2026, being the benchmark date fixed by the Board for identifying Members entitled to receive this Notice.

The Board has further fixed Wednesday, July 22, 2026 as the Cut-off Date under Rule 20(4) (vii) of the Companies (Management and Administration) Rules, 2014 for determining the eligibility of Members to cast their votes by remote e-voting and at the AGM. Only Members whose names appear in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on Wednesday, July 22, 2026, shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.

Once a vote on a resolution is cast by a Member through remote e-voting, such Member shall not be permitted to change it subsequently, nor to

cast the vote again at the AGM. Any person who acquires shares of the Company and becomes a Member after the dispatch of this Notice, but holds shares as on the Cut-off Date of Wednesday, July 22, 2026, may obtain the login ID and password for remote e-voting by writing to MUFG Intime India Private Limited or to the Company at its registered email ID.

4. Remote E-Voting Window

The remote e-voting period begins on Friday, July 24, 2026 at 9:00 A.M. (IST) and ends on Tuesday, July 28, 2026 at 5:00 P.M. (IST) (being the day immediately preceding the date of the AGM). The remote e-voting module shall be disabled by MUFG Intime India Private Limited (Formerly Link Intime India Private Limited) after 5:00 P.M. on that date.

5. Voting Rights and Priority

Voting rights shall be in proportion to the paid-up value of shares held by Members as on the Cut-Off Date. A Member may cast votes through one mode only — either remote e-voting or e-voting during the AGM. If a Member casts votes through both modes, only the remote e-vote shall be treated as valid. Members who have voted by remote e-voting may still attend the AGM through VC/OAVM but shall not be entitled to vote again during the Meeting.

6. Results Declaration

After the conclusion of e-voting at the AGM, the Scrutinizer shall first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting, and make, not later than 2 (two) working days from the conclusion of the AGM, a Consolidated Scrutinizer's Report of the total votes cast in favour and against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same. The results shall be declared not later than 2 (two) working days from the conclusion of the AGM, and shall be communicated to BSE Limited and the National Stock Exchange of India Limited and uploaded on the Company's website (www.sarlafibers.com) and on RTA's website. The resolutions, if passed by the requisite majority, shall be deemed to have been passed on the date of the AGM.

SECTION III: REMOTE E-VOTING INSTRUCTIONS:

In terms of SEBI circular no. HO/49/14/14(7)2025-CFD-POD2/1/3762/2026 dated January 30, 2026, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants.

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

Login method for Individual shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode with NSDL

METHOD 1 - NSDL OTP based login

- Visit URL: <https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp>
- Enter your 8 - character DP ID, 8 - digit Client Id, PAN, Verification code and generate OTP.
- Enter the OTP received on your registered email ID/ mobile number and click on login.
- Post successful authentication, you will be re-directed to NSDL depository website wherein you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services.
- Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

METHOD 2 - NSDL IDeAS facility

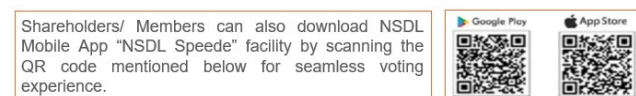
Shareholders registered for IDeAS facility:

- Visit URL: <https://eservices.nsdl.com> and click on "Beneficial Owner" icon under "IDeAS Login Section".
- Enter IDeAS User ID, Password, Verification code & click on "Log-in".
- Post successful authentication, you will be able to see e-Voting services under Value added services section. Click on "Access to e-Voting" under e-Voting services.
- Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Shareholders not registered for IDeAS facility:

- To register, visit URL: <https://eservices.nsdl.com> and select "Register Online for IDeAS Portal" or click on <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>
- Enter 8-character DP ID, 8-digit Client ID, Mobile no, Verification code & click on "Submit".
- Enter the last 4 digits of your bank account / generate 'OTP'
- Post successful registration, user will be provided with Login ID and password.

- Follow steps given above in points (a-d).



METHOD 3 - NSDL e-voting website

- Visit URL: <https://www.evoting.nsdl.com>
- Click on the "Login" tab available under 'Shareholder/Member' section.
- Enter User ID (i.e., your 16-digit demat account no. held with NSDL), Password/OTP and a Verification Code as shown on the screen & click on "Login".
- Post successful authentication, you will be re-directed to NSDL depository website wherein you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services.
- Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Individual Shareholders holding securities in demat mode with CDSL

METHOD 1 - CDSL e-voting page

- Visit URL: <https://www.cdslindia.com>
- Go to e-voting tab.
- Enter 16-digit Demat Account Number (BO ID) and PAN No. and click on "Submit".
- System will authenticate the user by sending OTP on registered Mobile and Email as recorded in Demat Account
- Post successful authentication, user will be able to see e-voting option. The evoting option will have links of e-voting service providers i.e., MUFG InTime. Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

METHOD 2 - CDSL Easi/ Easiest facility:

Shareholders registered for Easi/ Easiest facility:

- Visit URL: <https://web.cdslindia.com/myeasitoken/Home/Login> or Visit URL: www.cdslindia.com, click on "Login" and select "My Easi New (Token)".
- Enter existing username, Password & click on "Login".
- Post successful authentication, user will be able to see e-voting option. The evoting option

will have links of e-voting service providers i.e., MUFG InTime. Click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Shareholders not registered for Easi/ Easiest facility:

- To register, visit URL: <https://web.cdslindia.com/myeasitoken/Home/EasiRegistration> / <https://web.cdslindia.com/myeasitoken/Home/EasiestRegistration>.
- Proceed with updating the required fields for registration.
- Post successful registration, user will be provided username and password on the registered email id. Follow steps given above in points (a-c).

Individual Shareholders holding securities in demat mode with Depository Participant

Individual shareholders can also login using the login credentials of your demat account through your depository participant registered with NSDL / CDSL for e-voting facility.

- Login to DP website
- After Successful login, user shall navigate through "e-voting" option.
- Click on e-voting option, user will be redirected to NSDL / CDSL Depository website after successful authentication, wherein user can see e-voting feature.
- Post successful authentication, click on "MUFG InTime" or "evoting link displayed alongside Company's Name" and you will be redirected to InstaVote website for casting the vote during the remote e-voting period.

Login method for shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode.

Shareholders holding shares in physical mode / Non-Individual Shareholders holding securities in demat mode as on the Cut-Off Date, i.e., Wednesday, July 22, 2026 for e-voting may register and vote on InstaVote as under:

STEP 1: LOGIN / SIGNUP on InstaVote

Shareholders registered for INSTAVOTE facility:

- Visit URL: <https://instavote.linkintime.co.in> & click on "Login" under 'SHARE HOLDER' tab.
- Enter details as under:
 - User ID: Enter User ID
 - Password: Enter existing Password

- Enter Image Verification (CAPTCHA) Code
- Click "Submit".

InstaVote USER ID	NSDL	User ID is 8 Character DP ID followed by 8 Digit Client ID (e.g.IN123456) and 8 digit Client ID (eg.12345678).
	CDSL	User ID is 16 Digit Beneficiary ID.
	Shares held in physical form	User ID is Event No. + Folio no. registered with the Company

(Home page of e-voting will open. Follow the process given under "Steps to cast vote for Resolutions")

Shareholders not registered for INSTAVOTE facility:

- Visit URL: <https://instavote.linkintime.co.in> & click on "Sign Up" under 'SHARE HOLDER' tab & register with details as under:
 - User ID: Enter User ID
 - PAN: Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.
 - DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP/Company - in DD/MM/YYYY format)
 - Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company.
 - Shareholders, holding shares in **NSDL form**, shall provide 'point 4' above.
 - Shareholders, holding shares in **CDSL form**, shall provide 'point 3' or 'point 4' above.
 - Shareholders, holding shares in **physical form** but have not recorded 'point 3' and 'point 4', shall provide their Folio number in 'point 4' above
 - Set the password of your choice.

InstaVote USER ID	NSDL	User ID is 8 Character DP ID followed by 8 Digit Client ID (e.g.IN123456) and 8 digit Client ID (eg.12345678).
	CDSL	User ID is 16 Digit Beneficiary ID.
	Shares held in physical form	User ID is Event No. + Folio no. registered with the Company

(The password should contain minimum 8 characters, at least one special Character (!#\$%*), at least one numeral, at least one alphabet and at least one capital letter).

- Enter Image Verification (CAPTCHA) Code.
- Click "Submit" (You have now registered on InstaVote).

Post successful registration, click on **“Login”** under ‘SHARE HOLDER’ tab & follow steps given above in points (a-b).

STEP 2: Steps to cast vote for Resolutions through InstaVote

- Post successful authentication and redirection to InstaVote inbox page, you will be able to see the “Notification for e-voting”.
- Select ‘View’ icon. E-voting page will appear.
- Refer the Resolution description and cast your vote by selecting your desired option ‘Favour / Against’ (If you wish to view the entire Resolution details, click on the ‘View Resolution’ file link).
- After selecting the desired option i.e. Favour / Against, click on ‘Submit’.
- A confirmation box will be displayed. If you wish to confirm your vote, click on ‘Yes’, else to change your vote, click on ‘No’ and accordingly modify your vote.

NOTE: Shareholders may click on “Vote as per Proxy Advisor’s Recommendation” option and view proxy advisor recommendations for each resolution before casting vote. “Vote as per Proxy Advisor’s Recommendation” option provides access to expert insights during the e-Voting process. Shareholders may modify their vote before final submission.

Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently.

Non-Individual Body corporate shareholders shall send a scanned copy of the board resolution authorising its representative to vote, to the scrutinizer at csvyoma@aslassociates.in with a copy marked to RTA at enotices@in.mpms.mufg.com and the company at investors@sarlafibers.com.

Guidelines for Institutional shareholders (“Custodian / Corporate Body/ Mutual Fund”)

STEP 1 – Custodian / Corporate Body/ Mutual Fund Registration

- Visit URL: <https://instavote.linkintime.co.in>
- Click on “Sign Up” under “Custodian / Corporate Body/ Mutual Fund”
- Fill up your entity details and submit the form.
- A declaration form and organization ID is generated and sent to the Primary contact person email ID (which is filled at the time of sign up). The said form is to be signed by the Authorised Signatory, Director, Company Secretary of the entity & stamped and sent to insta.vote@linkintime.co.in.

- Thereafter, Login credentials (User ID; Organisation ID; Password) is sent to Primary contact person’s email ID. (You have now registered on InstaVote)

STEP 2 – Investor Mapping

- Visit URL: <https://instavote.linkintime.co.in> and login with InstaVote Login credentials.
- Click on “Investor Mapping” tab under the Menu section
- Map the Investor with the following details:
 - ‘Investor ID’ – Investor ID for NSDL demat account is 8 Character DP ID followed by 8 Digit Client ID i.e., IN00000012345678; Investor ID for CDSL demat account is 16 Digit Beneficiary ID.
 - ‘Investor’s Name - Enter Investor’s Name as updated with DP.
 - ‘Investor PAN’ - Enter your 10-digit PAN.
 - ‘Power of Attorney’ - Attach Board resolution or Power of Attorney.

NOTE: File Name for the Board resolution/ Power of Attorney shall be – DP ID and Client ID or 16 Digit Beneficiary ID.

Further, Custodians and Mutual Funds shall also upload specimen signatures.

- Click on Submit button. (The investor is now mapped with the Custodian / Corporate Body/ Mutual Fund Entity). The same can be viewed under the “Report section”.

STEP 3 – Steps to cast vote for Resolutions through InstaVote

The corporate shareholder can vote by two methods, during the remote e-voting period.

METHOD 1 - VOTES ENTRY

- Visit URL: <https://instavote.linkintime.co.in> and login with InstaVote Login credentials.
- Click on “Votes Entry” tab under the Menu section.
- Enter the “Event No.” for which you want to cast vote.
Event No. can be viewed on the home page of InstaVote under “On-going Events”.
- Enter “16-digit Demat Account No.”.
- Refer the Resolution description and cast your vote by selecting your desired option ‘Favour / Against’ (If you wish to view the entire Resolution details, click on the ‘View Resolution’ file link). After selecting the desired option i.e. Favour / Against, click on ‘Submit’.

- A confirmation box will be displayed. If you wish to confirm your vote, click on ‘Yes’, else to change your vote, click on ‘No’ and accordingly modify your vote.

(Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

METHOD 2 - VOTES UPLOAD

- Visit URL: <https://instavote.linkintime.co.in> and login with InstaVote Login credentials.
- After successful login, you will see “Notification for e-voting”.
- Select “View” icon for “Company’s Name / Event number”.
- E-voting page will appear.
- Download sample vote file from “Download Sample Vote File” tab.
- Cast your vote by selecting your desired option ‘Favour / Against’ in the sample vote file and upload the same under “Upload Vote File” option.
- Click on ‘Submit’. ‘Data uploaded successfully’ message will be displayed.

(Once you cast your vote on the resolution, you will not be allowed to modify or change it subsequently).

NOTE: **Non-Individual Body corporate shareholders** shall send a scanned copy of the board resolution authorising its representative to vote, to the scrutinizer at csvyoma@aslassociates.in with a copy marked to RTA at enotices@in.mpms.mufg.com and the company at investors@sarlafibers.com.

HELPDESK:

Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode:

Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode facing any technical issue in login may contact INSTAVOTE helpdesk by sending a request at enotices@in.mpms.mufg.com or contact on: - Tel: 022 - 4918 6000.

Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e., NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending request at evoting@nsdl.co.in or call at: 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

Forgot Password:

Individual Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in physical mode / Non-Individual Shareholders holding securities in demat mode have forgotten the USER ID [Login ID] or Password or both then the shareholder can use the “Forgot Password” option available on: <https://instavote.linkintime.co.in>

- Click on **“Login”** under ‘SHARE HOLDER’ tab.
- Further Click on **“forgot password?”**
- Enter User ID, select Mode and Enter Image Verification code (CAPTCHA).
- Click on “SUBMIT”.

InstaVote USER ID	NSDL	User ID is 8 Character DP ID followed by 8 Digit Client ID (e.g. IN123456) and 8 digit Client ID (eg.12345678).
	CDSL	User ID is 16 Digit Beneficiary ID.
	Shares held in physical form	User ID is Event No. + Folio no., registered with the Company

In case Custodian / Corporate Body/ Mutual Fund has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the “Forgot Password” option available on: <https://instavote.linkintime.co.in>

- Click on ‘Login’ under “Custodian / Corporate Body/ Mutual Fund” tab
- Further Click on **“forgot password?”**
- Enter User ID, Organization ID and Enter Image Verification code (CAPTCHA).
- Click on “SUBMIT”.

In case shareholders have a valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing information about the particulars of the Security Question and Answer, PAN, DOB/DOI etc. The password should contain a minimum of 8 characters, at least one special character (!#\$%&), at least one numeral, at least one*



alphabet and at least one capital letter.

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

Individual Shareholders holding securities in demat mode have forgotten the USER ID [Login ID] or Password or both, then the Shareholders are advised to use Forget User ID and Forget Password option available at above mentioned depository/ depository participants website.

General Instructions - Shareholders

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

SECTION IV: INSTAMEET VC INSTRUCTIONS:

In terms of Ministry of Corporate Affairs (MCA) General Circular No. 03/2025 dated September 22, 2025, the companies can continue to conduct AGMs by VC or OAVM, as per the existing procedural requirements. Till further orders, the relaxations will remain in force.

Shareholders are advised to update their mobile number and email Id correctly in their demat accounts to access InstaMeet facility.

Login method for shareholders to attend the General Meeting through InstaMeet:

- a) Visit URL: <https://instameet.in.mpms.mufig.com> & click on **"Login"**.
- b) Select the "Company Name" and register with your following details:
- c) Select Check Box - **Demat Account No. / Folio No. / PAN**
 - Shareholders holding shares in NSDL/ CDSL demat account shall select check box - Demat Account No. and enter the 16-digit demat account number.
 - Shareholders holding shares in physical form shall select check box - Folio No. and enter the Folio Number registered with the company.
 - Shareholders shall select check box - PAN and enter 10-digit Permanent Account Number (PAN). Shareholders who have not updated their PAN with the Depository

Participant (DP)/ Company shall use the sequence number provided by MUFG Intime, if applicable.

- Mobile No: Mobile No. as updated with DP is displayed automatically. Shareholders who have not updated their Mobile No with the DP shall enter the mobile no.
 - Email ID: Email Id as updated with DP is displayed automatically. Shareholders who have not updated their Email Id with the DP shall enter the Email Id.
- c) Click "Go to Meeting"
You are now registered for InstaMeet, and your attendance is marked for the meeting.

Instructions for shareholders to Speak during the General Meeting through InstaMeet:

- a) Shareholders who would like to speak during the meeting must register their request with the company at investors@sarlafibers.com.
- b) Shareholders will get confirmation on first cum first basis depending upon the provision made by the company.
- c) Shareholders will receive "speaking serial number" once they mark attendance for the meeting. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.
- d) Other shareholder who has not registered as "Speaker Shareholder" may still ask questions to the panellist via active chat-board during the meeting.

**Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.*

Instructions for Shareholders to Vote during the General Meeting through InstaMeet:

Once the electronic voting is activated during the meeting, shareholders who have not exercised their vote through the remote e-voting can cast the vote as under:

- a) On the Shareholders VC page, click on link "Cast your vote".
- b) Enter your 16-digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMeet.
- c) Click on 'Submit'.
- d) After successful login, you will see "Resolution

Description" and against the same the option "Favour/ Against" for voting.

- e) Cast your vote by selecting appropriate option i.e. "Favour/Against" as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
- f) After selecting the appropriate option i.e. Favour/ Against as desired and you have decided to vote, click on "Save". A confirmation box will be displayed. If you wish to confirm your vote, click on "Confirm", else to change your vote, click on "Back" and accordingly modify your vote. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note:

Shareholders/ Members, who will be present in the General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting.

Shareholders/ Members who have voted through Remote e-Voting prior to the General Meeting will be eligible to attend/ participate in the General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/ Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

Helpdesk:

Shareholders facing any technical issue in login may contact INSTAMEET helpdesk by sending a request at instameet@in.mpms.mufig.com or contact on: - Tel: 022 - 4918 6000 / 4918 6175.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Read with Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 on General Meetings (SS-2) issued by ICSI

Item No. 4 – Ratification of Remuneration of Cost Auditors for the Financial Year ending March 31, 2027

As per the provisions of Section 148(1) of the Companies Act, 2013, read with Rule 3 of the Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain cost records and have such records audited by a Cost Accountant in practice.

The Audit Committee of the Board, at its duly convened meeting held on April 22, 2026, recommended to the Board of Directors the re-appointment of M/s. Kasina & Associates, Cost Accountants (Firm Registration No. 104088), as Cost Auditors of the Company for the Financial Year ending March 31, 2027, at a remuneration of ₹95,000/- (Rupees Ninety-Five Thousand Only) plus applicable taxes and reimbursement of reasonable out-of-pocket expenses, as incurred. The Board of Directors, at its duly convened meeting held on April 22, 2026, acting on the recommendation of the Audit Committee, approved the re-appointment of M/s. Kasina & Associates as Cost Auditors of the Company on the said terms.

M/s. Kasina & Associates have furnished a written confirmation as to their eligibility, willingness to accept the re-appointment, and that they are not disqualified from acting as Cost Auditors of the Company under the provisions of the Companies Act, 2013 and the rules made thereunder.

Pursuant to Section 148(3) of the Companies Act, 2013, the remuneration fixed by the Board of Directors for the Cost Auditors is required to be ratified by the Members of the Company. Accordingly, the consent of the Members is sought for passing the Ordinary Resolution set out at Item No. 4 of this Notice.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 4 of this Notice for approval by the Members.

None of the Directors, Key Managerial Personnel of the Company, or their respective relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 4 of this Notice.

Item No. 5 – Revision in Remuneration of Ms. Neha Krishna Jhunjunwala (DIN: 07144529), Director (Executive)**Background**

Ms. Neha Krishna Jhunjunwala (DIN: 07144529) was first appointed as a Director (Non-Executive) of the Company on March 31, 2015 and currently serves as Director (Executive) of the Company. Her term of appointment runs up to February 11, 2027 and she is liable to retire by rotation.

Rationale for Revision

Ms. Neha Krishna Jhunjunwala has been associated with Sarla Performance Fibers Limited since 2015 and heads the Global Marketing and Sales function of the Company. She holds over 10 years of experience in international marketing and sales, with responsibility across European, American, and German markets. During her tenure, the Company has made significant progress in the United States market through targeted new client acquisition and the securing of long-term supply agreements, resulting in meaningful growth in the Company's export revenues and foreign exchange earnings.

The Nomination and Remuneration Committee ('NRC'), having reviewed her individual performance, current remuneration structure, responsibilities, the overall financial performance and growth outlook of the Company, recommended a revision in her annual remuneration with effect from April 01, 2026. The proposed revision is intended to align her compensation with regards to her qualifications, tenure, and the scope and complexity of her responsibilities.

The Board of Directors, at its duly convened meeting held on April 22, 2026, approved the revised remuneration as recommended by the NRC, pursuant to the provisions of Section 197 of the Companies Act, 2013, subject to the approval of the Members by way of a Special Resolution, with effect from April 01, 2026.

Proposed Revised Remuneration Structure (w.e.f. April 01, 2026)

Component of Remuneration	Existing Annual Amount	Revised Annual Amount
Basic Salary	₹18,00,000/-	₹36,00,000/-
Allowances / Benefits / Perquisites	₹18,00,000/-	₹36,00,000/-
Commission / Variable Pay	Nil	Nil
Total Annual Remuneration	*₹36,00,000/-	**₹72,00,000/-

**This does not include annual leave encashment of ₹1,05,000/- in accordance with the Company's policies.*

***In addition, Ms. Jhunjunwala shall be entitled to annual leave encashment of ₹2,10,000/- in accordance with the Company's policies.*

The Board of Directors and the NRC are further authorised to determine, vary, alter and modify the components and structure of the aforesaid remuneration from time to time, as may be considered appropriate, within the overall approved annual limit of ₹72,00,000/- (Rupees Seventy-Two Lakhs Only) plus annual leave encashment as per the Company's policies. The total annual cost to the Company, inclusive of annual leave encashment, shall not exceed ₹74,10,000/- (Rupees Seventy-Four Lakhs Ten Thousand Only)

Retrospective Effect

The Board of Directors approved the revision in remuneration with effect from April 01, 2026, at its meeting held on April 22, 2026 (being the first Board Meeting of the financial year 2026-27), prior to the date of this Annual General Meeting, subject to the approval of the Members by way of a Special Resolution. Upon the Members passing the Special Resolution set out at Item No. 5 of this Notice, the revision in remuneration shall be deemed to have been approved with effect from April 01, 2026, and the Company shall be authorised to give effect to the same from that date.

Statutory Basis for Special Resolution

The proposed revised remuneration is being sought by way of a Special Resolution pursuant to the provisions of Sections 197 and 198 read with Schedule V of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s), amendment(s), or re-enactment(s) thereof for the time being in force).

Under the second proviso to Section 197(1) of the Companies Act, 2013, the remuneration payable to directors who are neither Managing Directors nor Whole-time Directors shall not exceed one per cent (1%) of the net profits of the Company in a Financial Year, if there is a Managing Director or Whole-time Director, except with the approval of the Company in general meeting by way of a Special Resolution. The proposed remuneration of ₹72,00,000/- per annum plus annual leave encashment as per the Company's policies exceeds the said limit. Accordingly, the approval of the Members by way of a Special Resolution is required under the said proviso.

The Special Resolution being passed by the Members shall also constitute the requisite approval under Schedule V Part II of the Companies Act, 2013, as applicable to the Company, in addition to constituting the approval required under the second proviso to Section 197(1) of the Companies Act, 2013.

Mandatory Statutory Declaration

The Company has not defaulted in the payment of dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditor.

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The proposed remuneration payable to Ms. Neha Krishna Jhunjunwala does not exceed the threshold prescribed under Regulation 17(6)(e)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, requiring approval by special resolution where the annual remuneration payable to a single executive director who is a promoter or member of the promoter group exceeds ₹5,00,00,000/- (Rupees Five Crore Only) or 2.5% of the net profits of the Company computed under Section 198 of the Companies Act, 2013, whichever is higher.

The proposed remuneration of ₹72,00,000/- (Rupees Seventy-Two Lakhs Only) per annum (exclusive of annual leave encashment as per the Company's policies) is within the aforesaid threshold. Accordingly, no separate approval under Regulation 17(6)(e)(i) of the SEBI LODR Regulations is required in respect of the remuneration payable to Ms. Neha Krishna Jhunjunwala individually.

However, Members' approval is being separately sought under Item No. 7 of this Notice in respect of the aggregate remuneration payable to Executive Directors who are members of the Promoter and Promoter Group of the Company pursuant to Regulation 17(6)(e)(ii) of the SEBI LODR Regulations and the applicable provisions of Section 197 of the Companies Act, 2013.

Mandatory Disclosures pursuant to Schedule V Part II Section II of the Companies Act, 2013 and Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Particulars	Details
I. GENERAL INFORMATION	
Nature of Industry	Manufacturing and Export of Speciality Polyester and Nylon Yarns, Covered Yarns, High Tenacity Yarns, and Sewing Threads (Textiles – Manmade Fibres)
Date of Commencement of Commercial Production	1993
Financial Performance (FY 2025-26)	Net Turnover: ₹39,634.33 Lakhs; Net Profit before exceptional items: ₹7,844.07 Lakhs; Net Profit after exceptional items (as computed under Section 198 of the Companies Act, 2013): ₹1,434.35 Lakhs; Export Turnover: ₹23,991.01 Lakhs; Dividend recommended: ₹2/- per equity share of ₹1/- face value (200%)
Foreign Investments or Collaborations	Overseas subsidiaries in USA and BVI; Joint Ventures in Turkey and Mexico. No foreign collaboration in India.
II. INFORMATION ABOUT THE APPOINTEE	
Name and Designation	Ms. Neha Krishna Jhunjunwala (DIN: 07144529), Director (Executive)
Background Details	Ms. Neha Krishna Jhunjunwala was first appointed as a Director (Non-Executive) of the Company on March 31, 2015 and was re-designated as Director (Executive) with effect from February 12, 2022. She holds a Bachelor of Commerce (Management Studies) from the University of Mumbai and a Master of Science (Marketing & Strategy) from the University of Warwick, United Kingdom. She has over 10 years of experience in international marketing and sales and heads the Global Marketing and Sales function of the Company, with responsibility across European, American, and German markets.
Past Remuneration	₹36,00,000/- per annum for FY 2025-26 (exclusive of annual leave encashment of ₹1,05,000/- as per Company policy)
Recognition or Awards	Nil
Job Profile and Suitability	Ms. Neha Krishna Jhunjunwala heads the Global Marketing and Sales function of the Company. During her tenure, the Company has made significant progress in the United States market through targeted new client acquisition and the securing of long-term supply agreements, resulting in meaningful growth in export revenues and foreign exchange earnings. The NRC and Board consider her qualifications, experience, and domain expertise to be well-suited for the responsibilities discharged by her.
Remuneration Proposed	₹72,00,000/- per annum with effect from April 01, 2026 (exclusive of annual leave encashment of up to ₹2,10,000/- as per Company policy). Total annual cost to the Company, inclusive of annual leave encashment, shall not exceed ₹74,10,000/-.

Particulars	Details
Comparative Remuneration Profile	The proposed remuneration has been determined by the NRC having regard to her qualifications, tenure, experience, the scope and complexity of her responsibilities and her contribution to the Company's export performance. The NRC and Board consider the proposed remuneration to be fair, reasonable, and appropriate in the circumstances.
Pecuniary Relationship with the Company or its Managerial Personnel	Ms. Neha Krishna Jhunjunwala is part of the Promoter Group of the Company and holds 4,000 Equity Shares representing 0.0048% of the total paid-up share capital. She is the daughter of Mr. Krishna Madhusudan Jhunjunwala (Chairman and Managing Director) and the sister of Mr. Kanav Krishna Jhunjunwala (Whole-Time Director). Save as aforesaid, she has no other material pecuniary relationship with the Company.
III. OTHER INFORMATION	
Reasons for Inadequate Profits	The Company's core business operations remained stable during the Financial Year 2025-26, with export turnover of ₹23,991.01 Lakhs reflecting continued operational performance. The inadequacy of net profits as computed under Section 198 of the Companies Act, 2013 is solely on account of exceptional items arising from the one-time restructuring and divestment of 11 (Eleven) 1% (One Percent) Non-Cumulative Redeemable Preference Shares held in its Wholly Owned Subsidiary SARLAFLEX INC, which resulted in a write-off during the year. This was a non-recurring item and does not reflect any deterioration in the underlying business performance of the Company.
Steps Taken / Proposed for Improvement	The Company continues to pursue its established business strategy of expanding its presence in international markets, optimising its product mix, and strengthening long-term customer relationships across European, American, and Asian markets. No extraordinary measures are considered necessary given that the inadequacy of profits arose solely from a one-time exceptional item and not from any adverse change in the Company's business operations or outlook.
Expected Increase in Productivity and Profits	With the exceptional item being a one-time non-recurring event, the net profits of the Company in the ensuing financial years are expected to reflect the underlying operational performance of the business. The Company remains focused on sustaining and growing its export revenues and maintaining operational efficiency across its manufacturing and marketing functions.

Board Recommendation

The Board of Directors recommends the Special Resolution set out at Item No. 5 of this Notice for approval by the Members.

Interest of Directors and Key Managerial Personnel

Ms. Neha Krishna Jhunjunwala, being the Director concerned, is interested in this Resolution. Mr. Krishna Madhusudan Jhunjunwala (Chairman and Managing Director, father of Ms. Neha Krishna Jhunjunwala) and Mr. Kanav Krishna Jhunjunwala (Whole-Time Director, brother of Ms. Neha Krishna Jhunjunwala) are deemed to be interested in this Resolution by virtue of their relationship with Ms. Neha Krishna Jhunjunwala.

No other Director, Key Managerial Personnel of the Company, or their respective relatives is, in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 5 of this Notice.

Item No. 6 – Approval of Waiver of Recovery of Excess Remuneration Paid to Ms. Neha Krishna Jhunjunwala (DIN: 07144529), Director (Executive) of the Company, for the Financial Year 2025-26

The following Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, sets out all material facts relating to the Special Business set out in Item No. 6 of the accompanying Notice. The Board of Directors recommends the Resolution for the approval of the Members.

Background of Appointment

Ms. Neha Krishna Jhunjhunwala (DIN: 07144529) was, by resolution of the Board of Directors dated February 12, 2022 passed on the recommendation of the Nomination and Remuneration Committee, re-designated as Director (Executive) of the Company, with effect from February 12, 2022. The terms of her remuneration as Director (Executive) have, since her re-designation, been determined by the Board of Directors on the recommendation of the Nomination and Remuneration Committee.

Approval of Remuneration for Financial Year 2025-26

By resolution dated April 25, 2025, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, approved the payment of remuneration to Ms. Neha Krishna Jhunjhunwala for the Financial Year 2025-26, in the form of basic salary, allowances and perquisites aggregating to ₹36,00,000/- (Rupees Thirty-Six Lakhs Only) (exclusive of annual leave encashment of ₹1,05,000/- as per the Company's policies) for the said Financial Year. At the time the said resolution was passed, having regard to the financial position of the Company and the projections then available to the Board, it was anticipated that the said remuneration would be within the limits prescribed under Section 197 of the Companies Act, 2013.

Inadequacy of Profits during the Year

During the Financial Year 2025-26, the Company recorded certain exceptional items arising from the restructuring and divestment of 11 (Eleven) 1% (One Percent) Non-Cumulative Redeemable Preference Shares held in its Wholly Owned Subsidiary SARLAFLEX INC undertaken during the year. These exceptional items had a material impact on the profitability of the Company for the said Financial Year. Consequently, based on the audited financial statements approved by the Board of Directors at its meeting held on April 22, 2026, the net profit of the Company computed under Section 198 of the Companies Act, 2013 stands at ₹14,34,35,168/- (Rupees Fourteen Crores Thirty-Four Lakhs Thirty-Five Thousand One Hundred and Sixty-Eight Only).

Statutory Limit and Excess

Under clause (ii)(A) of the second proviso to Section 197(1) of the Companies Act, 2013, the remuneration payable to directors who are neither Managing Directors nor Whole-time Directors shall not exceed one per cent (1%) of the net profits of the Company in a Financial Year, if there is a Managing Director or Whole-time Director, except with the approval of the Company in general meeting by way of a Special Resolution. One per cent (1%) of the net profits of the Company for the Financial Year 2025-26 amounts to ₹14,34,352/- (Rupees Fourteen Lakhs Thirty-Four Thousand Three Hundred and Fifty-Two Only). The remuneration of ₹37,05,000/- (Rupees Thirty-Seven Lakhs Five Thousand Only) paid to Ms. Neha Krishna Jhunjhunwala for the said Financial Year accordingly exceeds the said statutory limit by ₹22,70,648/- (Rupees Twenty-Two Lakhs Seventy Thousand Six Hundred and Forty-Eight Only) ("the Excess Remuneration"). It is hereby disclosed that the Excess Remuneration was paid without the prior Special Resolution of the Members required under the said proviso.

Refundability and the Proposed Waiver

In terms of Section 197(9) of the Companies Act, 2013, where any director draws or receives, directly or indirectly, by way of remuneration any sums in excess of the limits prescribed under Section 197 or without the approval required under the said Section, he or she is required to refund such sums to the Company, and until such sum is refunded, hold it in trust for the Company. The Excess Remuneration of ₹22,70,648/- (Rupees Twenty-Two Lakhs Seventy Thousand Six Hundred and Forty-Eight Only) became refundable to the Company on April 22, 2026, being the date on which the audited financial statements of the Company for the Financial Year 2025-26 were considered and approved by the Board of Directors and on which, accordingly, the net profit of the Company under Section 198 of the Act for the said Financial Year stood determined. The said Excess Remuneration has not been refunded to the Company, and Ms. Neha Krishna Jhunjhunwala holds the same in trust for the Company pursuant to Section 197(9) of the Act. The Company now proposes to waive the recovery thereof under Section 197(10) of the Act.

In terms of Section 197(10) of the Companies Act, 2013, the Company may, with the approval of the Members by way of a Special Resolution passed within two years from the date the said sum becomes refundable, waive the recovery of any sum so refundable. The present Special Resolution is accordingly being placed before the Members within the said two-year period, which expires on April 22, 2028.

Recommendation of the NRC and Board

The Nomination and Remuneration Committee, at its meeting held on April 22, 2026, having considered:

- (a) the contribution of Ms. Neha Krishna Jhunjhunwala to the affairs of the Company;

- (b) the basis on which her remuneration for the Financial Year 2025-26 had been determined by the Board;
- (c) the reasons for the inadequacy of profits during the Financial Year 2025-26; and
- (d) the expected improvement in financial performance in the ensuing financial year,

recommended to the Board of Directors that the approval of the Members be sought for waiver of recovery of the Excess Remuneration. The Board of Directors, at its meeting held on April 22, 2026, accepted the recommendation of the Committee and approved the placing of the said proposal before the Members of the Company.

No Default in Payment of Dues

The Company is, as on the date of this Notice, not in default in payment of dues to any bank or public financial institution or to any non-convertible debenture holder or to any other secured creditor.

Auditor's Report under Section 197(16)

The Statutory Auditors of the Company have, in their report for the Financial Year 2025-26 issued under Section 197(16) of the Companies Act, 2013, stated the particulars of the remuneration paid by the Company to its Directors during the said Financial Year, including in respect of the Excess Remuneration referred to above, in accordance with the provisions of the said Section.

Board Recommendation

In the circumstances aforesaid, the Board of Directors recommends the Resolution set out at Item No. 6 of this Notice for the approval of the Members as a Special Resolution.

Disclosure of Interest under Section 102(1) of the Companies Act, 2013

Ms. Neha Krishna Jhunjhunwala is concerned and interested, financially and otherwise, in the Resolution set out at Item No. 6 of this Notice, the same relating to the remuneration paid to her. Mr. Krishna Madhusudan Jhunjhunwala (Chairman and Managing Director of the Company), being the father of Ms. Neha Krishna Jhunjhunwala, and Mr. Kanav Krishna Jhunjhunwala (Whole Time Director of the Company), being the brother of Ms. Neha Krishna Jhunjhunwala, are concerned and interested in the said Resolution by virtue of their relationship with her.

Save and except as aforesaid, none of the other Directors or Key Managerial Personnel of the Company, or their respective relatives, is, in any way, concerned or interested, financially or otherwise, in the said Resolution, except to the extent of their respective shareholding, if any, in the Company.

Item No. 7 — Approval and Confirmation of Aggregate Remuneration of Executive Directors who are Members of the Promoter and Promoter Group of the Company — Confirmation for the Financial Year Ended March 31, 2026 and Prior Approval for the Remainder of their Respective Tenures, pursuant to Section 197 of the Companies Act, 2013 and Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Members have, from time to time, approved the remuneration payable to Mr. Krishna Madhusudan Jhunjhunwala (Managing Director), Mr. Kanav Krishna Jhunjhunwala (Whole-Time Director) and Ms. Neha Krishna Jhunjhunwala (Director - Executive) through separate Special Resolutions.

For the financial year ended March 31, 2026, the aggregate remuneration paid/payable to the aforesaid promoter Executive Directors amounted to ₹3,40,53,000. Based on the net profits computed under Section 198 of the Companies Act, 2013, this remuneration exceeded the limits prescribed under Section 197 of the Act and Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

This position arose primarily due to a one-time write-off relating to the restructuring and divestment of preference shares held in the Company's wholly owned subsidiary, SARLAFLEX INC., which reduced the net profits computed under Section 198 of the Act. The write-off is exceptional and non-recurring in nature and does not reflect the operational performance of the Company.

Accordingly, approval of the Members is sought for the remuneration paid/payable to the promoter Executive Directors for the financial year ended March 31, 2026.

Further, Regulation 17(6)(e) of the SEBI Listing Regulations permits Members to grant approval for remuneration payable to promoter Executive Directors for the balance period of their respective terms. The Board believes

that obtaining such approval will provide administrative certainty and avoid the need for repeated shareholder approvals in future years merely because the aggregate remuneration may exceed prescribed percentage-based limits due to fluctuations in profits computed under Section 198 of the Act.

The approval sought under this Resolution shall remain valid until the expiry of the respective terms of the concerned Executive Directors, subject to:

- individual remuneration of each Executive Director being approved by the Members through Special Resolution;
- any future revision in remuneration being separately approved by the Members; and
- the Company not having defaulted in payment of dues to any bank, public financial institution, non-convertible debenture holders or other secured creditors.

The Company confirms that it has not defaulted in payment of dues to any bank, public financial institution, non-convertible debenture holders or other secured creditors.

Mr. Krishna Madhusudan Jhunjunwala, Mr. Kanav Krishna Jhunjunwala and Ms. Neha Krishna Jhunjunwala and their respective relatives may be deemed to be interested in the Resolution to the extent of their remuneration. Except for the aforesaid, none of the Directors, Key Managerial Personnel of the Company or their relatives is concerned or interested in the Resolution.

The Board recommends the Special Resolution set out at Item No. 7 for approval of the Members.

ANNEXURE TO THE NOTICE OF THE 33RD ANNUAL GENERAL MEETING

Details of Director Seeking Re-appointment

Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 on General Meetings (SS-2) issued by ICSI

Director Identification Number (DIN)	07144529
Name of Director	Ms. Neha Krishna Jhunjunwala
Designation and Category of Director	Director (Executive)
Nationality	Indian
Date of Birth & Age	February 22, 1989 (Age: 37 years as on date of this Notice)
Qualifications	Bachelor of Commerce (Management Studies), University of Mumbai; Master of Science (Marketing & Strategy), University of Warwick, United Kingdom.
Experience & Expertise	Ms. Neha Krishna Jhunjunwala has been associated with Sarla Performance Fibers Limited since 2015 and heads the Global Marketing and Sales function of the Company. She has over 10 years of experience in international marketing and sales, with responsibility across European, American, and German markets. During her tenure, the Company has made significant progress in the United States market through targeted new client acquisition and the securing of long-term supply agreements, resulting in meaningful growth in the Company's export revenues and foreign exchange earnings.
Terms & Conditions of Re-appointment	Re-appointed as Director, liable to retire by rotation. She continues as Director (Executive) for the remainder of her existing tenure up to February 11, 2027. Subject to the approval of Item No. 5 of this Notice, the revised remuneration shall be as detailed in the Explanatory Statement. All other terms and conditions of her appointment as approved by the Board remain unchanged.
Date of First Appointment on the Board	March 31, 2015
Shareholding in the Company (as on March 31, 2026)	4,000 Equity Shares of ₹1.00 each, representing 0.0048% of the total paid-up share capital of the Company as on March 31, 2026. No convertible instruments held.
Relationship with other Directors / Key Managerial Personnel	Ms. Neha Krishna Jhunjunwala is part of the Promoter Group. She is the daughter of Mr. Krishna Madhusudan Jhunjunwala (Chairman & Managing Director, DIN: 00097175) and sister of Mr. Kanav Krishna Jhunjunwala (Whole-Time Director, DIN: 09507192).
Directorships in other Indian Public Companies*	Nil (excluding Sarla Performance Fibers Limited itself)
Listed Entities from which she has resigned as Director in past 3 years	Nil
Committee Memberships / Chairmanships in other Indian Public Companies**	Nil

Number of Board Meetings attended during FY 2025-26	3 out of 4 Board Meetings held during FY 2025-26
Past Remuneration	₹36,00,000/- per annum for FY 2025-26 (exclusive of annual leave encashment of ₹1,05,000/- as per Company policy)

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

***Only Audit Committee and Stakeholders' Relationship Committee memberships/chairmanships in Indian Public Limited Companies are included.*

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

Sd/-

Mustafa Yusuf Manasawala

Company Secretary & Compliance Officer

M. No. A76344

Place: Mumbai

Date: April 22, 2026

Registered Office:

Survey No. 59/1/4, Amlī Piparia Industrial Estate,

Silvassa – 396 230, U.T. of Dadra & Nagar Haveli

Tel: 0260-3290467 | Fax: 0260-2631356

Email: investors@sarlafibers.com

Website: www.sarlafibers.com



**REGISTERED OFFICE**

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

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