

CORPORATE OFFICE

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FACTORY ADDRESS

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REGISTERED OFFICE

SRV NO. 187/4/1/2, Near Surangi Bridge, Surangi Dadra & Nagar Haveli Silvassa Dadra & Nagar Haveli Dn 396230.

Email: sales@sanathan.com

COMPANY IDENTIFICATION NO. L17299DN2005PLC005690

Date: July 12, 2025

To, National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai-400051.	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001
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Trading Symbol: **SANATHAN**

Scrip Code: **544314**

Ref. No: - **2025-2026/Jul25/055**

Dear Sirs/Madam,

Sub: Notice of 20th Annual General Meeting of Sanathan Textiles Limited ('the Company')

We are pleased to inform you that the 20th Annual General Meeting ("AGM") of the Company is scheduled to be held on Monday, August 04, 2025, at 04:00 P.M. IST through Video Conferencing / Other Audio Visual Means ('VC/OAVM').

Enclosed herewith is the Notice of the 20th AGM, together with the Agenda and Explanatory Statement.

The said Notice and the Annual Report for Financial Year 2024-25, are available for download on the Company's website at www.sanathan.com and also on the websites of National Securities Depository Limited ('NSDL') at www.evoting.nsdl.com.

We look forward to your valuable participation in the AGM and thank you for your continued support.

We request you to take the same on your record.

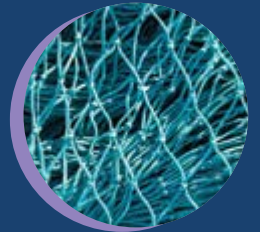
Thanking You,

**Yours faithfully,
For Sanathan Textiles Limited**

**Jude Patrick Dsouza
Company Secretary and Compliance Officer**



Expanding Possibilities to Deliver Value



Corporate Overview

About us	02
Letter from the Chairman	04
Our Journey	08
Business Overview	10
Operating Leverage	14
Financial Highlights	16
Value Creation Model	18
Geography of Trust	20
Where Our Yarns Are Chosen	21
Our Setup and	22
Manufacturing Infrastructure	
Quality and Research excellence	24
Our People	26
Corporate Social Responsibility	30
Board of Directors	32
Our Senior Management	33
Corporate Information	34

Statutory Reports

Directors' Report	35
Management Discussion and Analysis	58
Report on Corporate Governance	70

Financial Statements

Standalone Financial Statements	88
Consolidated Financial Statements	165

AGM Notice

Notice of Annual General Meeting	241
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What's inside

Scan the
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about us



Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.



Progress is an integral aspect of our identity-in an ever-evolving industry scenario, we continue to perform with resilience, expanding possibilities to deliver value. We have not rested on our laurels but instead explored uncharted territories and unlocked opportunities that were once deemed impossible. Our new Greenfield Expansion will further support in manufacturing capacity, generating employment and supporting the growth of the textile industry, ultimately delivering enhanced value to our shareholders. Our consistent ability to enhance our foothold stands as a testament to our operational efficiency, innovative approach and indomitable zeal.

At the core of this growth lies a clear framework of principles, laid down by the promoter family, that guides our operations, interactions and governance. We are consistently building upon this legacy, driving growth to scale with a clear purpose. This purpose goes beyond mere profit- it is deeply rooted in sustainability, a profound understanding of our customers' needs and an unwavering commitment to meeting evolving aspirations.

We are knitting our strengths to expand possibilities, spinning our growth wheel to unlock value and weaving our success story.

Our specialisation in three key yarn verticals places us at a crucial junction, where we can leverage governmental policies designed to bolster India's textile market. We are growing from strength to strength, tailoring our strategies to achieve unprecedented success.

About Us

Our Story: Legacy and Innovation in Every Yarn

We are India's most diversified and integrated yarn manufacturer, catering to a domestic and global markets across Polyester Filament Yarns, Cotton Yarns and Yarns for Technical Textiles. Our diverse product portfolio enables us to deliver customised, value-added solutions, giving us a distinct competitive edge.

Our strong financial performance are largely driven by our unwavering focus on innovation, product development and operational efficiency. By continuously integrating advanced technologies and embracing digitisation, we ensure operational excellence and long-term customer loyalty, by delivering high-quality value-added yarns.

The extensive industry experience of our promoters has been instrumental in shaping our growth journey, guiding strategic decisions and enabling us to expand and diversify our portfolio over the years. Polyester Filament Yarns, Cotton Yarns and Yarns for Technical Textiles

Polyester Filament Yarns, Cotton Yarns and Yarns for Technical Textiles

Business verticals

50,000

Yarns Variants

700

Distributors across the Globe

3,000+

Employment generated

140+ Years

Promoters' cumulative experience



What Sets Us Apart



Fully Integrated Manufacturing

From continuous polymerisation to texturing, twisting and packaging



Dope Dyed technology, Sustainability Embedded

Zero Liquid Discharge facilities, rooftop solar and recycled yarn products



Digitalised Operations

Automated doffing, warehousing and packaging to enhance efficiency and quality



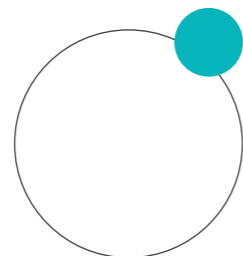
Certified Excellence

ISO 9001:2015, ISO 14001, ISO 45001 and OEKO-TEX® Standard 100 compliant



Letter from the Chairman

Threading Growth with Purpose: A New Era for Sanathan Textiles



The Indian textile sector is one of the largest in the world and is poised for sustained growth, with domestic textile and apparel markets expanding at roughly 8-10% annually, supported by rising consumption and supportive government policies.



Dear Shareholders,

As I write to you at the close of a landmark year for Sanathan Textiles, I am filled with pride and optimism. In the past year, we achieved a significant milestone by taking the company public through a successful Initial Public Offering (IPO), marking a new chapter as a listed company. This achievement is a testament to our journey from humble beginnings to becoming a trusted industry player, and it reflects the confidence our stakeholders place in our vision and growth plans. Over two decades, we have grown into one of India's most diversified and integrated yarn manufacturers, guided by the same core values and visionary ethos that our family instilled which set a strong, sustainable foundation for future generations.

Industry Landscape and Trends

The broader industry landscape reinforces our optimism. The Indian textile sector is one of the largest in the world and is poised for sustained growth, with domestic textile and apparel markets expanding at roughly

8-10% annually, supported by rising consumption and supportive government policies. Notably, the government's Production-Linked Incentive (PLI) scheme for man-made fibres and Yarns for Technical Textiles is spurring new investment in these areas, aligning with our focus on polyester and specialty yarns.

At the same time, consumer preferences are evolving. Fast fashion are driving greater demand for versatile, high-performance fibres like polyester. Yet consumers are also increasingly eco-conscious, expecting sustainable practices in textile manufacturing. We have anticipated these shifts, ensuring that our product portfolio and innovation efforts are aligned with the needs of a modern, fast-changing conscious market.

Strategic Milestones and Growth Initiatives

Sanathan Textiles is one of the few companies in India with a presence across all three major yarn categories (Polyester, cotton, and Yarns for Technical Textiles). This broad and

integrated portfolio allows us to serve a wide spectrum of end-use applications (from fashion apparel to automotive, home furnishings, and industrial uses) and positions us to capture rising demand as global sourcing trends increasingly favor reliable Indian manufacturers.

Equally important, we have continued to broaden our market reach and deepen our customer relationships. We believe our extensive network of customers and distributors worldwide, combined with our reputation for quality, gives us a strong platform for future growth in international markets.

Sustainability and ESG Commitments

At Sanathan Textiles, our commitment to sustainability is uncompromising and deeply ingrained in how we operate. We have embedded environmentally conscious practices into every facet of our production across both our existing operations and upcoming projects because we see sustainability not just as a responsibility, but as a core driver of innovation and



We plan to expand our solar capacity and are adopting biomass fuel (using rice husk, an agricultural by-product) in place of conventional fossil fuels for heating, which will significantly reduce carbon emissions at the new plant. By transitioning to cleaner energy sources, we are shrinking our carbon footprint and improving energy self-sufficiency.

long-term success. In line with this ethos, I would like to highlight some of our key Environmental, Social, and Governance (ESG) initiatives that exemplify our dedication to responsible growth:

Water Conservation:

We utilize dope-dyed yarn technology that eliminates the need for traditional water-intensive dyeing processes, significantly conserving water and reducing pollution. In addition, our Silvassa facility employs a Zero Liquid Discharge (ZLD) system where

all wastewater is treated and reused on-site so that no industrial effluent is released into the environment. The Zero Liquid Discharge system is put in place for Punjab as well.

Clean Energy:

We have installed 2.35 MW of rooftop solar power at our Silvassa plant to harness renewable energy and our new Punjab facility is being built to further incorporate green power. At Punjab, we plan to expand our solar capacity and are adopting biomass fuel (using rice husk, an agricultural by-product) in place of conventional fossil fuels for heating, which will significantly reduce carbon emissions. By transitioning to cleaner energy sources, we are shrinking our carbon footprint and improving energy self-sufficiency.

Circular Economy:

We are cutting down on solid waste by shifting from single-use packaging to reusable pallets in our operations, a step that drastically reduces packaging waste. Through these initiatives, we are embedding circularity and waste reduction into our supply chain.

These efforts reflect our belief that sustainability is not only an ethical imperative but also central to our competitive strategy. We are proud to align our operations with global environmental standards and to contribute to India's broader sustainability

goals. Whether it's through conserving water, reducing emissions, or recycling materials, we are committed to growing responsibly and leaving a lighter environmental footprint.

Future Outlook

Looking ahead, we remain energized and optimistic about the future of Sanathan Textiles. Our state-of-the-art greenfield facility in Wazirabad, Punjab is slated to commence operations, marking the start of a new growth chapter for the company. This project will more than double our polyester filament yarn manufacturing capacity - from about 2.00 lakhs MTPA currently to approximately 5.47 lakh MTPA significantly enhancing our ability to meet the growing demand for man-made yarns. In line with our philosophy of leveraging technology, the Punjab plant is being built with advanced manufacturing automation and digital controls to drive superior efficiency and quality, all while incorporating eco-friendly design principles for minimal environmental impact.

The strategic location of the Punjab facility will allow us to cater specifically to North India's vibrant textile hubs with greater speed and cost-effectiveness. By establishing a production base closer to our customers in key centres like Delhi, Ludhiana, Panipat, and Amritsar, we will be able to overcome longstanding



logistical challenges and provide just-in-time supply, reducing delivery timelines and costs for our clients. This expansion will effectively bridge the supply gap in North India and strengthen our presence in that region. Notably, **the new plant will make Sanathan Textiles the first fully integrated polyester filament yarn manufacturer in North India**, a fact that underscores our pioneering role in the industry. We are confident that this expansion will not only increase our capacity but also enhance our agility in responding to market needs, thereby solidifying our market leadership in the years to come.

Beyond this immediate expansion, our vision remains firmly focused on sustainable, value-driven growth. Our roadmap includes further capacity enhancements and diversification in the coming years. Equally, we will

continue to invest in research and development as well as process automation to stay at the forefront of product innovation and operational excellence. By continuously upgrading our technology and expanding our product range (such as advanced functional yarns for new applications), we aim to capture emerging opportunities and adapt to any challenges that the global textile market may present.

In closing, I want to express my sincere gratitude to our entire Sanathan Textiles team for their hard work and dedication, to our customers and partners for their continued trust, and to you - our valued shareholders, for your unwavering support. Each of you has been integral to our success. The progress we have made this year, from our IPO to our sustainability strides and expansion projects, has been possible because of the collective

effort and commitment of all our stakeholders.

As we embark on the next phase of our journey, we do so with humility and confidence. The future holds many opportunities for Sanathan Textiles, and we are prepared to meet them with determination and creativity. I am confident that our visionary growth strategy, strong industry fundamentals, and steadfast commitment to sustainable practices will drive long-term value for all of us. Thank you for being part of our journey "Sanathan" - which, true to our name, means "forever" - as we continue to build a company that endures and prospers for decades to come.

Sincerely,

Paresh Dattani
Chairman
and Managing Director

Our Journey

Our Progress, Woven through Time

We take pride in being promoted and helmed by the Dattani family, whose association with the yarn industry spans more than four decades. This extensive experience has been instrumental in shaping our values, business acumen and deep intuitive grasp of the textile sector and specially the yarn industry. Since our establishment in 2005, we have seamlessly merged inherited knowledge with forward-looking innovation.

Our trajectory of growth has been consistently shaped by the discernment and resolve of our founding visionaries, anchoring us in trust, commitment and industry excellence.

Our Progress, Woven through Time

2006

Took over the business of manufacturing polyester yarn from Sanathan Texturisers with capacity of **4,500 MTPA**

2005

Sanathan Textiles was incorporated

2007

Commenced cotton yarn manufacturing with a capacity of **1,500 MTPA**

2011

Undertook the doubling of manufacturing capacities of cotton yarn to **3,500 MTPA**

2013

Setup a fully integrated plant and tripled the capacity of polyester yarn from the year 2008 to **46,500 MTPA**

2017

Expansion of value-added product basket and installation of upgraded machinery

2019-20

Polyester yarn capacity expanded to **200,750 MTPA** and cotton yarn manufacturing capacity doubled to **14,000 MTPA**

2022

Laid the groundwork for a transformational expansion in Punjab to cater to the growing demand

2014-15

Expansion of capacity of polyester yarn and cotton yarn to **92,950 MTPA** and **6,200 MTPA** respectively

2018

Setup manufacturing of yarns for industrial and Yarns for Technical Textiles with capacity of **5,475 MTPA**

2021

Granted authorisation to use the STANDARD 100 by OEKO-TEX® mark

2024

- Initial Public Offering (IPO) of Sanathan Textiles subscribed **37** times.
- Total Installed Capacity at Silvassa **2,23,750 MTPA**

Business Overview

Delivering Value through Every Layer of Our Business

Sanathan Textiles is a frontrunner in textile innovation and modernisation. We proudly showcased our premium portfolio at Bharat Tex 2025, an esteemed global textile event. The platform provided an excellent opportunity for Sanathan Textiles to connect with international buyers and reaffirm its stature as a progressive, future-oriented industry leader.

Mr. Sammir Dattani, Executive Director, extended his gratitude to the Honourable Prime Minister and Ministry of Textiles for establishing a global platform for the textile value chain. He acknowledged the government's continued support in helping Sanathan meet rising demand and contribute meaningfully to the nation's ambitious

₹9 trillion
export objective.

14,000
Customers Registered

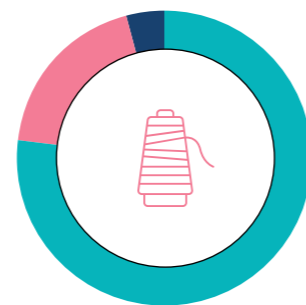
92%
Customer Retention Rate

Our Business Verticals

Our diversified and well-curated product portfolio strengthens our agility and scalability, allowing us to expand into new markets and enrich the value that we create for our customers.



Contribution Mix
% Contribution in Revenue



● Polyester Filament yarn	77%
● Cotton yarn	19%
● Yarns for Technical Textiles	4%



The Polyester Filament Yarns (PFY) vertical serves as the fulcrum of our operations, anchored by a fully integrated manufacturing setup that ensures seamless backward and forward integration. At the core of this division are Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG), which serve as essential raw materials for yarn production.

What truly sets PFY apart is its versatility and superior performance characteristics. Polyester filament yarn offers high tensile strength and durability making it an ideal choice for a wide range of applications - from fashion and activewear to home textiles and automotive fabrics. Its adaptability across diverse end-use industries, coupled with our integrated production model, positions this vertical as a cornerstone of both our operational efficiency and market responsiveness.

200,750 MTPA
Installed Polyester Filament Yarns Manufacturing capacity at Silvassa

3,46,250 MTPA
Additional Polyester Filament Yarns Manufacturing Capacity at Punjab

Product list

Partially Oriented Yarn

Fully Drawn Yarn

Melange Yarn

5,47,500 MTPA
Total Polyester Filament Yarns Capacity

Draw Textured Yarn

Twisted Yarn

Air-Textured Yarn

Recycled Yarn

End-use applications



Apparel



Athleisure



Travel and leisure



Logistics



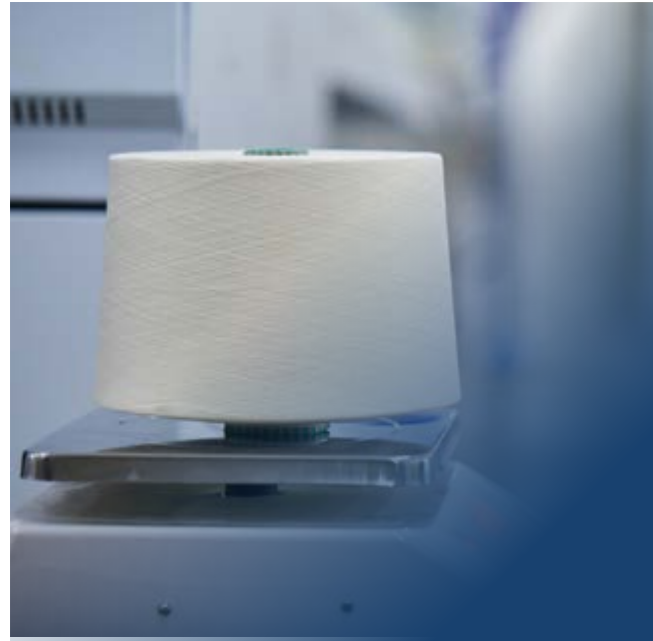
Medical textiles



Home textiles



Automotive Fabrics



The Cotton Yarns vertical is powered by a state-of-the-art manufacturing facility in Silvassa, housing 1.32 lakh spindles and engineered for high productivity. This division specialises in the production of premium fine-count yarns, including cotton carded yarn, cotton combed compact yarn, and other specialised variants, catering to diverse quality-conscious end uses.

With raw cotton as its sole input, the vertical benefits from a streamlined and efficient sourcing model. Our operations are benchmarked against industry best practices, and we take pride in maintaining one of the highest operational efficiencies among cotton yarn manufacturers in the country.

Historically, cotton has been the backbone of India's textile heritage, symbolising both its economic and cultural identity. Through this vertical, we continue to honour that legacy—while bringing modern scale, precision, and performance to a fibre that once defined Indian textiles.

14,000 MTPA
Installed capacity



Inner wear



Bedsheets



Denim



Shirting

The end-use categories

Yarns for Technical Textiles- this specialised vertical is centred on the production of high-performance yarns designed to meet demanding technical applications. The portfolio includes advanced variants such as Low Shrinkage (HTLS), High Tenacity (GHT), Super Low Shrinkage (HTSLS), and Low Elongation (HTLE) yarns—each engineered for dimensional stability, superior tenacity, and long-term durability.

A key enabler of this vertical is our in-house Solid-State Polymerisation (SSP) plant, which provides the high-quality raw materials essential for manufacturing these technical textile yarns. This backward integration ensures enhanced control over material properties, enabling us to deliver consistent and reliable performance across applications that require strength, stability, and precision.



9,000 MTPA
Installed capacity

The end-use categories



Geogrid



Automotive Applications



Electrical and Optical Cables



Industrial Stitching Thread



Firefighting Equipment



Industrial Ropes



Nets For Fishing and Aquaculture



Coated fabrics



Hose Pipes



Marquee Relationships

D'DECOR

PAGE INDUSTRIES LIMITED

WELSPUN INDIA HOME TEXTILES

Chitale®

LUX LUX INDUSTRIES LIMITED

tynor

Siyaram's

WILDCRAFT

Raymond

BANSWARA

JINDAL

teejay

SRF50™

PIONEER™ FLEX MADE IN INDIA

ARVIND FASHIONING POSSIBILITIES

creative Textile

KAMADGIRI

STRATA

TRIDENT GROUP

DONEAR

INDO COUNT Complete Comfort

GMF LUXURY HOME DECOR

E

Maruti Fabrics

FAZE THREE Autofab Limited

SANKALP SAFETY SOLUTION

TECHNOSPORT

JACQUARD SUPPLY MATERIAL

P

Icon of a house with a roof and a tree.

Operating Leverage

Precision. Performance. Possibility.

We derive consistent operating leverage through prudent procurement planning, integrated technology systems and fine-tuned operational processes. These capabilities afford us the ability to stay agile amid shifting market conditions and positions us for scalable, forward-looking growth.

Our internal testing facilities are equipped with denier testers, yarn strength analysers, wrap steel machines and precision colour viewing booths. These systems play an instrumental role in maintaining the consistency of our quality and cost-effectiveness. This technical precision ensures reliability across both inputs and finished products.

Strategic Procurement Aligned with Demand

At Sanathan Textiles, procurement is intricately woven with production timelines and dynamic customer demand forecasts. By securing long-term agreements with strategic suppliers, we leverage volume-linked pricing advantages while mitigating exposure to short-term market fluctuations.

This synchronisation allows us to

Proactively

plan raw material requirements

Manage

input cost fluctuations more effectively

Ensure

consistent and timely material availability

Responsible and Ethical Sourcing

For us, ethical procurement transcends obligation. We believe that it is a business imperative for sustainable growth. Our vendor ecosystem is built on the bedrock of trust and ethical congruence. All suppliers are expected to comply with our Code of Conduct, which enforces standards around



Ethical business practices



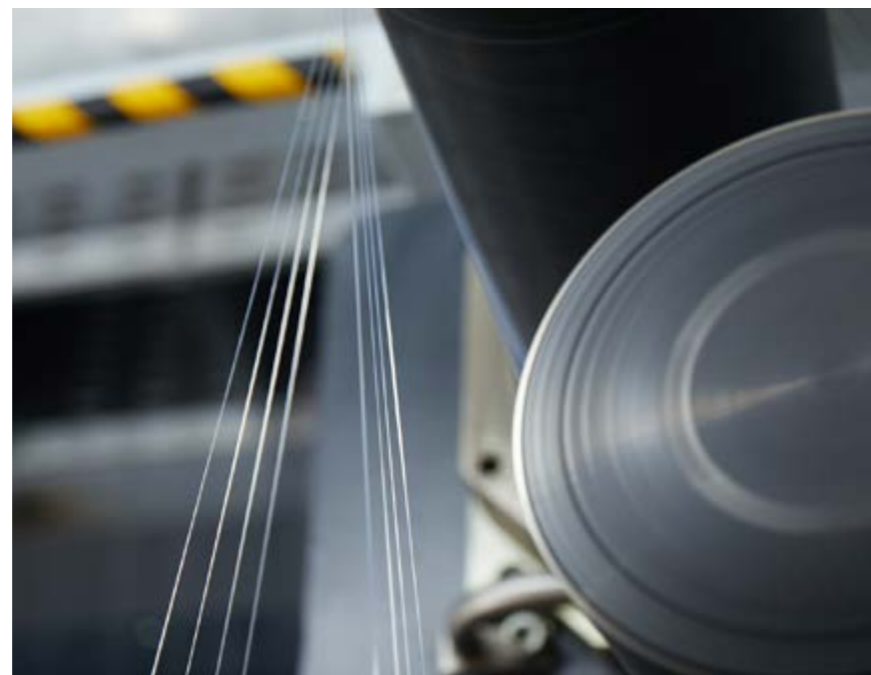
Labour rights and fair wages



Legal compliance



Environmental responsibility



Supply Chain Visibility and Integration

Our supply chain architecture is supported by advanced systems that provide end-to-end visibility and operational control - from raw material intake to finished goods dispatch. Utilising SAP-integrated tools, we monitor inventory, procurement and production workflows in real time. This approach ensures operational coherence and alignment with our broader business objectives.

Key features

- Regular MIS reviews to track performance, efficiency and identify trends
- Data analytics to anticipate demand shifts and potential supply disruptions
- Sustained collaboration with sales and planning teams to translate market insights promptly into supply chain actions

Supply Chain

We maintain an efficient and reliable logistic partners that ensures reliable product movement across national and international corridors.

Logistics and Distribution Capabilities

For the domestic market, we rely on a network of vetted and contracted transport partners to guarantee prompt, cost-effective deliveries. In parallel, we offer ex-factory supply arrangements, which allows our customers to arrange pickups directly. This method streamlines our logistics and augments convenience.

On the export front, our well-established supply chain team collaborates with seasoned freight forwarders, enabling us to

Navigate

international logistics smoothly

Ensure

compliance with global trade regulations

Respond

swiftly to dynamic global market conditions

₹400 Crores
Fresh Issue

₹150 Crores
Offer for sale

₹305 to ₹321
Price Band per Share

₹2,700 Crores
Market cap post IPO

₹4,400 Crores
Current Market Cap

Tech-Enabled Supply Chain

We are progressively transitioning towards a technology-led, data-driven supply chain. This shift is aimed at enhancing our agility, efficiency and sustainability. In parallel, we are integrating environmentally conscious logistics practices into our operations that align with our broader ecological commitments and reaffirms our pursuit of a more adaptive and responsible supply chain.

Key initiatives include

- Upgrading SAP systems for faster, real-time decision-making
- Adopting cloud-based and SaaS platforms to reduce manual dependencies and improve scalability
- Exploring digital tools that enable traceability, resource optimisation and end-to-end visibility



Financial Highlights

Strong Yields, Stronger Possibilities

Financial Strategy

Disciplined capital allocation, anchored in return orientation and cash flow strength has afforded us the ability to grow installed capacity from 4,500 MTPA in 2006 to upwards of 230,000 MTPA in 2025 through a calibrated and well-executed investment approach.

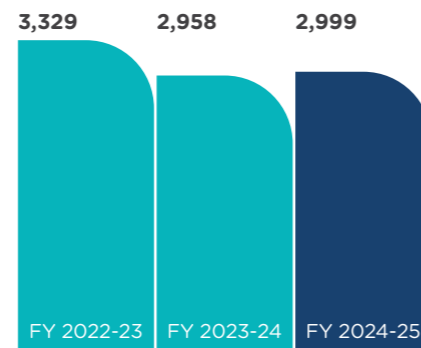
With the Punjab facility set to commence operations, we are well-positioned on both liquidity and leverage. This project is expected to generate strong operating cash flows from FY26, supporting the next phase of expansion.

In addition, we have prepaid ₹300 Crores of consolidated debt using IPO proceeds, significantly reducing debt service obligations until FY28 further strengthening its liquidity profile.

₹4,500-4,800 Crores
(range) Topline target for FY26

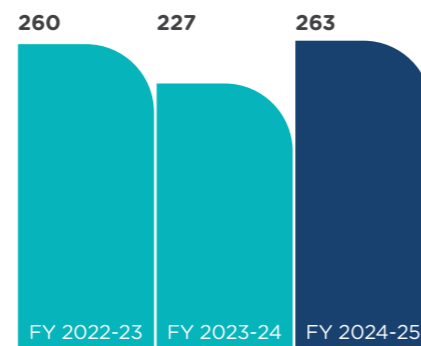
Revenue

(₹ Crore)



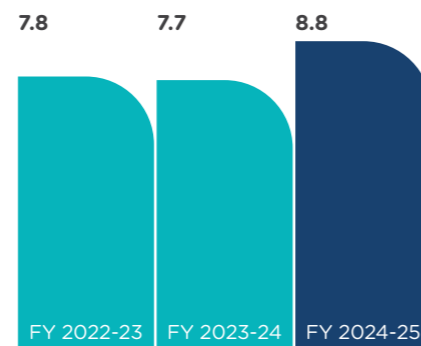
EBITDA

(₹ Crore)



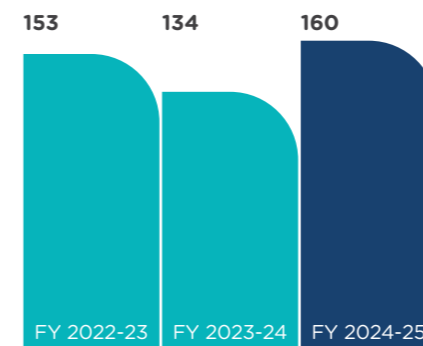
EBITDA Margin

(%)



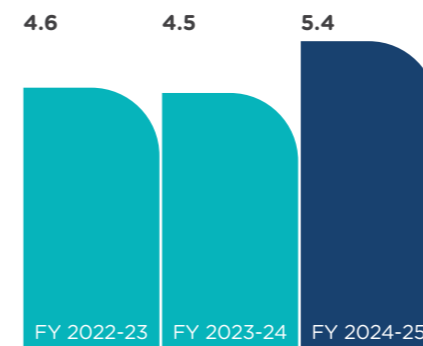
PAT

(₹ Crore)



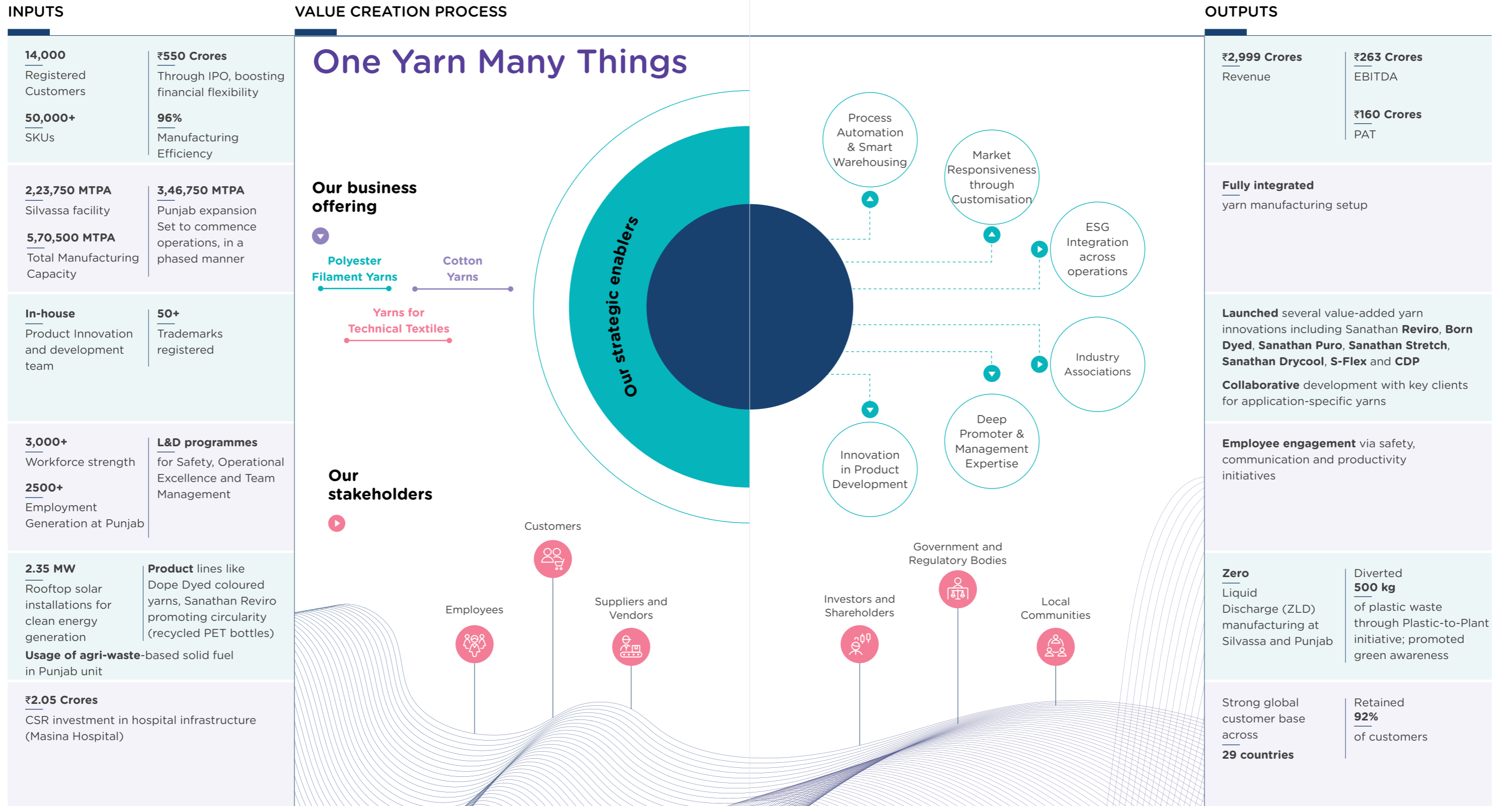
PAT Margin

(%)



Value Creation Model

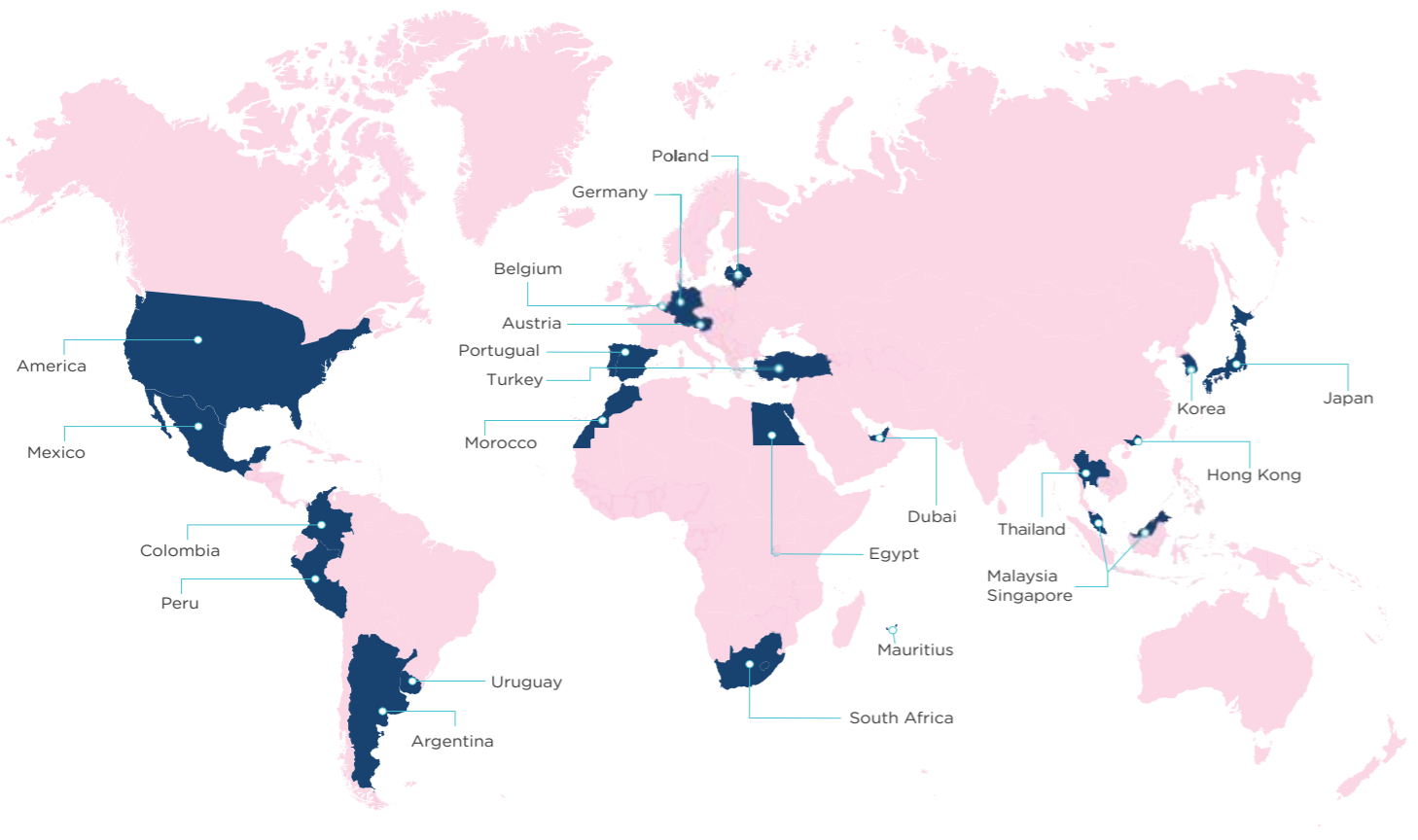
The Loom of Value Creation



Geography of Trust

International

Our yarns are not just distributed - they are chosen by leading manufacturers and brands across the country and around the globe. This map represents more than markets; it reflects the trust we've spun over the years through quality, innovation, and reliability. From India's textile hubs to international fashion capitals, yarns from Sanathan Textiles are selected for their superior performance and sustainable manufacturing - defining a true geography of trust.



Map not to scale, for representation purposes only

Where Our Yarns Are Chosen

Domestic



Our Setup and Manufacturing Infrastructure

Infrastructure that Powers Possibilities

Our manufacturing infrastructure serves as a critical enabler of our scale, quality and responsiveness. Our fully integrated facility at Silvassa along with the upcoming Punjab unit strategically positions us to serve diverse customer requirements across India and global markets efficiently and reliably.

Silvassa Manufacturing Facility

Our flagship facility is located in Silvassa, part of the Western Zone of India, which is the only zone of India's most strategically important zones for polyester filament yarn manufacturing.

50 acres
(freehold)

Land Area

223,750
MTPA

Installed Capacity

96%

Production Efficiency

50,000+

Product Portfolio

Capacity breakdown

200,750
MTPA

Polyester Filament Yarns

14,000
MTPA

Cotton Yarns

9,000
MTPA

Yarns for Technical Textiles

This location offers significant advantages, including

Proximity

to raw material suppliers (MEG and PTA)

Efficient

logistics due to closeness to ports

Cost-effective

power and labour availability

Hon. PM's

Part of the Smart Cities Mission



Punjab Facility

We are at the cusp of achieving a significant milestone in our growth journey with the establishment of our new, fully integrated Polyester Filament Yarns facility at Wazirabad, Punjab. Spread across 80 acres (freehold) for Punjab land, this state-of-the-art unit embodies our resolute focus on scale, speed, and sustainable manufacturing.

This facility marks a strategic inflection point for Sanathan Textiles, enabling us to establish a strong manufacturing presence in Northern India. Its location enhances our proximity to key consumption hubs, allowing for reduced lead times, greater logistical efficiency,

Why Punjab, Why Now?

Strategically located within India's thriving Northern textile belt, our upcoming Punjab facility offers direct access to a 1 Mn MTPA polyester yarn market. The facility will allow us to operate with significantly lower logistics and operational costs. With long-standing customer relationships in Punjab, Haryana, Uttarakhand and Himachal Pradesh, the facility is purpose-built to deliver unparalleled access and responsiveness and cost-efficiency.

What sets apart?

- 01 Fully integrated polyester yarn production - first of its kind in North India
- 02 Covers the entire value chain: from polymerisation to value-added yarns to reusable packing
- 03 Equipped with advanced automation in production, storage and material handling
- 04 Capable of managing diverse product orders and customisation at scale

and improved service delivery to our customers. Importantly, the plant is designed with green manufacturing principles at its core, including the use of biomass-based energy sources, water-efficient processes, and infrastructure aligned with Zero Liquid Discharge (ZLD) standards.

With this expansion, we not only deepen our manufacturing capabilities but also reinforce our commitment to environmentally responsible growth. This facility is a step forward in aligning operational excellence with sustainable innovation, ensuring that we continue to create long-term value for all stakeholders.



Doubling Our Impact

With the addition of the Punjab facility, our aggregate Polyester Filament Yarns capacity will escalate from 2,00,750 MTPA to 5,47,500 MTPA, a staggering 172% increase.

80 acres
(freehold)

Land Area-Punjab

Capacity Growth Journey

2,00,750
MTPA

Current (Silvassa)

Operational Edge

- High automation across processes
- Proximity to raw material suppliers
- Reusable pallet packaging
- Use of agri-waste-based solid fuel
- 2,500+ employment opportunities
- Low power cost per unit

4,56,250
MTPA

Phase 1 (Punjab)

↑ 127%

5,47,500
MTPA

Phase 2 (Punjab)

↑ 20% over Phase 1

Impact

- Greater efficiency, minimal manual intervention
- Faster turnaround, better cost control
- Reduced waste and logistics optimisation and Low Carbon Footprint
- Lower Fuel cost and Lower carbon footprint
- Local economic upliftment
- Better operating margins

Quality and Research excellence

Innovation Woven with Integrity

We integrate stringent process controls, state-of-the-art testing infrastructure and a culture of continuous improvement to deliver products that consistently meet global benchmarks of performance, reliability and uniformity.

Our R&D initiatives are oriented towards future-ready yarn solutions. The R&D function is closely attuned to dynamic customer requirements, industry trends and sustainability imperatives. The R&D team works in close collaboration with manufacturing and sales teams to bring market-responsive innovations to life efficiently and at scale.

To reaffirm our focus on quality, the Silvassa manufacturing facility is certified with

Our R&D initiatives are oriented towards future-ready yarn solutions. The R&D function is closely attuned to dynamic customer requirements, industry trends and sustainability imperatives. The R&D team works in close collaboration with manufacturing and sales teams to bring market-responsive innovations to life efficiently and at scale.

Our Focus Areas

Market-aligned product development

Using customer insights, application studies and benchmarking samples to co-create value-added yarns

Process innovation

Enhancing machine efficiency, reducing waste, and enabling customization without compromising throughput

Sustainable solutions

Developing yarns like Reviro (from recycled PET bottles) and Born-Dyed products to support circularity and lower environmental impact

Innovation in Action



S-Flex Range: Self stretch polyester yarns developed without spandex, ideal for athleisure and performance apparel



Born-Dyed Yarns: Eliminate post-dyeing, saving water and reducing environmental load



Cationic Dyeable Polyester (CDP): For deeper, richer dye absorption—ideal for premium fashion applications



Sanathan DryCool Yarns: Moisture-wicking, dope-dyed polyester for outerwear and uniforms

Digitalisation and Automation

Digitalisation and automation are integral to how we scale, serve and sustain. Our smart infrastructure investments nurtures operational agility, product traceability and quality consistency, all while reducing manual dependencies and cost overheads.

Tech-Enabled Operations at Scale

We have embedded automation across vital operational touchpoints—from production and packaging to warehousing and inventory management. This enables us to manage a broad spectrum of SKUs efficiently, cater to custom orders promptly and ensure quicker response to dynamic customer demands.

Core Automation Features

- Automatic doffing and transport systems for seamless material flow across units
- Automated warehouse management system (WMS) that handles over 1,00,000 SKUs with reduced damage, enhanced space optimisation and real-time inventory tracking
- Digitised infrastructure designed to reduce manual intervention and support lean operations
- Process automation that minimises labour intensity and enhances throughput

Smart Production and Decision-Making

Our digital ecosystem supports real-time tracking of production parameters, helping teams stay agile, accurate and accountable.

Production Control

Digitised dashboards for live monitoring of production KPIs and line status

Traceability

Barcode and batch-wise traceability of yarns for supply chain transparency

Planning and Scheduling

Data-driven systems for efficient order prioritisation and resource allocation

Analytics

Real-time MIS and historical data to support trend analysis and demand forecasting

Core outcomes

Improved

inventory accuracy and material traceability

Shorter

lead times and enhanced OTIF (On-Time In-Full) performance

Lower

production and packaging costs

Higher

visibility across the value chain, from procurement to dispatch

Consistent

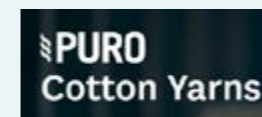
quality delivery across high-SKU volumes and custom variants



Sanathan Reviro Yarns: GRS-certified recycled yarns made from post-consumer PET waste



Sanathan Stretch: Sanathan Stretch is a specialised yarn range developed with spandex blends to deliver superior elasticity, shape retention, and comfort.



Sanathan Puro: Sanathan Puro is our premium offering that reflects purity in fibre, precision in engineering, and consistency in performance. Fine Cotton, spurn to perfection



ISO 9001:2015



ISO 14001



Standard 100 certified by OEKO-TEX



ISO 45001

Our People

Our Strongest Thread: Our People

Our people constitute the bedrock of our operations and success. From shop floor innovation to strategic execution, our progress is built on the dedication, agility and expertise of our workforce. We have built a workplace that encourages curiosity, promotes well-being and facilitates collaboration.

Talent Acquisition and Engagement

Our hiring strategy is methodically designed to attract high-calibre talent through structured campus recruitment, industry linkages and targeted outreach to technical professionals. We continue to reinforce our make-to-order innovation model, which draws individuals driven by customisation and creative problem-solving.

Key Initiatives in FY2025

- 01 Campus Hiring**
Graduate and Diploma Engineers onboarded
- 02 Merit-Based Hiring**
Transparent processes for recruitment, evaluation and L&D
- 03 Employee Engagement**
Safety campaigns, productivity drives and communication-led activities created a sense of belonging and camaraderie



Learning and Development

Our dedication to sustained growth is embodied in the comprehensive learning ecosystem we have cultivated. In FY2025, we deployed structured programmes focused on leadership, technical excellence and soft skills.

12
structured training programmes conducted

1,800+
participants across employee and partner levels

Learning and Developments enhanced by support from our **Corporate and Compliance teams**

IT and Cybersecurity **Awareness training.**



Tech-Enabled HR

Our HR framework is powered by advanced technology. This facilitates the seamless execution of HR functions ranging from daily attendance to accurate appraisal processes. In addition, the technology integration ensures a cohesive employee experience with elevated transparency and efficiency.

Key digital tools in use

- Cloud-based HRMS for attendance, payroll and employee lifecycle management
- Performance dashboards to support timely appraisals and career progression

Workforce Welfare

We remain resolute in our approach to creating a safe, dignified and healthy work environment for both permanent and contractual employees.

FY2025 Welfare Highlights

- Clean facilities and periodic health check-ups
- PPE distribution and safety awareness programs
- Skill development sessions to boost long-term employability
- Equal access to welfare schemes for contractual workers
- Plastic to Plant Initiative to promote reducing the use of plastic.



Occupational Health and Safety

We strictly adhere to the national and international safety protocols and are certified under ISO 45001:2018. Our approach is preventive, participatory and dynamic to meet the highest safety standards.



Safety Training and Awareness

- Mandatory safety induction for all new employees and contractors
- Monthly shop floor training in fire safety, health and emergency response
- Daily toolbox talks and pre-shift safety briefings across all departments

Third-party safety audits

To uphold the highest standards of occupational health and safety, we conduct regular third-party safety audits across all operational units. These encompass annual surveillance audits under ISO 45001:2018, along with both internal and external assessments aimed at ensuring compliance, identifying gaps and embedding sustained improvement. This independent oversight bolsters our commitment to a safe and accountable work environment.



Sustainable Products and Circularity

Sustainable innovation lies at the core of our operations, with a strong emphasis on circularity and resource efficiency. Our use of dope dyed coloured yarns is a significant step in this direction, as it eliminates the need for post-production dyeing, thereby reducing water consumption, chemical usage, and energy intensity.

Further advancing our circular approach, the Sanathan Reviro

product line showcases our commitment to responsible manufacturing. Made from recycled polyester sourced from post-consumer PET bottles, Reviro not only reduces dependence on virgin raw materials but also diverts plastic waste from landfills by reintroducing it into the textile value chain as high-quality yarn. Together, these initiatives reflect our endeavour to

embed sustainability and circularity across every stage of production.

Our commitment to sustainability is reflected in our product innovations and utilisation of recycled and bio-based materials

- We are certified under the Global Recycled Standard (GRS) to ensure environmental and social accountability
- Our R&D focuses on integrating bio-based raw materials without compromising product performance



Documentation of induction training, mock drills and safety awareness campaigns



Key Safety Metrics



Monthly and annual tracking of incidents and near-misses



Quarterly internal and external audits



Root Cause Analysis (RCA) for all reported incidents



Monthly safety training covering ~200 personnel

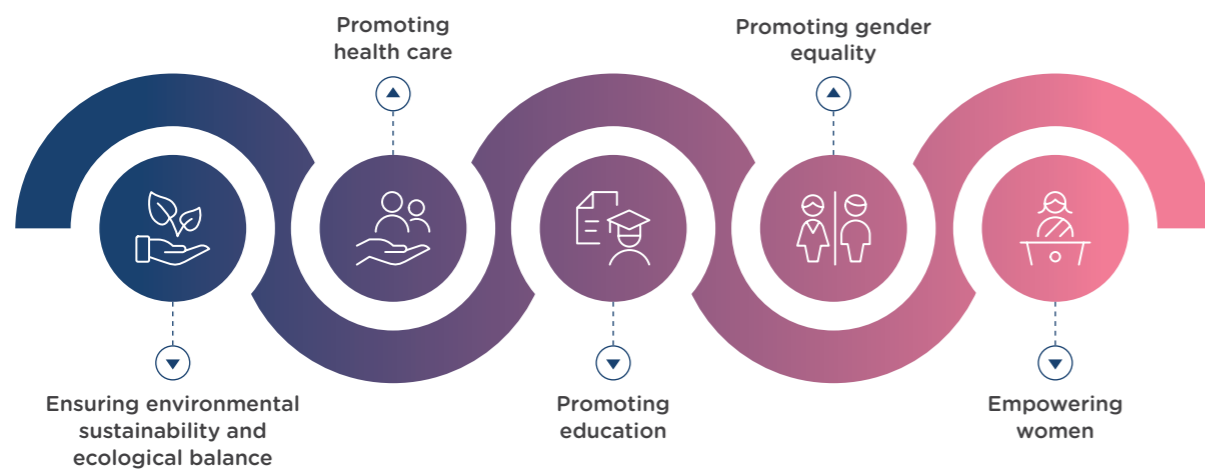


Corporate Social Responsibility

Threads of Change: Our Social Commitment

Guided by our Corporate Social Responsibility Committee and a thoughtfully crafted CSR Policy, we actively engage in initiatives that create positive and lasting social impact.

Some of the key focus areas of our CSR activities are



Ensuring ecological balance

We inaugurated a distinctive Plastic-to-Plant Exchange Drive in Mumbai and Silvassa. The innovative campaign invited participants to trade plastic waste for a plant, transforming personal responsibility into collective environmental stewardship. This symbolic yet practical campaign conveyed our commitment to environmental consciousness and circular practices.

2500
Total plants distributed

625-750 gms
Daily CO2 Absorption (Total)



2500
Micro green spaces created

500 kg
Plastic diverted from waste for recycling

Contribution of Fire Tender - A key support to fight crisis situation

In alignment with its CSR focus on community welfare and crisis management, the Company contributed to the procurement of a fully equipped fire tender. This initiative is aimed at strengthening emergency response capabilities in the region surrounding the Company's factory at Silvassa and Punjab. The fire tender has played a critical role in safeguarding life and property in industrial, residential, and public areas. Through this contribution, the Company aims to enhance employee safety, improve public safety measures, strengthen emergency preparedness within the factory and its surrounding areas, and support development of a more robust and responsive disaster management framework.

Contribution to Eradicating hunger (Annapurna Program)

The Company focused on eradicating hunger and supporting underprivileged communities. The Company undertook food distribution drives aimed at providing nutritious meals to those in need. These efforts were directed towards marginalized sections

of society, including daily wage earners, homeless individuals, and low-income families. Through this initiative, the Company sought to alleviate food insecurity and contribute to the well-being of vulnerable communities.



Helping the community

Sanathan Textiles Limited, in collaboration with Masina Hospital and the Rotary Club, undertook the renovation of an 18-bed hospital ward, including 6 high-dependency beds, with a CSR

spend of ₹ 2.05 crores. Dedicated to Late Shantaben Dattani, this initiative reflects Sanathan's deep-rooted commitment to community welfare and its philosophy of driving impactful change through empathy.



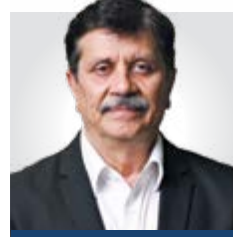
Board of Directors

Steering Our Journey Forward

Our growth journey has been steered by the seasoned leadership and deep-rooted industry expertise of our Promoters and senior management. Collectively, the Promoters bring over 160 years of cumulative experience across various segments of the textile industry, including more than 48 years of focused proficiency in the yarn business.

This core leadership is complemented by a well-qualified and experienced Board of Directors, a dedicated team of Key Managerial Personnel, and a strong cadre of senior executives.

Our Independent Directors add significant strategic depth to the Board, bringing diverse and rich experience from the fields of textile engineering, banking, finance, governance, and law. Their presence enhances the Board's effectiveness by contributing independent judgment and sectoral insights. Importantly, they play a vital role in strengthening our governance architecture by constructively engaging with the executive leadership and promoting accountability, transparency, and long-term value creation.



Paresh Dattani

C M



Ajaykumar Dattani

J



Anilkumar Dattani

E



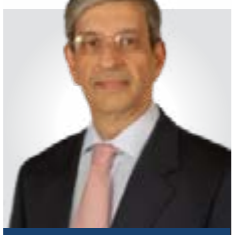
Sammir Dattani

E



Debabrata Sarkar

I



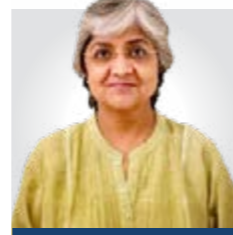
Khurshed Thanawalla

I



Vinay Aggarwal

I



Rupal Vora

I

C Chairman
M Managing Director
E Executive Director

J Joint Managing Director
I Independent Director

Our Senior Management

Translating Strategy into Action

Sanathan Textiles' senior management team comprises experienced professionals who bring a strong blend of industry knowledge, operational expertise, and strategic acumen.

Entrusted with the responsibility of translating the Board's vision into actionable outcomes, this leadership group plays a critical role in driving day-to-day operations, ensuring process efficiency, fostering innovation, and delivering sustainable performance across all business verticals. Their domain-specific experience across manufacturing, supply chain, finance, marketing, and compliance forms the backbone of our execution capabilities. Together, they are instrumental in nurturing a performance-driven culture, building organisational agility, and enabling the Company's continued growth and resilience in a dynamic industry landscape.



Varun Dattani

Executive President -
Export and Yarns for
Yarns for Technical
Textiles



Mikes Dattani

Executive President -
Production Planning



Beena Dattani

Executive President -
Social Welfare



Mandirammoorthy
Palanisamy

President - Cotton
Division



Kaushikkumar
Mody

Executive President
- Operations and
Administrations



Raj Kapadia

President - Domestic
Sales



Nachimuthu
Senthilvel

Site President -
Silvassa



Gulvinder Singh

Site President -
Punjab



Deepak Prasad

Chief Safety and
Security Officer



Sanjay Shah

Chief Financial
Officer



Jude Dsouza

Company Secretary
and Compliance
Officer

Corporate Information

Board of Directors

Mr. Paresh Dattani

Chairman and Managing Director

Mr. Ajay Dattani

Joint Managing Director

Mr. AnilKumar Dattani

Executive Director

Mr. Sammir Dattani

Executive Director

Mrs. Rupal Vora

Independent Director

Mr. Debabrata Sarkar

Independent Director

Mr. Vinay Aggarwal

Independent Director

Mr. Khurshed Thanawalla

Independent Director

Registered Office

SRV NO. 187/4/1/2, Near Surangi
Bridge, Surangi, Dadra & Nagar Haveli,
Silvassa - 396230, India

Corporate Office

D-15, Trade World Building Kamala Mills,
Compound, Senapati Bapat Marg Lower
Parel, Mumbai - 400013, Maharashtra, India,
Email: investors@sanathan.com, Tel: + 91
22 6634 3312/3/4/5/6

Sales Office

Mumbai, Surat, Panipat, Ludhiana

Key Managerial Personnel

Jude Dsouza

Company Secretary and Compliance Officer

Sanjay Shah

Chief Financial Officer

Contact for Queries

Jude Dsouza

Email: investors@sanathan.com

Tel: + 91 22 6634 3312/3/4/5/6

Name of the Subsidiaries

1. Sanathan Polycot Private Limited
2. Universal Texturisers Private Limited

Auditors

Walker Chandio & Co LLP

Statutory Auditors

DVD and Associates

Secretarial Auditors

Mahajan & Aibara

Chartered Accountants LLP
Internal Auditors

Saroj K Babu & Co.

Cost Auditors

Bankers

Bank of Baroda

Union Bank of India

Standard Chartered Bank

Indusind Bank

Directors' Report

Dear Members of
Sanathan Textiles Limited

Your Board of Directors is pleased to present the Directors' Report, together with the Audited Standalone and Consolidated Financial Statements of Sanathan Textiles Limited ("Sanathan Textiles" or "the Company"), for the Financial Year ended March 31, 2025.

1. FINANCIAL RESULTS:

The summarized results of your Company are given in the table below.

₹ in lakhs

Particulars	Standalone Results		Consolidated Results	
	FY 2024-2025	FY 2023-2024	FY 2024-2025	FY 2023-2024
Total Income	3,02,649	2,98,611	3,01,610	2,97,980
Total Expenses	2,79,540	2,79,718	2,79,965	2,79,839
Profit / (Loss) before Tax & Depreciation	27,652	23,304	26,231	22,580
Depreciation	4,543	4,411	4,586	4,439
Profit / (Loss) Before Tax	23,109	18,893	21,645	18,141
Provision for Tax / Deferred Tax Expenses	411	627	349	623
Profit / (Loss) after Tax	17,447	14,132	16,045	13,385

On a Standalone basis, total Income increased to ₹ 3,02,649 lakhs in FY 2024-25, compared to ₹ 2,98,611 lakhs in FY 2023-24. The Profit Before Tax (PBT) stood at ₹23,109 lakhs, representing 22.3% growth over the previous year. On a Consolidated basis, the Profit After Tax improved by 19.9% year-on-year, reflecting stronger operating leverage and disciplined financial management. Despite modest revenue growth, the Company recorded a meaningful expansion in profitability due to process efficiencies and cost containment initiatives.

2. REVIEW OF BUSINESS OPERATIONS & FUTURE OUTLOOK:

Your Company is India's most diversified and integrated yarn manufacturer, offering a diversified portfolio across Polyester Filament Yarn, Cotton Yarn, and Yarns for Technical Textiles. With a strong backward integration model and robust infrastructure, the Company catered to a wide range of end-use sectors, including apparel, home textiles, automotive, furnishings, and industrial applications.

In FY 2024-25, the Company achieved consistent revenue growth and improved profitability, supported by operational efficiency, enhanced product mix, and strong stakeholder relationships. The successful completion of the Initial Public Offering (IPO) marked a significant milestone, strengthening the Company's capital structure and reinforcing its long-term growth vision.

For more details, refer to the Audited Standalone and Consolidated Financial Statements, which forms part of this Annual Report.

Green Field Expansion at Punjab

The demand for Polyester Filament Yarn is expected to grow in the coming years and to cater to the requirement, Sanathan Textiles through its Wholly Owned Subsidiary i.e. Sanathan Polycot Private Limited is expanding its manufacturing capacity at Punjab which will double the total manufacturing capacity per annum from 2,23,750 MTPA to 5,70,500 MTPA in a phased manner.

The Green field Expansion in Punjab is a strategically placed State of the art facility, which will cater to the North India Textile Market by supporting faster delivery timelines and better usage of cash flow and warehousing management for our customers. Since the expansion at Punjab is a green-field facility, a lot of automation and usage of technology has been done, and the infrastructure is designed to support such automations.

3. CHANGE IN THE NATURE OF BUSINESS:

During the financial year under review, there was no change in the nature of the Company's business.

Sanathan Textiles continues to ensure that its customers get high quality yarn and value-added yarns like Sanathan Reviro, Sanathan Puro, Born Dyed, Sanathan Drycool, Sanathan Stretch, S - Flex

and Cationic Dyeable Polyester. Your Company always ensures that the Yarns required by the End-use Consumer is brought to reality by keeping an eye on the changing trends in the industry.

4. DIVIDEND AND RETENTION OF PROFITS:

Considering the ongoing expansion phase of the Company and in view of the long-term interest of the stakeholders, the Board believes that retaining the profits for internal deployment is prudent and hence wants to retain the earnings. Hence, your Board has not recommended any dividend for the financial year ended March 31, 2025.

The Company is confident that the ongoing capacity expansion will enable it to cater to the growing market demand, enhance its market share, and create sustained value for its stakeholders.

5. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND:

The Company got its Equity Shares listed on December 27, 2024, on the National Stock Exchange of India Limited and BSE Limited. Prior to the listing, the Equity Shares were held closely by the Promoters and Promoter Group. As part of the Initial Public Offer, the Company raised a total of ₹ 550 Crores for which the Promoters and the Promoter Group diluted around 21.42% stake. The Promoters will ensure that the minimum public shareholding of 25% is maintained before the timelines as mentioned in the regulation.

All the Equity Shares, either fresh or which were offered by the Promoters as part of the Offer for Sale, were in demat form. Further, no funds or Equity Shares of the Company remain unclaimed and hence there is no transfer that needs to be done to the Investor Education and Protection Fund (IEPF).

6. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED AFTER THE ENDS OF THE FINANCIAL YEAR:

There are no material changes or commitments that can affect the financial position of the Company.

7. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

With increasing demand for yarns, the Company continues to expand its capacity and cater to a diverse range of industries. The functional teams remain committed to ensuring full compliance with applicable statutory requirements and this is seen from the fact that there are no significant or material orders passed during the year that could adversely impact the Company's future operations or its status as a going concern.

8. DIRECTORS:

Your Board has the right mix of Independent Directors (which includes Woman Director) and Executive Directors, which blends and supports discussions which turn into meaningful and strategically aligning decisions. As the Executive Directors come with strong Industrial and Operational Experience, the Independent Directors have the mix of Industrial, Banking, Financial and Legal Expertise. All the Independent Directors support effective communication and governance, which culminates in better understanding and better decision-making capabilities. Mr. Dineshkumar Dattani was appointed as an Executive Director in place of casual vacancy.

Apart from the above, there were no changes at the Board for the financial year ended on March 31, 2025.

Your directors would like to inform that after the completion of FY 2024-2025, Mr. Sammir Dattani was appointed to the Board of Directors with effect from May 26, 2025, as part of the Company's strategic succession planning to strengthen Board oversight and governance in place of Mr. Dineshkumar Dattani. The Board recommends his appointment for the approval of the Members and the copy of the resolution along with the Explanatory Statement has been made part of the Notice, forming part of this Annual Report. Mr. Sammir Dattani played a key role as a spokesperson during the roadshows held in connection with the Initial Public Offering, where his insights and thought leadership were well received by stakeholders. At the operational level, in addition to his responsibilities as a Director, Mr. Sammir Dattani oversees raw material procurement for the Polyester Filament Yarn division and is actively involved in automation initiatives and the management of the Information Technology function.

A detailed note on the composition of the Board is provided in the Report of Corporate Governance forming part of the Annual Report.

9. RETIREMENT BY ROTATION:

Mr. Anilkumar Dattani (DIN: 00164175), Director, liable to retire by rotation, and being eligible, have offered himself for re-appointment at the 20th AGM. The Notice convening the 20th AGM forming part of this Annual Report, includes the proposal for re-appointment and the requisite disclosures under Section 102 of the Act, Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India.

10. DECLARATION FROM INDEPENDENT DIRECTORS:

All Independent Directors are Independent and have furnished respective declaration stating that they

meet the criteria of Independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations and are not disqualified from continuing as Independent Directors of the Company. The Independent Directors have also confirmed that they have complied with the Company's Code of Business Conduct.

11. FAMILIARIZATION PROGRAMMES:

The Company has a defined policy on the Familiarization Programme for Directors, aimed at ensuring continuous awareness and engagement. The Board is regularly apprised of any amendments, regulatory changes, or emerging market trends, irrespective of the sectoral relevance. In addition, all strategic and operational communications relevant to the Company are appropriately shared with the Independent Directors. The Company also maintains updated disclosures on its website regarding the Familiarization Programmes conducted for its directors, in line with applicable regulatory requirements.

The Familiarisation Programme for Independent Directors is uploaded on the website of the Company, and is accessible at <https://www.sanathan.com/investor-relations>.

12. KEY MANAGERIAL PERSONNEL:

The Executive Directors, Chief Financial Officer and the Company Secretary & Compliance Officer constitute the Key Managerial Personnel (KMP) of the Company as required under the Act.

The list of Key Managerial Personnel as on the date of this Report is as follows:

Sr. No	Name	Designation
1.	Mr. Paresh Dattani	Chairman and Managing Director
2.	Mr. Ajaykumar Dattani	Joint Managing Director
3.	Mr. Anilkumar Dattani	Executive Director
4.	Mr. Sammir Dattani	(Additional) Executive Director
5.	Mr. Sanjay Shah	Chief Financial Officer
6.	Mr. Jude Dsouza	Company Secretary and Compliance Officer

13. ANNUAL PERFORMANCE EVALUATION OF BOARD:

The Board considers that Annual Evaluation of the Board guides them not only to complete the statutory obligation but gives a different perspective of the progress they are doing and the subjects on which

they should improve in their Individual Capacity and as a Board Member. The skills identified by the Board are mentioned below and the same were considered for mapping the Board Evaluation for the financial year ended on March 31, 2025:



Mr. Devendra Deshpande, a Practicing Company Secretary is an External Board Evaluator and is also a Secretarial Auditor of Sanathan Textiles. He carries an extensive knowledge of supporting and ensuring Board Management.

As part of the Board Evaluation process, Mr. Devendra Deshpande ensured that a questionnaire was shared and then a one-on-one confidential conversation was conducted, to understand those quantitative perspectives of the Board, that cannot be measured in terms of rating. Overall, the Board expressed its satisfaction on the performance evaluation process as well as performance of all Directors, Committees and Board as a whole. The Independent Directors also meet to discuss the performance of the Board, in which no Executive Directors or members of the Management were present.

14. CODE OF CONDUCT BY DIRECTORS, MANAGEMENT AND SENIOR EMPLOYEES:

The Company has adopted Code of Conduct for the Directors and Senior Management of the Company to provide clear guidance on principles such as integrity, transparency, business ethics and to set up standards for compliance of Corporate Governance.

A copy of same is available at the website of the Company at <https://www.sanathan.com>

All members of the Board of Directors and Senior Management Personnel had affirmed compliance with the Code of Conduct and a declaration to this effect signed by the Managing Director forms part of this Corporate Governance Report, which forms part of this Annual Report.

Further, Company has adopted a Code of Conduct for Prohibition of Insider Trading to regulate, monitor and report trading by insiders for prevention misuse of Unpublished Price Sensitive Information. A copy of same is available at the website of the Company at <https://www.sanathan.com>.

The Company has in place the system to trace the movement of Unpublished Price Sensitive Information and regular awareness is created for the Directors, Promoters, Key Managerial Personnel and designated employees/ persons.

15. NUMBER OF MEETINGS OF THE BOARD:

The Board of Directors used to meet quarterly to deliberate on the strategy and overall operations of the Company during its meetings. However, for the financial year ended March 31, 2025, the Board met more than often and the reason for frequent meetings was associated with the Initial Public Offering. Accordingly, the Board met a total of ten (10) times during the year. All meetings were duly convened and conducted in compliance with the applicable provisions of the Companies Act, 2013 and the Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).

The particulars of Meetings held and attended by each Director are detailed in the Corporate Governance Report, which forms part of this Annual Report.

16. COMMITTEES OF BOARD:

The Committees of the Board are guided by their respective terms of reference, which outline their composition, scope, power, duties, functions and responsibilities. Basis recommendations, suggestions and observations made by these Committees, the Board of Directors take an informed decision on the matters under their consideration.

As on March 31, 2025, there were Five Board Committees, namely:

- (a) Audit Committee
- (b) Nomination and Remuneration Committee
- (c) Stakeholders' Relationship Committee
- (d) Corporate Social Responsibility Committee
- (e) Risk Management Committee

The Company Secretary acts as the Secretary to the abovementioned Committees.

During the year, the Board accepted all the recommendations / inputs made by Committees.

A detailed note on the composition of the Board and its Committees, including its terms of reference, number of committee meetings held during the FY 2024-25, and attendance of the members, is provided in the Report of Corporate Governance forming part of the Annual Report. The composition and terms of reference of all the Committees of the Board of Directors of the Company are in line with the provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

17. DIRECTORS' RESPONSIBILITY STATEMENT:

Apart from being on the Board and approving strategic and operational decisions, your Directors have certain responsibilities as well towards you, our fellow Members and hence pursuant to the requirement clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors confirm that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b. the Directors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period.
- c. proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. the annual accounts are prepared on a going concern basis.
- e. internal financial controls to be followed are laid down by the company and such internal financial controls are adequate and were operating effectively and
- f. proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

18. CHANGES IN SHARE CAPITAL:

During the financial year under review:

- The Company has not bought back any of its securities.
- The Company has not issued any Sweat Equity Shares.
- No Bonus Shares were issued.
- The Company has not granted any new Stock Option to the employees.
- The Company has not issued Equity Shares with differential rights as to dividend, voting or otherwise as per Section 43(a)(ii) of the Companies Act, 2013.

The Company successfully completed its Initial Public Offering (IPO) and, on December 24, 2024, issued and allotted 1,24,61,059 Equity Shares of face value of ₹ 10 each. After the IPO, the Equity Shares of the Company were listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) with effect from December 27, 2024.

Pursuant to the IPO, the Paid-up Share Capital of the Company increased to ₹ 84,40,40,590, comprising 8,44,04,059 equity shares of ₹10/- each.

19. CREDIT RATING:

During the financial year under review the Company received following Credit Ratings by ICRA Limited ('ICRA') reaffirming the rating while the outlook has been revised to positive:

Instrument	Rating
Long term - Fund based - Term Loans	[ICRA]A (Positive); reaffirmed. outlook revised to Positive from Stable
Long term - Fund based Limits.	[ICRA]A (Positive); reaffirmed. outlook revised to Positive from Stable
Short term -Non-fund based Limits	[ICRA]A2+; reaffirmed

Rationale provided by ICRA for reaffirming the rating

The Credit Rating Agency has assigned a Positive Outlook to the Sanathan Textiles Group (here Sanathan Textiles Group means - Sanathan Textiles Limited and Sanathan Polycot Private Limited) reflecting its expectations of an improvement in the Group's revenues and profit margins in the near term. This anticipated growth is primarily driven by the commercialisation of the new manufacturing facility.

Upon the completion of the ongoing expansion project at Sanathan Polycot Private Limited (SPPL), the the Sanathan Textiles Group production capacity is expected to double. This expanded capacity is expected to enhance the the Sanathan Textiles Group operating profile through a more diversified product mix and strategic proximity to both raw material sources and key consumption markets.

Management further anticipates improved operating profit margins at the new facility, attributable to reduced freight expenses, due to closer customer locations and lower fuel costs using rice husk as an energy source. The ability of Sanathan Polycot Private Limited to efficiently and profitably scale up operations at the expanded facility remains a key area of focus from a credit rating standpoint.

The Rating Agency has also acknowledged Sanathan Textiles Group strong and long-standing relationships with both customers and suppliers. These relationships are expected to support consistent and repeat business, thereby enabling optimal utilisation of the Group's manufacturing assets.

20. DEPOSITS:

The Company has not accepted any deposit as per the provisions of Companies Act, 2013 read with the Companies (Acceptance of Deposit Rules) 2014.

21. EXTRACT OF ANNUAL RETURN:

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return, for the FY 2024-2025 is available on the website of the Company at <https://www.sanathan.com>

22. DETAILS OF SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES:

As on March 31, 2025, the Company has only two Wholly Owned Subsidiaries - Sanathan Polycot Private Limited and Universal Texturisers Private Limited of which Sanathan Polycot Private Limited is an Unlisted Material Subsidiary as per Regulation 24 of the SEBI Listing Regulations. The Company's policy on Material Subsidiaries is made available on the Company's website at <https://www.sanathan.com>. During the year, the Company has nominated one of its Independent Director named Mr. Khurshed Thanawalla as an Independent Director of Sanathan Polycot Private Limited as required under Regulation 24(1) of SEBI Listing Regulations, further all the required compliances pertaining to an Unlisted Material Subsidiary have been completed as on March 31, 2025 and your Board is updated on the operational updates of Sanathan Polycot.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 ("the Act") read with rules made thereunder, a report on the performance and financial position of each of the subsidiary companies of your Company is included in the Consolidated Financial Statements presented in Form AOC-1 attached as Annexure 1 to this Report and to the Consolidated Financial Statements of the Company for the reference of the members.

Further the Company does not have any Joint ventures or Associate Companies during the period under review.

23. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

The members of the Company in the Annual General Meeting held on November 25, 2021, have granted approval to the Board for providing loan for an amount not exceeding ₹1,000 Crore (Rupees One Thousand Crores Only). Further, the Audit Committee annually reviews the limit and the Company has not exhausted the said limit as on the date of this report. The Company has complied with the provisions of Section 186 of the Companies Act, 2013 regarding loans, investments made and guarantees provided during the year under review. Details have been furnished and form part of the Company's Financial Statements.

24. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Compliance and Finance teams collaboratively assess related party relationships and transactions, evaluate their terms and value, by comparing them with similar third-party transactions. The Audit Committee grants omnibus approval for all Related Party Transactions, which are an ordinary course of business while ensuring they are at arm length and reviews them periodically during the meetings.

Further, there were no transactions which were not in the ordinary course of business and not at arm's length basis, hence Form AOC-2 is not annexed to this report. The details of the related party transactions entered during FY 2024 - 2025 are disclosed in the Notes of Financial Statement, which form part of this Annual Report.

The Company's policy on Related Party Transactions as approved by the Board is hosted on Company's website and a web link is www.sanathan.com/investors-relations

25. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

The Company continues to foster a performance-driven and inclusive culture, placing strong emphasis

on employee development, engagement, and overall well-being. The Board of Directors places on record its sincere appreciation for the dedication, professionalism, and commitment demonstrated by all employees, which has been instrumental in driving the Company's sustained performance and long-term growth. Disclosures with respect to under Section 197(12) of the Act and Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, and Details of employees' remuneration under Rule 5(2) & 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is provided in Annexure 2 to this Report.

The Company's policy on Nomination and Remuneration as approved by the Board is hosted on Company's website and a web link is www.sanathan.com/investors-relations

26. COMPANY'S POLICIES:

The Board of Directors firmly believes that a robust and transparent policy framework is essential for sound corporate governance and effective organizational functioning. The Company has implemented a comprehensive set of policies that serve as the foundation for ethical conduct, regulatory compliance, risk management, and strategic decision-making. Key policies include:

1. **Code of Conduct for Directors and Senior Management** - Establishes the standards of ethical behaviour and professional integrity expected from leadership.
2. **Insider Trading Policy** - Regulates trading in securities and ensures compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.
3. **Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information** - Reinforces our commitment to transparency in market communication.
4. **Vigil Mechanism / Whistleblower Policy** - Provides a secure and confidential channel for employees and stakeholders to report concerns or unethical practices.
5. **Policy on Obligations of Directors and Senior Management** - Clarifies the roles, responsibilities, and obligations of individuals in key leadership positions.
6. **Risk Management Policy** - Enables the proactive identification, assessment, and mitigation of potential business risks.
7. **Nomination and Remuneration Policy** - Ensures that appointments and compensation

structures are merit-based, fair, and aligned with long-term organizational goals.

- 8. Policy on Board Diversity** - Promotes inclusivity and diverse representation within the Board.
- 9. Succession Policy** - Facilitates continuity in leadership through planned and structured succession planning.
- 10. Board Evaluation Policy** - Supports continuous improvement through structured evaluation of the Board's performance and effectiveness.
- 11. Corporate Social Responsibility (CSR) Policy** - Guides the Company's approach to social impact, sustainability, and community engagement initiatives.
- 12. Dividend Distribution Policy** - Ensures a balanced approach to rewarding shareholders while retaining resources for growth.
- 13. Related Party Transaction Policy** - Establishes safeguards and transparency in transactions involving related parties.
- 14. Archival Policy** - Defines guidelines for the preservation and retrieval of documents and disclosures.
- 15. Policy for Determination of Material Events and Information** - Ensures timely and accurate disclosure in compliance with SEBI Listing Regulations.
- 16. Policy on Material Subsidiaries** - Governs the monitoring and oversight of material subsidiaries to ensure aligned governance.

These policies collectively form the backbone of the company's governance ecosystem, ensuring clarity, consistency, and accountability in all aspects of corporate functioning. By embedding these principles into our processes, we strengthen stakeholder trust and position the Company for sustainable, long-term growth.

The abovementioned policies are available on the Company's website and can be viewed at <https://www.sanathan.com> and are made accessible to all stakeholders.

As part of our periodic review of archival records maintained in line with the Company's Archival Policy, it was observed that a portion of the system-generated audit logs relating to FY 2023-24 is not currently retrievable. The information pertains to post-audit system records and has no bearing on statutory filings or disclosures made during the period.

The Company has since taken necessary steps to review and strengthen its data retention protocols to align with best practices. There has been no impact on the completeness or accuracy of any regulatory or financial reporting.

27. RISK MANAGEMENT:

The Company has in place a robust risk management framework to identify, evaluate, and mitigate various risks across its operations. The framework is designed to safeguard the Company's assets, ensure regulatory compliance, and support the achievement of strategic objectives. Key risks are periodically reviewed by the management and the Risk Management Committee, and appropriate mitigation strategies are implemented to address emerging risks. These include, but are not limited to, risks related to market volatility, raw material price fluctuations, regulatory changes, operational disruptions, environmental and sustainability factors, information security threats, and financial liquidity. Considering the ongoing expansion and diversification initiatives, the Company continues to strengthen its risk management practices by:

- Enhancing internal controls and operational oversight mechanisms
- Improving supply chain resilience and customer credit monitoring
- Embedding sustainability and ESG-related risks into strategic decision-making
- Leveraging technology for real-time risk assessment and mitigation
- Monitoring geopolitical developments that may affect supply chains, export-import regulations, energy pricing, and investor sentiment.

The Board of Directors affirms that the Company's risk management system is adequate and commensurate with the size and complexity of its operations and provides reasonable assurance that risks are being effectively monitored and managed.

The details of the Committee and its terms of reference are set out in the Corporate Governance Report forming part of this Annual Report.

28. CYBER SECURITY:

The Company acknowledges cyber security as a strategic priority and an essential element of its enterprise risk management. With the growing reliance on digital systems and data-driven operations, safeguarding information assets, protecting customer and stakeholder data, and ensuring business continuity have become integral to the Company's governance practices.

To oversee its cyber risk management framework, the Company has constituted a dedicated Cyber Security Committee, comprising members from Senior Management, Information Technology, and Compliance teams. The Committee is responsible for steering the Company's cyber security strategy, reviewing threat landscapes, ensuring adherence to regulatory norms, and driving awareness across the organisation.

Key measures undertaken include:

- Implementation of advanced security tools (firewalls, endpoint protection, intrusion detection systems)
- Regular internal and third-party audits, vulnerability assessments, and penetration testing
- Information Security Policy aligned with ISO 27001, subject to periodic review and Board oversight.
- Organisation-wide cyber hygiene and awareness campaigns, phishing simulations, and training programs
- Deployment of secure backup, disaster recovery, and business continuity plans

The Cyber Security Committee meets periodically to monitor threat intelligence, review security controls, and evaluate emerging risks. The Company continues to invest in strengthening its digital infrastructure and has not encountered any security breach during the year. Through a combination of preventive, detective, and responsive measures, the Company is committed to upholding high standards of cyber governance and safeguarding stakeholder interests in an increasingly connected environment.

29. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Sanathan Textiles is deeply committed to sustainable manufacturing practices, with energy and resource conservation at the core of its operational philosophy. Through the adoption of Zero Liquid Discharge (ZLD) systems, the Company ensures complete recycling of wastewater, thereby significantly reducing the water usage and this aligns strongly with environmental sustainability by reducing freshwater consumption and ensuring responsible reuse of treated water. The adoption of Zero Liquid System will be done at Punjab as well. The use of Global Recycled Standard (GRS) certified materials further underscores our commitment to circular economy principles and efficient resource utilization. To harness renewable energy, we have installed rooftop solar panels with an aggregate capacity of 2.35 MW, reducing

dependence on conventional power sources, to the extent possible. Complementing these efforts are our tree plantation drives, which help enhance green cover, regulate local temperatures, and improve ecosystem balance.

At the forefront of innovation, Sanathan Textiles also deploys Dope Dyed technology for coloured yarns, wherein pigments are added directly into the polymer melt during yarn production. This method eliminates the need for traditional dyeing processes, leading to significant water savings and lower energy consumption. As environmental awareness grows, many global brands and conscious consumers are increasingly advocating for yarns manufactured through such responsible methods, further validating Sanathan Textiles efforts toward low impact textile production.

As part of its ongoing efforts toward backward integration and process optimization, the Company successfully commissioned a Solid-State Polymerisation (SSP) plant to produce high intrinsic viscosity PET chips required for Technical Textiles Yarn production. This SSP unit is equipped with a fully automated direct conveying system, enabling seamless transfer of hot chips from the SSP unit to the Technical Textiles line. By eliminating intermediate stages such as cooling, bagging, conveying, and drying, this innovation significantly reduces energy consumption and enhances operational efficiency. The integration of SSP not only supports quality consistency in high-performance yarns but also aligns with the Company's commitment to energy conservation and sustainable manufacturing practices.

This sustainability first approach is further exemplified by our wholly owned subsidiary, Sanathan Polycot Private Limited, where the upcoming plant in Punjab will utilize rice husk, a renewable agricultural by-product, as a fuel source for heating processes. This transition to biomass energy not only reduces carbon emissions but also promotes clean energy adoption, reinforcing Sanathan Textiles mission to lead the industry toward a more energy efficient and environmentally responsible future.

The particulars as required under the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo etc. are furnished in Annexure 3 which forms part of this Report.

30. VIGIL MECHANISM:

The Company has constituted Vigil Mechanism to report genuine concerns or grievances and to

provide adequate safeguards against victimization of persons who may use such mechanism and the oversight of the same is with the Audit Committee of the Company. The Company is committed to adhering to the highest standards of ethical, moral, and legal conduct of business operations. The Company has adopted Vigil Mechanism policy, which provides that any Directors, Employees, Stakeholders who observe any unethical behavior, actual or suspected, fraud or violation may report the same to Chairman of the Audit Committee or e-mail on the email-id: whistleblower@sanathan.com. The detailed procedure is provided in the policy and the same is available on website of the Company <https://www.sanathan.com>.

During the financial year under review, there were no instances of fraud reported to the Audit Committee or the Board.

31. CORPORATE SOCIAL RESPONSIBILITY (CSR):

Aligned with the Company’s core value of Good Corporate Citizenship, your Company actively embraces its social responsibilities through a variety of initiatives aimed at creating a positive impact on society. Guided by the Company’s CSR Policy and its defined focus areas, our efforts were concentrated on critical domains such as eradicating hunger, promoting healthcare, encouraging sports, preserving culture, and protecting the environment. Through well-structured programs, the Company is dedicated to contributing to societal well-being, fostering sustainable development, and supporting social upliftment.

Contribution of Fire Tender and Ambulance Unit - A key support to fight crisis

In alignment with its CSR focus on community welfare and crisis management, the Company contributed to the procurement of a fully equipped fire tender. This initiative is aimed at strengthening emergency response capabilities in the region surrounding the Company’s factory at Silvassa and Punjab. The fire tender has played a critical role in safeguarding life and property in industrial, residential, and public areas. Through this contribution, the Company aims to enhance employee safety, improve public safety measures, strengthen emergency preparedness within the factory and its surrounding areas, and support development of a more robust and responsive disaster management framework.





Contribution to Eradicating hunger (Annapurna Program)

The Company focused on eradicating hunger and supporting underprivileged communities. The Company undertook food distribution drives aimed at providing nutritious meals for those in need. These efforts were directed towards marginalized sections of society, including daily wage earners, homeless individuals, and low-income families. Through this initiative, the Company sought to alleviate food insecurity and contribute to the well-being of vulnerable communities.



Contribution to Promoting Healthcare

As part of its CSR initiatives in the healthcare sector, the Company extended support to Masina Hospital by contribution of essential medical equipment. The support included the provision of an ECG machine, ICCU beds, ventilator, infusion pump, syringe pump, MGPS line, and patient monitor. This initiative was undertaken to strengthen the hospital's critical care capabilities and enhance its overall healthcare infrastructure, thereby contributing to improved medical services for the community.





Standing with the Brave: A CSR Tribute to Veer Naris of the Indian Navy

As part of its ongoing Corporate Social Responsibility (CSR) initiatives, Sanathan Textiles Limited had undertaken a heartfelt project in support of the Veer Naris of the Indian Navy. This initiative was aimed at providing sustained household support to these courageous women, ensuring financial stability and dignified living conditions until their children are independent and capable of earning a livelihood. This long-term commitment reflects the Company’s deep respect for the sacrifices made by the families of our armed forces and its resolve to contribute meaningfully to their welfare. Accordingly, as part of the CSR tradition, sports equipment’s to Indian Navy associated schools, are given to facilitate sports culture to the extent possible.



Contribution to Promoting Education

In alignment with its focus in education, the Company extended infrastructure support to a school with the objective of creating a more conducive learning environment. The assistance included the development and enhancement of basic facilities to improve the overall educational infrastructure. This initiative was aimed at fostering a better academic atmosphere for students and supporting their holistic growth and learning outcomes.



Contribution to Environment

As part of its environmental sustainability efforts, the Company organized a Plastic-to-Plant Exchange Drive at its Mumbai and Silvassa locations. The initiative community members, referred to as "green champions," exchange a minimum of two hundred grams of plastic waste for a plant, thereby promoting awareness and initiative-taking engagement in responsible waste management. Through this drive, the Company successfully collected five hundred kilograms of plastic waste and distributed 2,500 plants, making a significant contribution towards environmental conservation and fostering community participation.



Further, the Company has shared the Annual Report pertaining to the Corporate Social Responsibility for the financial year 2024-2025 as per the applicable provisions of the Companies Act, 2013, the details of which are mentioned in Annexure 4 which forms part of this report.

The CSR Policy is available on the website of the Company and can be viewed at www.sanathan.com/investors-relations.

32. AUDITORS AND AUDITORS' REPORT:

A. STATUTORY AUDITOR

The Members of the Company on the recommendation of the Board, in the Annual General Meeting held on November 25, 2021 approved the appointment of M/s. Walker Chandiook & Co., LLP, (ICAI FRN 0 0 1 0 7 6 N / N500013) as the Statutory Auditors of the Company for a period of five years which is up to the conclusion of the Annual General Meeting scheduled to be held on 2026. The Reports given by M/s. Walker Chandiook & Co., LLP, Chartered Accountants on the Standalone and Consolidated Financial Statements of the Company for FY 2024-2025 is forming part of the Financial Statements, which is made part of this Annual Report. The Statutory Auditor Report does not contain any qualification, reservation or adverse remarks. Further, no frauds have been reported by the Statutory Auditors during the Financial Year 2024-2025 pursuant to the provisions of Section 143(12) of the Act.

B. SECRETARIAL AUDITOR

The Board, on the recommendation of the Audit Committee had appointed M/s. DVD & Associates, Practising Company Secretaries to undertake the Secretarial Audit of the Company for the FY 2024- 2025.

The Report of Secretarial Audit in form MR-3 in accordance with Section 204 of Companies Act, 2013 and Secretarial Compliance Report in accordance with Regulation 24A of SEBI Listing Regulations, for the FY 2024- 2025 is annexed as Annexure 5 to the Annual Report. The Secretarial Auditor Report does not contain any qualification, reservation or adverse remarks Further as per the recent amendment under SEBI Listing Regulations pertaining to Appointment of Secretarial Auditor, M/s DVD and Associates had given their consent to act as Secretarial Auditors, accordingly, the Board in the meeting held on May 26, 2025 recommended their appointment for a team of five years, which is subject to approval of the members. The resolution pertaining to the appointment forms part of the Notice convening the Annual General Meeting.

C. COST AUDITOR:

The Board, on the recommendation of the Audit Committee, has appointed M/s. Saroj K Babu & Co, Cost Accountant (Firm Registration No. 100591) as the Cost Auditor of the Company. And the Company has duly prepared and maintained cost records as prescribed under Section 148(1) of the Companies Act, 2013. Further, as required under the Companies Act, 2013, a resolution seeking members approval for the ratification of remuneration payable for the FY 2025-26 to the Cost Auditors forms part of the Notice convening the Annual General Meeting.

D. INTERNAL AUDITOR:

The Board of Directors on the recommendation of Audit Committee pursuant to section 138 of the Companies At, 2013 appointed M/s. Mahajan & Aibara, Chartered Accountants LLP for performing Internal Audit of the Company. Further the Internal Audit Report prepared by the Internal Auditor was examined by the Audit Committee and noted by the Board of Directors on a timely basis.

33. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT:

The Business Responsibility and Sustainability Report (BRSR) outlines a company's environmental, social, and governance initiatives and practices. It aims to provide transparency on how businesses operate responsibly and contribute to sustainable development. As per SEBI's circular dated May 10, 2021, the BRSR framework is applicable to the top 1,000 listed entities by market capitalization. The Company was classified among the top 1,000 listed entities as of December 31, 2024.

The BRSR is a new requirement applicable to the Company from April 1, 2025, in accordance with Regulation 34 (2) (f) of the SEBI Listing Regulations. Hence, the Company will provide the BRSR in upcoming year. The Company is focused on integrating responsible and sustainable business practices and will proactively align with the BRSR framework in the upcoming reporting period.

34. EMPLOYEE STOCK OPTION SCHEMES:

The Company recognizes the importance of attracting, retaining, and motivating high-caliber employees who contribute to the company's long-term success. In line with its objective, your Company had Sanathan Textiles Limited- Employee Stock Option Plan- 2021 'ESOP SCHEME 2021'. The ESOP Scheme 2021 have been duly approved by the members and post the Initial Public Offer, the ESOP Scheme has been ratified by the Members and is

fully compliant with the Companies Act, 2013 and the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The disclosure under the said SEBI Regulations is available on the website of the Company. The certificate of Secretarial Auditor confirming compliance of the ESOP Scheme with the Act and abovementioned SEBI Regulations is given in Annexure 6 which forms part of this report.

35. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013 AND MATERNITY BENEFIT ACT 1961:

Your Company always endeavors and provides conducive work environment that is free from discrimination and harassment including sexual harassment. Your Company has zero tolerance towards sexual harassment at workplace and has adopted a policy for prevention of Sexual Harassment of Women at workplace. To facilitate the reporting of grievances, a physical complaint box has also been installed at all the Company's premises. The Company has set up an Internal Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to address complaints of sexual harassment at the workplace and to ensure a safe, secure, and respectful working environment for all employees.

The Company is also registered on the SHe-Box portal launched by the Ministry of Women and Child Development, Government of India to provide an additional channel for reporting complaints. During the Financial Year under review, no complaints were received, and no complaints were pending. The Company acknowledges its statutory obligations under the Maternity Benefit Act, 1961, in line with its focus on employee welfare. The Company confirms that all applicable provisions of the Act were duly complied with during the FY 2024-2025.

36. DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:

The Company has adequate internal financial controls in place, commensurate with its size and the nature of its business. The Internal Financial Controls, with reference to financial statements as designed and implemented by the Company, are adequate. During the year under review, no material or serious observation has been received from the Statutory Auditors of the Company for inefficiency or inadequacy of such controls.

37. SECRETARIAL STANDARDS:

The Company has complied with the Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI). The Company has devised proper systems to ensure compliance with its provisions and follows the same.

38. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management Discussion and Analysis Report on the operations of the Company, is provided as a separate section and forms part of this Annual Report.

39. CORPORATE GOVERNANCE REPORT AND CERTIFICATE FROM AUDITOR:

Pursuant to Regulation 34 of the SEBI Listing Regulations, the Corporate Governance Report for the year ended March 31, 2025 along with a Certificate from the Secretarial Auditor of the Company regarding compliance with the conditions of Corporate Governance as stipulated under Schedule V of the SEBI Listing Regulations, is provided in a separate section and forms an part of Annual Report.

40. DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016:

During the period under review the Company has not made any application, and no proceeding is pending under the Insolvency and Bankruptcy Code, 2016.

41. THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF:

During the year, there has been no one-time settlement of Loan and therefore this point is not applicable.

42. LOAN FROM DIRECTORS OR THEIR RELATIVES:

During the year under review, there is no loan taken from the Directors or their relatives by the Company.

43. CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION:

As required under Regulation 17(8) of the SEBI Listing Regulations, the CFO of the Company has certified the accuracy of the Financial Statements, the Cash Flow Statement and adequacy of Internal Control Systems for financial reporting for the financial year ended March 31, 2025 and the certificate forms part of the Corporate Governance Report.

44. LISTING FEES:

Your Company has paid the requisite Annual Listing Fees to National Stock Exchange of India Limited (Symbol: SANATHAN) and BSE Limited (Scrip Code: 544314), where its securities are listed.

45. APPRECIATION:

The Board of Directors places on record its sincere appreciation for the unwavering support and continued cooperation extended by our banking partners. The Directors also express their heartfelt gratitude to all stakeholders including our valued customers, resolute employees, trusted vendors, esteemed consultants, and respected shareholders, whose steadfast confidence and contributions have been instrumental in the Company's growth journey. The Board is especially thankful for the overwhelming response received during the Company's Initial Public Offering (IPO), marking a significant milestone in our corporate evolution. We remain committed to upholding the trust placed in us and driving sustainable value for all stakeholders.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS
FOR SANATHAN TEXTILES LIMITED

S/d

Paresh Dattani

Date: May 26, 2025
Place: Mumbai

Chairman and Managing Director
DIN No.: 00163591

Annexure 1

Form AOC-1

Statement containing salient features of the financial statement of subsidiaries/associate companies/ joint venture (Pursuant to the first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014) for the financial year ended on March 31, 2025

Part “A”: Subsidiaries

(₹ in Lakhs)

Sr. No	Particulars	Name of Subsidiaries	
		Sanathan Polycot Private Limited	Universal Texturisers Private Limited
1.	The date since when the subsidiary was incorporated or acquired	April 20, 2021	September 26, 2021
2.	Paid-up Share Capital	990	499.85
3.	Reserves & Surplus	60,155	278.85
4.	Total Assets	1,97,592	818.85
5.	Total Liabilities	1,36,447	40.15
6.	Investments	NIL	791.80
7.	Turnover	1,659	NIL
8.	Profit Before Taxation	(1,468)	15
9.	Profit after Taxation	(1,423)	29
10.	Proposed Dividend	NIL	NIL
11.	% of Shareholding	100%	100%

Note:

As of March 31, 2025, the Company does not have any subsidiaries that have not yet commenced operations, nor does it have any subsidiaries that were liquidated or sold during the financial year.

Part B - Associates / Joint Ventures - The Company does not have any associate companies, nor has it entered into any joint venture arrangements.

FOR AND ON BEHALF OF THE **BOARD OF DIRECTORS**
FOR **SANATHAN TEXTILES LIMITED**

S/d
Paresh Dattani
Chairman and Managing Director
DIN No.: 00163591
Date: May 26, 2025
Place: Mumbai

S/d
AjayKumar Dattani
Joint Managing Director
DIN No.: 00163739
Date: May 26, 2025
Place: Mumbai

S/d
Sanjay Shah
Chief Financial Officer
Date: May 26, 2025
Place: Mumbai

S/d
Jude Patrick D'souza
Company Secretary and Compliance Officer
Membership: 44812
Date: May 26, 2025
Place: Mumbai

Annexure 2

Statement of Disclosure of Remuneration

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

1. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during F.Y. 2024-25 and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the F.Y. 2024-25 are as below:

Sr. No	Name of Director / Key Managerial Personnel	Designation	% increase in Remuneration in the F.Y. 2024-25	Ratio of Remuneration of each Director / to median remuneration of employees
1.	Mr. Paresh Dattani	Chairman and Managing Director	^NIL	104
2.	Mr. Ajaykumar Dattani	Joint Managing Director	^NIL	104
3.	Mr. Anilkumar Dattani	Executive Director	^NIL	104
4.	Mr. Dineshkumar Dattani	Executive Director	\$NA	52
5.	Mr. Vinay Aggarwal	Independent Director	**	5
6.	Mr. Khurshed Thanawalla	Independent Director	**	5
7.	Mr. Debabrata Sarkar	Independent Director	**	5
8.	Mrs. Rupal Vora	Independent Director	**	5
9.	Mr. Sanjay Shah	Chief Financial Officer	#	12
10.	Mr. Jude Dsouza	Company Secretary and Compliance Officer	11%	5

Notes:

^ The Directors have not taken any increment and continue to draw the same remuneration as approved by the Members through the Special Resolution passed at the Annual General Meeting held on November 25, 2021. This approval remains valid for a period of five years, from December 01, 2021 to November 30, 2026, and is in accordance with Regulation 17(6)(e) of the SEBI Listing Regulations.

\$ Mr. Dineshkumar Dattani was appointed during the year effective June 13, 2024.

** Independent Directors were paid only sitting fees as part of the remuneration and there was no increment paid during the year.

Mr. Sanjay Shah was appointed on March 16, 2024, and therefore was not eligible to participate in the appraisal cycle for the financial year ended March 31, 2024.

2. Since this is the first year of applicability post listing, a meaningful year-on-year comparison cannot be drawn at this stage. The Company will provide comparative analysis from the next financial year, taking the current year as the base.

3. The number of permanent employees on the rolls of the Company:

As on March 31, 2025, the Company had 1,430 permanent employees on its roll.

4. Average percentile increases already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration:

The rise in remuneration corresponds with prevailing market conditions in India. To ensure pay accurately represents the Company's success, performance-based incentives are determined by a combination of individual achievements, organizational performance, and individual utilization.

5. During the Financial Year under review, the average percentage increase in the salary of the Company's employees was 7%.

6. We hereby affirm that the remuneration paid is as per the Nomination and Remuneration Policy for Directors, Key Managerial Personnel, and other employees.

7. The statement containing names of the top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forming part of this Report is open for inspection by the members through electronic mode. Any member interested in obtaining a copy of the same may write to the Company Secretary and Compliance Officer of the Company at investors@sanathan.com

Annexure 3

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

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

A. Conservation of energy

Sr. No	Particulars	Response
1.	the steps taken or impact on conservation of energy	<p>A key step in this direction has been the installation of rooftop solar power systems with a total capacity of 2.35 MW at the Silvassa manufacturing facility, to the extent possible. The solar plant helps in reducing dependency on conventional sources of electricity and lowering the Company’s carbon emissions, to some extent.</p> <p>In addition, Sanathan Textiles adheres to the principles of circular economy by incorporating GRS (Global Recycled Standard) certified materials into its production process. This reinforces the Company’s focus on recycling, responsible sourcing, and reducing dependence.</p> <p>Together, these efforts form part of Sanathan Textiles broader ESG (Environmental, Social, and Governance) agenda, reflecting its commitment to energy efficiency, responsible production, and long-term environmental sustainability.</p>
2.	the steps taken by the company for utilising alternate sources of energy	
3.	the capital investment on energy conservation equipment’s	

B. Technology absorption

The Company has not entered into any technology agreement or collaborations, during the year under review. The Production Innovation and Development Team at Sanathan Textiles remains proactively aligned with emerging trends and consistently strives to meet and exceed customer expectations. Further, there has been no new technology that has been imported by Sanathan Textiles during the year. However, as part of its ongoing efforts toward backward integration and process optimization, the Company successfully commissioned a Solid-State Polymerisation (SSP) plant to produce high intrinsic viscosity PET chips required for Technical Textiles Yarn production. This SSP unit is equipped with a fully automated direct conveying system, enabling seamless transfer of hot chips from the SSP unit to the Technical Textiles line. By eliminating intermediate stages such as cooling, bagging, conveying, and drying, this innovation significantly reduces energy consumption and enhances operational efficiency. The integration of SSP not only supports quality consistency in high-performance yarns but also aligns with the Company’s commitment to energy conservation and sustainable manufacturing practices.

C. Foreign exchange earnings and Outgo

The Foreign Exchange earned in terms of actual inflows during the year - ₹ 11, 656/- Lakhs.

The Foreign Exchange outgo during the year in terms of actual outflows - ₹ 84,275/- Lakhs

Annexure 4

The Annual Report on CSR Activities for FY 2024-25

Pursuant to section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 as amended from time to time

1. Brief outline on CSR Policy of the Company

Sanathan Textiles has its Corporate Social Responsibility Policy in place, which has the guiding principles for the CSR Activities to be conducted by the Company. As Sanathan Textiles believes in creating a social impact, it passionately believes that CSR is not only a compliance but a commitment towards the society surrounding its place of business.

2. Composition of CSR Committee

Sr. No	Name of Committee member	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.	Mr. Khurshed Thanawalla	Independent Director and Chairman of the Committee	2	2
2.	Mrs. Rupal Vora	Independent Director and Member of the Committee	2	2
3.	Mr. Anilkumar Dattani	Executive Director and Member of the Committee	2	2

3. Details of the CSR Policy and Annual Action Plan:

The copy of the CSR Policy adopted by the Board and the details of the Projects approved by the Board is provided at: <https://www.sanathan.com/investor-relations>

4. Details of CSR Obligation:

- Average net profit of the company as per section 135(5): - **₹28,904 Lakhs**
- Two percent of average net profit of the company as per section 135(5): - **₹578 Lakhs**
- Surplus arising out of the CSR projects or programmes or activities of the previous financial years: - **NIL**.
- Amount required to be set off for the financial year, if any: - **Not Applicable**
- Total CSR obligation for the financial year [(b)+(c) -(d)]: - **₹578 Lakhs**

5. Details of total CSR Projects undertaken from CSR Obligation of FY 24-25:

- Amount spent on CSR Projects:- **₹73 Lakhs**.
- Amount spent in Administrative Overheads: **Not Applicable**
- Amount spent on Impact Assessment, if applicable: - **Not Applicable**
- Total amount spent for the Financial Year [(a)+(b) +(c)]: - **₹73 Lakhs**.
- CSR amount spent or unspent for the financial year:

(₹ In Lakhs)

Total Amount Spent for the Financial Year (other than ongoing)	Amount unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 73	₹ 505	April 30, 2025	NA	NA	NA

6. Details of Unspent CSR amount for the preceding three financial years:

(₹ In Lakhs)

Sr. No	For Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years
					Name of the Fund	Amount	Date of transfer.	
1.	23-24	₹ 425	₹ 425	₹ 191	NIL	NIL	NIL	₹ 225
2.	*22-23	₹ 321	₹ 292	₹ 29	NIL	NIL	NIL	NIL
3.	*21-22	₹ 206	₹ 190	₹ 16	NIL	NIL	NIL	NIL

*The funds from the respective CSR Accounts have been utilised and the accounts have been closed.

7. Your Directors confirm that no capital assets have been created using the CSR Funds.

Owing to the pendency of certain statutory approvals related to the identified projects, the entire allocated CSR funds could not be utilized during the year.

FOR AND ON BEHALF OF THE **BOARD OF DIRECTORS**
FOR **SANATHAN TEXTILES LIMITED**

S/d
Paresh Dattani
Chairman and Managing Director
DIN No.: 00163591
Date: May 26, 2025
Place: Mumbai

S/d
Khurshed Thanawalla
Chairman of CSR Committee
DIN No.: 00201749
Date: May 26, 2025
Place: Mumbai

Annexure 5

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2025

Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To,
The Members
SANATHAN TEXTILES LIMITED
Srv No. 187/4/1/2, Near Surangi Bridge,
Surangi Dadra & Nagar Haveli,
Silvassa, 396230

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by **SANATHAN TEXTILES LIMITED** (hereinafter called "the Company").

The Secretarial Audit was conducted for the period from April 01, 2024 to March 31, 2025, in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances of the Company and expressing our opinion thereon. We have been engaged as Secretarial Auditors of the Company to conduct the Audit of the Company to examine the compliance of Companies Act and the laws specifically listed below.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2025, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2025 according to the provisions of the following list of laws and regulations. The following are our observations on the same:

- (i) **The Companies Act, 2013 (the Act) and the Rules made there under:** The Company has satisfactorily complied with the provisions of the Companies Act, 2013 and the Rules made there under and there are no discrepancies observed by us during the period under review.
- (ii) **The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under:** The Company has complied with the provisions of The Securities Contracts (Regulation) Act, 1956 ('SCRA').

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under:

The Company is a listed public company and 100% of shares are in dematerialised form and the Company has complied with the provisions of The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.

- (iv) The Company has satisfactorily complied with the provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made there under.
- (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;
 - (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 (Delisting of Equity Shares) Regulations, 2009 (Not applicable for the period under review);
 - (f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (Not applicable for the period under review);
 - (g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable for the period under review)

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable for the period under review);
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015;
- (j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

and circulars/ guidelines issued thereunder;

The Company was an unlisted Public Company at the beginning of the year and its Equity Shares were listed on the Stock Exchanges i. e. BSE Limited and National Stock Exchange of India Limited on December 27, 2024 and provisions of Regulations and Guidelines mentioned above and prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are duly complied by the Company for the period of listing.

I further report that, as per the opinion of the officers of the Company and information provided by them there are no specific applicable laws on the basis of activities of the Company

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India : The Company has duly complied with the Secretarial Standards for the period under review.
- (ii) The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited, Mumbai in respect of Shares issued by the Company and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the applicable provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. which are mentioned above.

We further report that:

There are adequate systems and processes in the Company which commensurate with its size & operation to monitor and ensure compliance with applicable laws including general laws, labour laws, competition law and environmental laws.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Independent Directors. 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. The Company has complied with the provisions of the Companies Act, 2013 as well as provisions of SEBI (LODR), 2015 in respect of the constitution of the Board during the Financial Year under review as applicable.

Adequate notice is given to all directors about the Board Meetings, agenda and detailed notes on agenda and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting. All decisions at Board Meetings were carried out with requisite majority as recorded in the minutes of the meetings of the Board of Directors.

We further report that during the audit period no major decisions, specific events/ actions have occurred which has a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except the following:

- a) The company had appointed Dinesh Dattani (DIN: 00163701), as an Executive Director of the Company to fill the casual vacancy of Mr. Sammir Dattani (DIN: 07060573) with effect from June 13, 2024.
- b) The company had filed with Securities Exchange Board of India, the Draft Red Herring Prospectus (DRHP) on August 20, 2024 and the Red Herring Prospectus (RHP) on December 13, 2024 and the Prospectus was filed on December 23, 2024 to the concerned Registrar of Companies, offering 1,71,33,956 (One Crore Seventy-One Lakh Thirty-Three Thousand Nine Hundred and Fifty-Six) Equity Shares of 10/- (Rupees Ten only) each by way of a fresh issue of 1,24,61,059 (One Crore Twenty-Four Lakhs Sixty-One Thousand and Fifty-Nine) Equity Shares and 46,72,897 (Forty Six Lakhs Seventy Two Thousand Eight Hundred and Ninety Seven) under Offer for Sale route through an Initial Public Offer (IPO) which was opened for a period of 3 working days from December 19, 2024 to December 23, 2024.
- c) The company had allotted 1,24,61,059 (One Crore Twenty-Four Lakhs Sixty-One Thousand and Fifty-Nine) Equity Shares of ₹ 10/- (Rupees Ten only) at the issue price of ₹ 321/- (Rupees Three Hundred and Twenty-one only) including the premium of ₹ 311/- (Three Hundred Eleven Only) through IPO on December 24, 2024.
- d) Subsequent to the IPO, the Equity shares of the Company got listed on Stock Exchanges i.e., National Stock Exchange of India Limited (NSE) and

- BSE Limited (BSE) with effect from December 27, 2024. The Company received all the approvals of the stock exchanges, SEBI and all other regulatory authorities in respect of the listing and trading approval of these shares.
- e) The Company in its meeting of the Board held on February 10, 2025 nominated Mr. Khurshed Thanawalla as the Independent Director to be appointed on the Board of Sanathan Polycot Private Limited, which is a Material Subsidiary of Sanathan Textiles Limited. Accordingly, the Board of Sanathan Polycot Private Limited in their meeting held on March 20, 2025 and the Shareholders in their meeting held on March 20, 2025 appointed Mr. Thanawalla on the Board of Sanathan Polycot Private Limited.
- f) The Company during the year has subscribed to 57,05,00,000 7% Preference Shares by infusing ₹ 5,70,50,00,000 amount.

FOR **DVD & ASSOCIATES**
COMPANY SECRETARIES

Sd/-

Devendra Deshpande

Place: Pune

Date: May 26, 2025

UDIN: F006099G000434802

FCS No. 6099 CP No. 6515

PR No. 1164/2021

Annexure 6

COMPLIANCE CERTIFICATE UNDER ESOP

Pursuant to Regulation 13 of the Securities Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

To,
 The Members,
SANATHAN TEXTILES LIMITED
 Srv No. 187/4/1/2, Near Surangi Bridge,
 Surangi Dadra & Nagar Haveli,
 Silvassa, 396230

I Devendra V Deshpande Company Secretary in practice, have been appointed as the Secretarial Auditor vide a resolution passed at its meeting held on July 16, 2024 by the Board of Directors of **SANATHAN TEXTILES LIMITED** (hereinafter referred to as 'the Company'), having CIN L17299DN2005PLC005690 and having its registered office at Srv No. 187/4/1/2, Near Surangi Bridge, Surangi Dadra & Nagar Haveli, Silvassa, 396230. This Certificate is issued under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (hereinafter referred to as the Regulations').

Management Responsibility:

It is the responsibility of the Management of the Company to implement the Scheme(s) including designing, maintaining records, and devising proper systems to ensure compliance.

with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Verification:

The Company has implemented following scheme of ESOP viz Sanathan Textiles Limited - Employee Stock Option Plan - 2021 in accordance with the Regulations and the Special resolution passed by the members at the General Meeting of the Company held on November 25, 2021 and the same scheme was ratified by the Company by passing Special Resolution passed by the member through postal ballot dated April 07, 2025 as per the requirement of Regulation 12 of the Regulations.

For verifying the compliance of the Regulations, I have examined the following:

1. Scheme(s) received from/furnished by the Company.
2. Articles of Association of the Company.
3. Resolutions passed at the meeting of the Board of Directors.

4. Shareholder's resolutions passed at the General Meeting(s).
5. Minutes of the meetings of the Nomination and Remuneration Committee.
6. Relevant Accounting Standards as prescribed by the Central Government.
7. Detailed terms and conditions of the scheme as approved by the Nomination and Remuneration Committee.
8. Exercise Price / Pricing formula.
9. Disclosure by the Board of Directors.
10. Relevant provisions of the Regulations, Companies Act 2013 and Rules made thereunder.
11. Other relevant documents/ filing/ records/ information as sought out and made available to us and the explanations provided by the Company.

Certification:

In my opinion and to the best of my knowledge and according to the verifications as considered necessary and explanations furnished to me by the Company and its Officers, I certify that the Company has implemented the Sanathan Textiles Limited - Employee Stock Option Plan - 2021 in accordance with the applicable provisions of the Regulations and Resolution(s) of the Company in the General Meeting(s).

FOR DVD & ASSOCIATES
 COMPANY SECRETARIES

Sd/-

Place: Pune

Date: May 26, 2025

UDIN: F006099G000434813

DEVENDRA V. DESHPANDE

FCS No. 6099 CP No. 6515

PR No. 1164/2021

Management Discussion and Analysis

Economic overview

Global Economy¹

In CY 2024, the global economy recorded a steady and moderate growth of 3.3%, navigating challenges such as ongoing geopolitical tensions, evolving trade patterns and changing monetary policies. In response, governments worldwide recalibrated their economic strategies, focusing more on technological advancement, bolstering supply chain resilience and promoting economic diversification to drive long-term sustainable growth.

Global inflation eased from 6.6% in CY 2023 to 5.7% in CY 2024, largely due to effective monetary policy measures and improved stability in energy markets. These developments helped restore price stability and reinforced the momentum of global economic recovery. Emerging markets and developing nations were the primary engines of growth, expanding by 4.3%, compared to a 1.8% increase in advanced economies. This divergence was fuelled by robust domestic demand, rising foreign investment and reduced dependence on external trade.



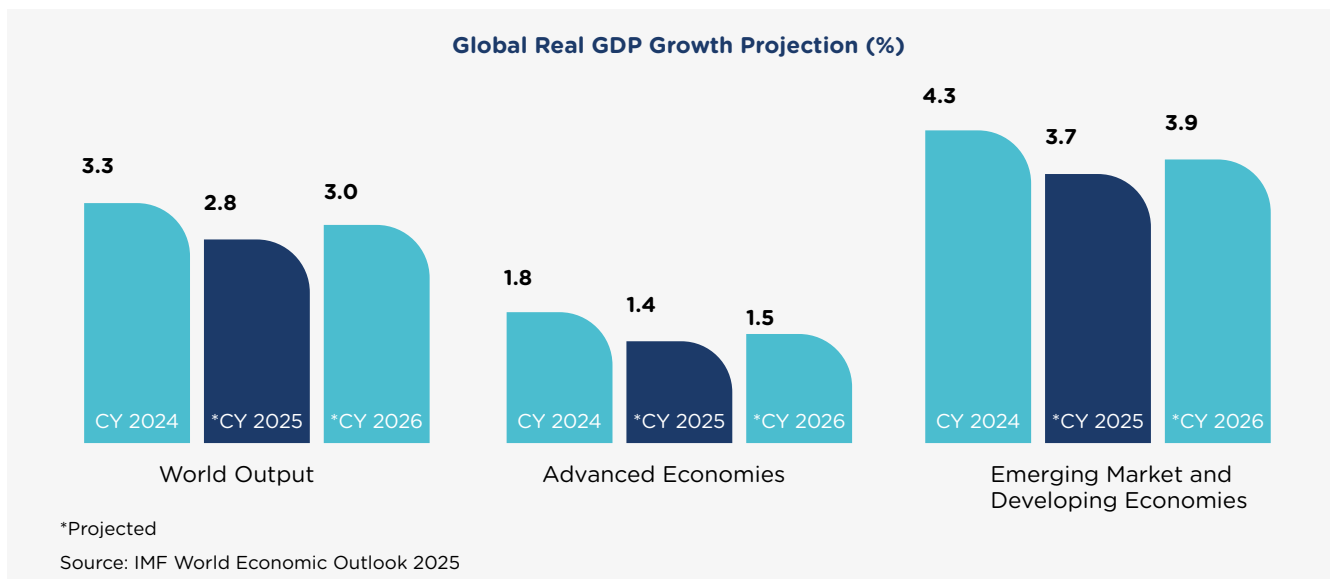
¹<https://www.imf.org/en/Publications/WEO/Issues/2025/04/22/world-economic-outlook-april-2025>

Outlook

Global economic growth is anticipated to remain modest over the next few years, with forecasts indicating a 2.8% increase in CY 2025 and 3.0% in CY 2026. This outlook is supported by a gradual reduction in inflation and sustained efforts by central banks to maintain economic stability through targeted monetary measures. Emerging markets are projected to sustain robust growth, with an estimated expansion of 3.7% in CY 2025, whereas advanced economies are expected to recover at a slower pace, posing a growth rate of approximately 1.4% in the same year.

Inflation is expected to continue its downward trend, reaching 4.3% in CY 2025 and 3.6% in CY 2026, which is likely to bolster consumer spending. Despite recent tariff increases impacting global trade, the resilience and interdependence of the global economy remain intact.

In response to evolving market conditions, both governments and businesses are actively reconfiguring supply chains in response to shifting dynamics. Additionally, ongoing advancements in technology, rising workforce productivity and improved infrastructure are poised to support sustainable long-term economic growth, contributing to renewed global optimism.



India’s Economy and Industry Overview

The global textile market size was valued at approximately USD 1,976.84 billion in 2024, with growth driven by increasing demand for functional fibres, technological progress and heightened customer awareness of environment-friendly and sustainable products. The Asia-Pacific region dominated the market with 54% of the global share in 2024, with major contributions from India, China and Bangladesh. Factors such as raw material availability, a young fashion-conscious population and favourable government policies fuelled the region’s growth.

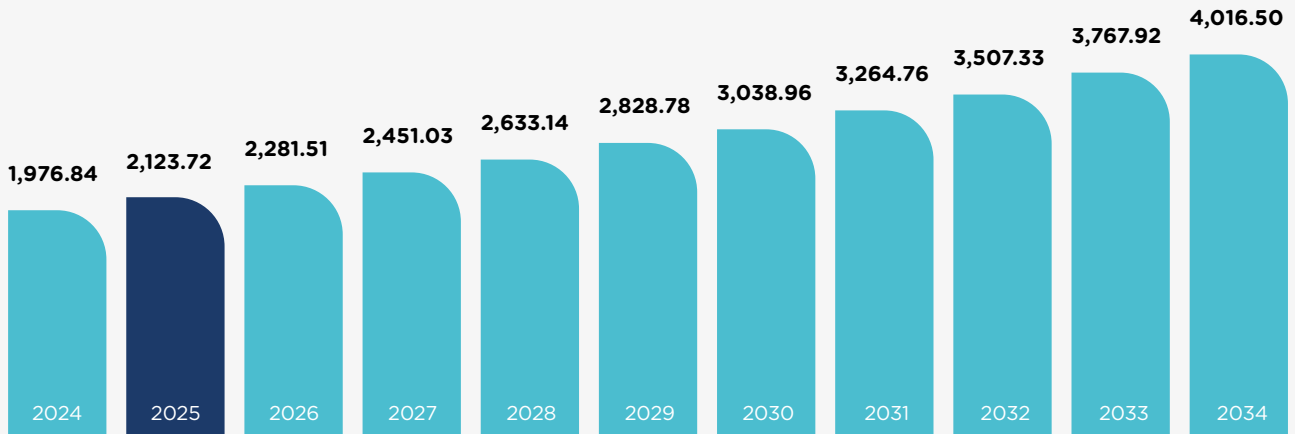
Looking ahead, the global textiles market is poised for substantial expansion, reaching an estimated **USD 3,047.24 billion** by 2030. The sector’s future will be shaped by continued advancements in smart textiles, growing applications in technical fields and a shift towards sustainable production. India continues to play a significant role in driving global economic growth, with GDP grew by 6.5% in FY 2024-25.² This growth is supported by strong rural demand, increasing foreign investment and government initiatives aimed at

boosting consumption and capital expenditure. While the service sector has seen steady expansion, manufacturing remains a major pillar of the economy. The government’s emphasis on “Make in India” and the National Logistics Policy is catalysing a renewed focus on manufacturing, which is being positioned as a central pillar of India’s long-term economic strategy. With favourable demographics, improving ease of doing business, and supply-chain diversification, India is emerging as a global alternative manufacturing hub.

Within this broader context, the textile and apparel sector, a cornerstone of India’s industrial ecosystem, is witnessing significant transformation. Structural reforms such as the Production Linked Incentive (PLI) Scheme, establishment of PM-MITRA Textile Parks and programmes like Samarth for skill upgradation and the National Technical Textiles Mission (NTTM) further support innovation, capacity, and exports, all intended together to make the sector modern. Expansion in textile manufacturing is also being driven by rising domestic consumption, increased export potential, and greater adoption of automation and sustainable practices.

²<https://rbidocs.rbi.org.in/rdocs/Bulletin/PDFs/0BULL22042025F03F83AE118C4B3B84E662D980C8DE33.PDF>

Global Textile Market Size (in USD Billion)



Source: Precedence Research

Yarn manufacturing, forming the upstream base of the textile value chain, plays a critical role in enabling downstream segments such as Apparel and garments, technical textiles, automotive fabrics, and home furnishings. The demand for Polyester Filament Yarn (PFY) in particular is growing steadily due to its durability, versatility, and alignment with sustainability trends, especially in dope-dyed variants that eliminate water-intensive dyeing processes. Companies with integrated capabilities, cost-efficiency, environmentally friendly manufacturing practices, sustainable energy solutions, and proximity to key markets are well-positioned to benefit from this shift.



India ranks among top textile exporters with 4.6% global share

5th largest producer of Technical textile

2nd largest producer of Cotton, Polyester, Viscose & Silk



Indian Yarn Manufacturing

India's textile market size was estimated at US \$146.6 billion in 2024, with expectations to grow to US \$213.5 billion by 2033 (CAGR 3.85%). India's yarn manufacturing landscape is undergoing a paradigm shift, driven by the growing prominence of man-made fibres (MMF), particularly Polyester Filament Yarn (PFY). While natural fibres like cotton have traditionally dominated the Indian textile sector, global consumption trends are increasingly favouring synthetics due to their superior durability, cost-efficiency, functional capabilities and adaptability across end-use industries. India is the second-largest producer of PFY globally, and this segment now accounts for over 40% of the country's total fibre consumption, a share that is expected to increase steadily in the coming decade. Compared to the global average of 13.5 kg per person, and 22.5 kg in North America and 12 kg in China, India's per capita fibre consumption stands at approximately 5.5 kg per year, of which 3.1 kg is man made fibre (MMF)

Polyester Filament Yarn, a key contributor in the MMF category, has seen robust demand growth, fuelled by rising consumption in sportswear, automotive fabrics, furnishings, and fashion textiles. PFY's ability to meet functional, aesthetic, and environmental standards - particularly in its dope dyed variant and recycled form, which eliminates water-intensive post-processing has positioned it as a future-ready yarn. The MMF-focused

PLI scheme, import rationalisation of raw materials, and dedicated PM-MITRA Textile parks have further incentivized capacity expansion and backward integration by domestic manufacturers. India is projected to double its MMF capacity in the next five years, and PFY is poised to be at the heart of this growth.

Parallel to the PFY uptrend is the emergence of technical textiles as a high-potential vertical within India's textile manufacturing ecosystem. Estimated to grow at a CAGR of ~15% over the next five years, the Indian technical textile market is witnessing increasing adoption in segments such as geo-textiles, medical textiles, automotive textiles, protective clothing, and agro-textiles. Yarn manufacturers like Sanathan Textiles are aligning product development and capacity expansion to cater to these evolving technical applications, by focusing on high tenacity, fire-retardant, anti-bacterial, and UV-resistant yarns that meet both Indian and global standards.

The convergence of domestic infrastructure growth, export market penetration, sustainability orientation, and government support is reshaping India's yarn manufacturing narrative. As value shifts from commodity-driven production to engineered and specialised yarns, manufacturers with integrated capabilities, advanced automation, and ESG-aligned operations such as Sanathan Textiles are well-positioned to lead the next phase of India's textile evolution.



Opportunities

1. Shift to Man-Made Fibres (MMF):

Global fibre consumption is tilting towards MMF, especially polyester. MMFs offer better durability, functionality, lower cost, and versatility across applications. Dope-dyed coloured yarns and recycled polyester cater to eco-conscious buyers.

2. Technical Textiles Growth:

Increasing demand in automotive applications, industrial applications, and medical applications for functional yarns. Product innovation (anti-microbial, flame-retardant, high-tenacity yarns) is rising. Government support and separate recognition of technical textiles in policy frameworks.

3. Policy and Export Incentives:

PLI scheme offers capital support for MMF investments and scale-up. PM-MITRA Textile parks promote integrated clusters with shared infrastructure. India's strong cotton and growing polyester base improves export competitiveness.



Threats

1. Global Competition Pressure:

Indian yarn producers face pricing pressure in international and domestic markets. Delay in modernisation may erode global market share.

2. Trade and Regulatory Risks:

Anti-dumping duties and QCOs affect import/export flows. Changes in labour laws, GST structure, or power tariffs can disrupt cost planning. Delays in policy implementation may hinder investment momentum.

3. Environmental and Sustainability Mandates:

Pressure to reduce water usage, emissions, and chemical discharge. Buyers increasingly demand traceability, certifications, and green compliance. Non-compliance can lead to loss of large institutional and export orders.



Strength

1. Core to the Textile Value Chain:

Yarn is the foundational input for all fabric manufacturing, ensuring steady demand. It serves diverse applications—from apparel and home furnishing to technical textiles. Its role is critical in value addition and determines the quality of end products.

2. Diverse Product Offerings:

Industry spans natural fibres (cotton, jute, wool) and synthetic yarns (polyester, viscose, nylon). Allows manufacturers to cater to a wide array of markets—fashion, automotive, medical, etc. Enables customization and development of performance-based yarns for specific needs.

3. Scale and Process Efficiency:

Large integrated players benefit from economies of scale in production and procurement. Adoption of automation and advanced machinery ensures consistency and throughput. Integrated Polymerization Spinning and texturizing reduce handling costs and lead times.



Weaknesses

1. Capital and Infrastructure Intensive:

Requires significant upfront investment in plant, machinery, and utilities. High fixed costs necessitate consistent capacity utilisation for profitability. Smaller players struggle to match quality and efficiency standards of larger firms.

2. Raw Material Price Volatility:

Synthetic yarns depend on crude oil derivatives (PTA, MEG), whose prices are unpredictable. Cotton yields are susceptible to climate variation and global supply trends. Fluctuations impact temporary demands, working capital and pricing strategy.

3. Environmental Footprint:

Traditional dyeing processes are water-intensive and generate effluents. Energy consumption in spinning and heating processes adds to the carbon footprint. Growing need for compliance with environmental regulations adds cost and complexity.

Company Overview

Sanathan Textiles Limited is one of India's leading Integrated yarn manufacturer, offering a Diversified portfolio of high-quality Polyester Filament Yarns, Cotton Yarns and Yarns for Technical Textiles catering to multiple end-use industries including apparel, automotive, furnishings. Established with a long-term vision to contribute to the growth of India's textile sector, Sanathan Textiles has evolved into a trusted name in the industry, known for its scale, innovation, and commitment to excellence.

The Company's journey began as a family-owned enterprise, built on strong entrepreneurial values, ethical business conduct, and a deep understanding of the textile value chain. Over the years, Sanathan Textiles has successfully transitioned into a professionally managed organization, while retaining the foundational ethos of its promoters. The Board and Management team comprise of experienced professionals and next-generation leadership, ensuring succession, continuity, innovation, and operational excellence.

Sanathan Textiles primary manufacturing facility is located at Silvassa with a total production capacity of 2,23,750 MTPA. This integrated unit houses polymerisation, spinning, texturizing, and value-addition capabilities, enabling the Company to cater to both standard and made-to-order customised yarn requirements. The facility is supported by advanced technology, stringent quality controls, and sustainability practices such as the Zero



Liquid Discharge and Global Recycle Standard packaging for the Finished Goods that are sent outside the facility.

At Sanathan Textiles, cotton spinning is an art perfected through precision, consistency, and responsible sourcing. With a dedicated focus on quality, we procure premium-grade cotton from trusted suppliers to ensure fibre integrity, uniformity, and strength. Our state-of-the-art spinning infrastructure at Silvassa, comprising of 1.32 lakh spindles, is designed to transform this high-quality raw cotton into superior yarns that meet the demanding standards of the leading brands. Leveraging advanced machinery and process controls, we produce cotton with excellent fineness, durability, and performance characteristics delivering value across apparel, home textiles. This commitment to excellence in cotton spinning reflects our broader ethos of combining material precision with manufacturing scale, setting new benchmarks for reliability and innovation in the textile industry.

As part of its strategic growth agenda, Sanathan Textiles through its Wholly Owned Subsidiary i.e. Sanathan Polycot Private Limited, is in the process of commissioning a state-of-the-art greenfield facility in Wazirabad, Punjab, which will significantly expand its manufacturing capacity to 570,500 MTPA. This new plant is expected to strengthen the Company's operational footprint in Northern India, improve logistic efficiencies, and enhance customer proximity which will support to create a circular economy. Upon completion, the Punjab facility will enable Sanathan to double its overall capacity, supporting its ambition to become one of the most agile and scalable yarn manufacturers in the country, thereby adding value to our customers, vendors and stakeholders.

The rising adoption of active sportswear and technical textiles is expected to be a key demand catalyst for Polyester Filament Yarns (PFY) in the coming years. With increasing focus on fitness, athleisure, and performance-based apparel, consumers are shifting towards garments that offer durability, moisture-wicking, breathability, and stretchability, all attributes where polyester outperforms natural fibres. Simultaneously, the growth of technical textiles across sectors such as automotive, medical, industrial safety, geo-textiles, and protective wear is accelerating the need for high-performance yarns that meet functional and regulatory requirements. PFY's inherent characteristics - high tensile strength, lightweight, dimensional stability, and cost-effectiveness make it the preferred choice for these specialised applications. As global and domestic manufacturers respond to this demand shift, the consumption of PFY is poised to rise significantly, positioning integrated and innovation-led producers like Sanathan Textiles to benefit from this structural transformation in the textile landscape and with a clear focus on sustainability, digitisation, and customer-centric innovation, environmentally friendly practices. Sanathan Textiles continues to build long-term value for customers and stakeholders while contributing meaningfully to India's textile industry and manufacturing landscape.

50,000

Yarn Variants

2,23,750 MTPA

Total Capacity

1.32 Lakh Spindles

Cotton Spindles

29 Countries

Export Network

SWOT Analysis on Sanathan Textiles

Strengths

- 1. Integrated and Diversified Manufacturing Capability**
 - Offers a comprehensive product portfolio across Polyester Filament Yarn (PFY), Texturised Yarn, Dope Dyed Yarn, Cotton Yarn, and Technical Textiles catering to diverse end-use industries.
 - End-to-end control over production enables consistent quality, customisation, and better supply chain management.
 - Focus on value-added and sustainable yarns positions the Company well in premium and export markets.
- 2. Strategic Expansion Footprint**
 - Established manufacturing base in Silvassa with proven operational track record and infrastructure.
 - New greenfield plant in Wazirabad, Punjab, will double production capacity and offer Just-in-time, Customer Satisfaction and logistical advantages for North India Market.
 - Plant proximity to raw materials and consumption centres will enhance cost efficiency and customer responsiveness.
- 3. Sustainability and Process Efficiency**
 - Adoption of rice husk-based boilers and dope dyeing technology for coloured yarns reflects commitment to eco-friendly practices.
 - Ensuring Zero Liquid Discharge at Plant to align with the sustainability expectations of global buyers, enhancing brand credibility.

- Focus on automation and digitisation to improve operational productivity and cost competitiveness.

Weaknesses

- 1. Product Concentration in Synthetic Yarn Segment**
 - High reliance on PFY and related yarns exposes the Company to fluctuations in polyester demand and crude-linked raw material prices.
 - Limited presence in natural and blended fibre segments.
 - Market cyclicalities can affect volume growth and pricing power in commodity yarn categories.
- 2. Inventory Management Sensitivity**
 - Managing raw material procurement and finished goods turnover is critical, especially during expansion phases.
 - Any mismatch in demand forecasting could impact margins and liquidity.
- 3. Geographic Dependence Pre-Commissioning of Punjab Plant**
 - Until full commissioning of the Punjab facility, operations remain heavily centred around Western India.
 - Limits immediate access to textile clusters in the North and North-East.
 - Creates dependence on long-haul logistics for servicing distant customers.

Opportunities

- 1. Rising Domestic Consumption and MMF Shift**
 - India's per capita fibre consumption is increasing, with a clear shift towards man-made fibres driven by demand for performance fabrics.
 - PFY demand is expected to surge in athleisure, home textiles, and technical textiles.
 - Sanathan is well-positioned to cater to this demand through its expanded capacity and product mix.
- 2. Government Policy Tailwinds**
 - Beneficiary of textile-specific policies such as the PLI Scheme for MMF, PM-MITRA parks, and ATUFS, which in turn supports expansion and modernisation.
 - Focus on synthetic and technical textiles by the government aligns with Sanathan's core manufacturing strengths.
 - Favourable export incentives and FTAs may open new markets.

3. Sustainability and ESG-Aligned Growth

- Rising global emphasis on traceable, low-impact textiles creates a competitive edge for Sanathan’s dope-dyed and renewable-energy-driven operations.
- ESG-conscious buyers are prioritising suppliers with documented sustainability initiatives.
- Potential to attract ESG-focused funds and institutional investors.

Threats

1. Raw Material Price Volatility

- Prices of PTA, MEG, and other crude-based inputs are subject to international price swings, affecting cost stability.
- Supply disruptions or geo-political factors can further intensify pricing risks.
- Requires dynamic sourcing and inventory hedging strategies.

2. Intensified Competition

- International players with large capacities and cost efficiencies are expanding aggressively.
- Domestic players with large capacities and cost efficiencies lead to continued pressure on margins.
- Pricing pressure in commodity yarn segments can affect margins if value-added differentiation is not maintained.
- Chinese and Southeast Asian exporters continue to offer stiff price-based competition.

3. Regulatory and Compliance Burden

- Increasing environmental regulations, energy norms, and labour laws require sustained investment in compliance systems.
- Any lapses can lead to penalties, disruption of exports, or reputational damage.
- Export markets are also moving towards stricter carbon and traceability benchmarks.

Range of Yarns

Polyester Yarn

The Company offers a fully integrated setup with forward and backward integration, producing a wide range of polyester yarns. It offers a wide variety of products, including:

- Partially Oriented Yarn (POY)
- Draw Textured Yarn (DTY)
- Air-textured Yarn



- Fully Drawn Yarn (FDY)
- Twisted Yarn
- Recycled Yarn
- Melange Yarn

Cotton Yarn

The cotton yarn division focuses on fine count combed compact yarns. It produces yarns from cotton carded and combed cotton, supporting weaving and knitting industries including:

- Cotton Carded Yarn
- Cotton Combed Compact Yarn
- Other variants



Yarns for Technical Textiles

This segment includes high-performance yarns designed for demanding applications. These yarns are known for their durability, dimensional stability, and high tenacity. The Key Products are

- Low Shrinkage Yarns (HTLS)
- High Tenacity Yarns (GHT)
- Super Low Shrinkage (HTSLS)
- Low Elongation (HTLE)

Sanathan Textiles continues to strengthen its leadership position in the high-performance and specialty yarn segment through a focused range of value-added yarns designed to meet evolving needs of customers and brands. The Company offers innovative products such as :

S-Flex, a self-stretch yarn engineered for flexibility and comfort.

Sanathan Drycool, which delivers moisture-wicking and quick-drying properties ideal for activewear and performance garments.

CDP (Cationic Dyeable Polyester), which enables vibrant colouration and compatibility with disperse and cationic dyes for high-fashion applications.

In line with global sustainability trends, Sanathan Reviro, a recycled polyester yarn, is manufactured using post-consumer PET waste, supporting circular textile solutions.

Additionally, Born Dyed Eco-friendly coloured yarns produced through dope dyeing technology eliminates the need for post-spinning dyeing processes, offering significant water savings and reduced chemical usage.

These differentiated yarns like Sanathan Puro and Sanathan Stretch, not only enhance functionality and aesthetics but also align with global buyers' expectations on sustainability, performance, and innovation. With this product suite, Sanathan Textiles is well-positioned to cater to sectors like sportswear, intimate wear, furnishings, and technical textiles, while achieving better margins and customer loyalty.

FINANCIAL PERFORMANCE OVERVIEW

During the financial year ended March 31, 2025, Sanathan Textiles Limited demonstrated resilient financial performance, underscored by stable revenues and improved profitability. Revenue from operations stood at ₹ 2,99,861 lakh, registering a marginal increase of 1% over the previous year. Despite a largely flat topline, the Company's EBITDA grew by 16% to ₹ 26,278 lakh, driven by better operating margins. EBITDA margins improved by 110 basis points to 8.8%, reflecting the Company's continued focus on value-added products and operational discipline. Profit before tax (PBT) grew by 19% to ₹ 21,645 lakh, and Profit After Tax (PAT) stood at ₹ 16,045 lakh, marking a 20% year-on-year growth. PAT margins expanded to 5.4%, and Earnings Per Share (EPS) increased to ₹ 21.3, underscoring improved shareholder value.

The Company also maintained a strong balance sheet, with total assets rising to ₹ 3,52,807 lakh as of March 31, 2025, compared to ₹ 2,20,368 lakh in the previous year. This significant growth was primarily attributable to the ongoing capital expenditure, with capital work-in-progress expanding from ₹ 14,051 lakh to ₹ 1,58,695 lakh, reflecting the Company's strategic investments in enhancing manufacturing capacity. The expansion was largely funded through a mix of internal accruals and long-term borrowings. The strategic investment positions Sanathan Textiles favourably for scalable growth and sustainable value creation in the upcoming years.



Summarised Consolidated Balance Sheet

(₹ in lakhs)

PARTICULARS	As on 31-3-2025	As on 31-3-2024
Assets		
Property, plant & Equipment	93,087	92,647
Capital WIP	1,58,695	14,051
Intangible Assets	149	247
Goodwill	191	191
Other financial Assets	981	1,553
Other non-current Assets (including income-tax assets)	13,970	20,746
Non-Current Assets	2,67,073	129,435
Inventories	37,474	40,549
Investments	-	10,695
Trade Receivables	14,858	12,568
Cash & cash equivalents	3,099	2,993
Other bank balances	10,750	7,169
Other Current Assets (including other financial assets)	19,553	16,959
Current Assets	85,734	90,933
Total Assets	3,52,807	2,20,368
Equity & Liabilities		
Share Capital	8,440	7,194
Other Equity	1,72,361	1,20,303
Shareholders' Funds	1,80,801	1,27,497
Long Term Borrowings	93,820	33,720
Deferred Tax Liability	8,093	7,753
Other Non-Current Liabilities and Provisions	2,685	863
Non-Current Liabilities	1,04,598	42,336
Short term Borrowings	14,597	4,268
Trade payable	48,827	43,694
Other Financial Liabilities and Provisions	1,823	734
Other Current Liabilities	2,161	1,839
Current Liabilities	67,408	50,535
Total equity & Liabilities	3,52,807	2,20,368

Statement of Profit & Loss

(figures in INR lakhs, unless stated otherwise)

PARTICULARS	FY 2024-25	FY 2023-24	YOY Change (%)
Revenue from operations	2,99,861	2,95,750	1%
Total Expenses	(2,73,583)	(2,73,092)	0
EBITDA (excluding Other Income)	26,278	22,658	16%
EBITDA Margins (%)	8.8%	7.7%	110 bps
Other Income	1,749	2,230	(22)%
Depreciation	(4,586)	(4,439)	3%
Finance cost	(1,796)	(2,308)	(22)%
PBT	21,645	18,141	19%
Tax	(5,600)	(4,756)	(18)%
PAT	16,045	13,385	20%
PAT Margins (%)	5.4%	4.5%	80 bps
Basic EPS (INR)	21.3	18.6	15%

Significant Change of Key Financial Ratios

Key Financial Ratios (Consolidated)

Ratios	2024-25	2023-24	YOY Change (%)
Current ratio	1.27	1.80	(29)%
Debt-equity ratio	0.60	0.30	101%
Debt service coverage ratio	3.29	3.05	8%
Return on equity ratio	10.4%	10.5%	(1)%
Inventory turnover ratio	5.75	5.57	3%
Trade receivable turnover ratio	21.63	21.77	(1)%
Trade payable turnover ratio	4.79	5.53	(13)%
Net capital turnover ratio	16.36	7.32	124%
Net profit ratio	5.4%	4.5%	18%
Return on capital employed	10.6%	15.7%	(32)%
Return on investment	6.1%	8.2%	(25)%

Company Outlook

In the coming years, the Company is anticipated to demonstrate positive growth driven by capacity expansion and strong financial performance. The Company remains focused on timely meeting the consumer demand. Along with this, it will create real value for its customers by ensuring product innovation, reliability, quality, and responsiveness. In addition to this, the upcoming Punjab facility will help the Company to meet the evolving consumer demand in the forthcoming years and helps to go closer to the Customers and become their preferred partner.

Product Research and Development

Sanathan Textiles continues to place strategic emphasis on Research and Development (R&D) as a driver of product innovation, process efficiency, and sustainable differentiation. The Company’s Product Innovation and Development team (‘our R&D’) efforts are closely aligned with market demands, focusing on the development



of high-performance value-added yarns. These initiatives collectively contribute to strengthening the Company’s competitive positioning in both domestic and global markets.

Human Resources

1,430
Total Permanent Employees



Sanathan Textiles views its people as a key enabler of operational efficiency, innovation and long-term growth. In FY2025, the Company focused on building capabilities, improving engagement and strengthening organisational resilience. Talent acquisition was driven by structured campus hiring of Graduate and Diploma Engineer Trainees, lateral recruitment from technical domains, and leveraging industry networks. Sanathan Textiles make-to-order innovation model has been instrumental in attracting professionals with a problem-solving orientation and a drive for customised solutions.

Learning and development remained central to Sanathan’s people strategy, across employee levels and partner organisations. These initiatives focused on enhancing technical, behavioural, and leadership skills. The Corporate and Compliance Team played a supportive role in knowledge-building efforts. The

Company continued to nurture its internal talent pipeline through a well-defined succession planning framework, enabling internal mobility into key leadership roles such as Site Head, Production Head and Process Control Head. Performance management was reinforced through KPIs aligned with business objectives and the deployment of digital tools for onboarding, attendance, learning and appraisal systems.

Sanathan Textiles maintained its emphasis on employee engagement through initiatives centred on safety, productivity, and effective communication. Diversity and equal opportunity remained core principles across recruitment and appraisal processes. The Company prioritised the well-being of its workforce, implementing welfare programs that included safety training, PPE distribution, regular health check-ups, and access to hygienic facilities. These measures were extended to both permanent and contractual employees, with full adherence to statutory labour requirements. Collectively, these efforts reinforced a culture of accountability, inclusion and high performance across the organisation.

In line with its philosophy of fostering a culture of ownership and long-term value creation, Sanathan Textiles has introduced an Employee Stock Option Plan (ESOP) for employees. The ESOP scheme is designed not merely as a reward mechanism, but as a strategic tool to align employee interests with the Company's sustained growth trajectory. By granting equity-based incentives, Sanathan Textiles aims to instill a strong sense of accountability and belonging among its key talent. This initiative underscores the Company's commitment to recognising and retaining high-performing individuals, while encouraging a stakeholder mindset that supports innovation, collaboration, and performance excellence.

Corporate Social Responsibility

Committed to Good Corporate Citizenship and Inclusive Growth

Aligned with the Company's core value of Good Corporate Citizenship, Sanathan Textiles actively embraces its social responsibilities through structured initiatives aimed at creating a meaningful and lasting impact on society. Guided by the Company's CSR Policy and its defined thematic areas, our interventions are focused on critical domains such as eradicating hunger, promoting healthcare and education, encouraging sports, preserving cultural heritage, and protecting the environment. Each initiative reflects our commitment to sustainable development and social upliftment, particularly in communities surrounding our operational areas.

- Enhancing Emergency Response - Contribution of a Fire Tender
- Eradicating Hunger - The Annapurna Program
- Promoting Healthcare - Support to Masina Hospital

- Supporting Education - Infrastructure Enhancement for Schools
- Encouraging Sports - Contribution to the Indian Navy
- Environmental Sustainability - Plastic-to-Plant Exchange Drive

Risk Management

The Company considers risk management a vital aspect of its operations and has established a comprehensive framework to identify, evaluate and mitigate risks across all functional areas. This framework involves periodic risk assessments, continuous monitoring of key indicators and the formulation of appropriate mitigation strategies. Oversight is provided by a dedicated Risk Management Committee composed of Directors and senior leadership, which routinely reviews relevant policies and advises management on risk-related matters.

Aligned with its sustainability agenda, the Company actively evaluates environmental, social and governance (ESG) risks to promote responsible and sustainable operations. This proactive approach to risk management not only helps minimise potential adverse effects but also strengthens the Company's ability to achieve its strategic objectives.

Internal Control System

The Company has implemented a robust internal control system to ensure the efficiency and effectiveness of operations, accurate financial reporting and compliance with laws and regulations. The Company has established comprehensive policies and procedures for all major business processes, including management, human resources, procurement and inventory management. Regular audits are conducted by internal auditors to monitor compliance with these policies and procedures and to identify areas for improvement. The Company also maintains a system of checks and balances, including the segregation of duties and clear lines of authority and responsibility. Through these measures, the Company aims to minimise the risk of fraud, errors and other financial irregularities, to foster transparency and accountability throughout the organisation.

Cautionary Statement

This report on Management Discussion and Analysis includes forward-looking statements, which are predictions, expectations, projections, or estimates about the Company's objectives. These statements are based on certain assumptions and expectations of future events. However, actual results may differ from these statements due to various factors such as changes in government regulations, tax laws and other statutes. Additionally, unforeseen events such as force majeure could affect the actual result. It is important for readers to understand the context in which these statements are made and that they may not reflect future outcomes accurately.

Corporate Governance Report

This report is prepared in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and the report contains the details of Corporate Governance systems and processes followed at Sanathan Textiles Limited (“the Company”).

1. PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company’s philosophy on corporate governance is rooted in a commitment to ethical conduct, transparency, and accountability. We believe that strong governance practices are essential for sustainable growth, protecting stakeholder interests, and fostering long-term trust. Our governance framework emphasizes the importance of an independent and effective board, responsible management, and open communication with shareholders and other stakeholders. Through continuous evaluation and improvement, we strive

to maintain a governance structure that supports responsible business practices and long-term value creation. Your company has fulfilled all the existing guidelines prescribed by the Securities and Exchange Board of India (SEBI) in Chapter IV read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. BOARD OF DIRECTORS:

The Board of the Company comprises of an optimum combination of Executive and Non-Executive Independent Directors. The Board of Directors of your Company as on March 31, 2025, comprised of Eight (8) members with Four (4) Executive Directors and Four (4) Non-Executive Independent Directors including One (1) Woman Independent Director.

Mr. Paresh Dattani is the Chairman and the Managing Director of the Company.

BOARD OF DIRECTORS OF SANATHAN TEXTILES LIMITED AS ON MARCH 31, 2025



Paresh Dattani
CMD



Ajaykumar Dattani
Joint MD



Anilkumar Dattani
Director



Dineshkumar Dattani
Director



Debabrata Sarkar
Independent Director



Khurshed Thanawalla
Independent Director



Vinay Aggarwal
Independent Director



Rupal Vora
Independent Director

During the year under review, Mr. Dineshkumar Dattani (DIN: 00163701) was appointed as an Executive Director to fill the casual vacancy. The resignation was part of an internal restructuring to ensure a balanced representation of Promoter Group members on the Board. Apart from it, there was no other change on the Board.

The Directors of your Company are:

- not on the Board of more than seven listed Companies.

- not serving as Independent Directors in more than seven Listed Companies.
- in compliance with the limit on Independent Directorship of listed Companies as prescribed under Regulations 17A of the SEBI Listing Regulations.
- fulfill the conditions of Independence (regarding Independent Directors).

During the Financial Year 2024-25, the Company got its Equity Shares listed on both the Stock Exchanges

i.e. National Stock Exchange Limited and BSE Limited and the Shares were listed w.e.f. December 27, 2024. The Board during the year met 10 (ten) times and the Board Meetings were held i.e. on April 17, 2024, June 13, 2024, July 16, 2024, August 16, 2024, September 27, 2024, October 18, 2024, December 13, 2024, December 23, 2024, January 17, 2025 and February 10, 2025 for the purpose of approving the Financial Statements and for approving various documents pertaining to the Initial Public Offer. The Board was provided with comprehensive agenda materials well

in advance to facilitate informed decision-making. Your Company ensured strict adherence to the applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India at all times during the year.

Details of Board of Directors, their attendance at Board Meetings during the year and at the last Annual General Meeting (“AGM”) and Directorships, Committee Chairmanships, Memberships in other companies as on March 31, 2025, are given below:

A. Composition, Category of Directors and their other directorship as on March 31, 2025

Name of the Director and DIN	Category	No of Equity Shares held in the Company	No. of Board Meetings attended (10 meetings held)	Whether attended last AGM held on September 27, 2024	No. of Directorships in other Companies ⁽¹⁾		No. of Committee positions held in Public Companies (including the Company) ⁽²⁾		Directorship in other listed entities (Category of Directorship) ⁽³⁾
					Chairman	Member	Chairman	Member	
Mr. Paresh Dattani (DIN: 00163591)	Chairman and Managing Director	60,48,831	10	Yes	1	4	-	-	-
Mr. Ajaykumar Dattani (DIN: 00163739)	Joint Managing Director	62,47,432	10	Yes	-	3	-	1	-
Mr. Anilkumar Dattani (DIN: 00164175)	Executive Director	55,82,050	10	Yes	-	2	-	-	-
Mr. Dineshkumar Dattani (DIN: 00163701)	Executive Director	57,13,195	8 ⁽⁴⁾	Yes	-	2	-	-	-
Mr. Debabrata Sarkar (DIN: 02502618)	Independent Director	-	10	Yes	3	7	2	10	1. GOCL Corporation Limited 2. Emami Limited (ID) 3. NDL Ventures Limited (ID) 4. Finolux Industries Limited (ID)
Mr. Khurshed Thanawalla (DIN: 00201749)	Independent Director	-	10	Yes	-	13	4	5	1. Standard Industries Limited (ID) 2. Stovec Industries Limited (ID) (C)
Mr. Vinay Aggarwal (DIN: 00030483)	Independent Director	2,730	10	Yes	-	2	4	5	Datamatics Global Services Limited (ID)

Name of the Director and DIN	Category	No of Equity Shares held in the Company	No. of Board Meetings attended (10 meetings held)	Whether attended last AGM held on September 27, 2024	No. of Directorships in other Companies ⁽¹⁾		No. of Committee positions held in Public Companies (including the Company) ⁽²⁾		Directorship in other listed entities (Category of Directorship) ⁽³⁾
					Chairman	Member	Chairman	Member	
Mrs. Rupal Vora (DIN: 07096253)	Independent Director	-	10	Yes	1	7	5	10	1. Aarti Pharmalabs Limited (ID) 2. Winro Commercial (India) Ltd (ID) 3. Saraswati Commercial (India) Ltd (ID) (C) 4. Walchandnagar Industries Limited (ID) 5. Geecee Ventures Limited (ID)

(C) Chairman, (ID) Independent Director.

(1) Includes directorship(s) of all public companies whether listed or not and private limited companies but excluding foreign companies and companies registered under Section 8 of the Companies Act, 2013 ('the Act').

(2) Memberships include Chairmanships. Only membership of Audit Committee and Stakeholders Relationship Committee are considered. This includes memberships in deemed public company and chairmanship in only listed company.

(3) Only Equity listed companies are considered as none of the Directors are on board of high value debt listed entities.

(4) Mr. Dineshkumar Dattani was appointed as an Executive Director of the Company w.e.f. June 13, 2024.

Inter-se Relationship among Directors

The Company operates under the stewardship of a closely held promoter family holding the majority stake, with its textile domain legacy thoughtfully transitioned from the first generation to the second generation in accordance with a well-defined succession plan. The Board comprises four Executive Directors who are from the Promoters/ Promoter Group. The second generation is actively involved in the Company's operations for over a decade, bringing with them deep institutional knowledge and domain expertise. Their roles and responsibilities have been clearly demarcated, ensuring functional independence while aligning with the Company's strategic vision. This structured approach to succession has not only preserved the founding values but also strengthened the continuity, governance, and long-term growth trajectory of the organization.

C. Matrix of skills/expertise/competencies of the Board of Directors:

In compliance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors has identified a set of core skills, expertise, and competencies that are deemed essential for effective governance and strategic oversight, considering the Company's business model, industry dynamics, and long-term objectives.

- 1. Governance, Risk and Compliance 
- 2. Leadership 
- 3. Financial Expertise 
- 4. Stakeholders Management 
- 5. Strategic Planning 
- 6. Industry Experience 
- 7. Operational Experience 

As part of the annual performance evaluation of the Board and Individual Directors for the financial year 2024-25, an assessment of the collective skills, experience, and expertise of the Directors was undertaken. The outcome of this assessment affirmed that the Board is appropriately constituted with the requisite and balanced skill sets necessary for the effective discharge of its functions and strategic oversight. The summary of the identified skill matrix is presented below:

Name of Director	Industry Experience (exclusively Textiles Industry Experience)	Operational Experience (Industry Domain Expertise)	Financial Expertise	Strategic Planning	Leadership	Stakeholders Management	Governance, Risk and Compliance
Mr. Paresh Dattani							
Mr. Ajaykumar Dattani							
Mr. Anilkumar Dattani							
Mr. Dineshkumar Dattani							
Mr. Khurshed Thanawalla							
Mr. Debabrata Sarkar							
Mr. Vinay Aggarwal							
Mrs. Rupal Vora							

  Expert |   Proficient

The composition of the Board is in compliance with the applicable regulatory requirements and is thoughtfully structured to ensure a well-balanced mix of expertise, experience, and independence, which contributes to meaningful deliberations and informed decision-making at the Board level.

The Executive Directors possess extensive operational and strategic experience in the textile sector, having not only managed large-scale manufacturing facilities but also successfully led capacity expansion initiatives while maintaining optimal utilization levels.

The Independent Directors bring valuable external perspectives and domain-specific knowledge from diverse fields such as textile engineering, finance, banking, and law. Their experience, both from leadership roles in their respective industries and as members on the boards of other reputed companies, plays a pivotal role in enhancing governance practices and contributing to the overall effectiveness of the Board.

3. COMMITTEES OF THE BOARD:


In compliance with applicable statutory requirements, the Board has constituted various committees to ensure focused oversight and effective governance. The terms of reference of these committees are approved by the Board and are periodically reviewed to ensure continued relevance and alignment with the Company's evolving business needs and regulatory framework.

a) Audit Committee

The Audit Committee meets the criteria laid down under Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations.

Composition:

The Audit Committee presently consists of three Independent Directors, Mr. Debabrata Sarkar, Mr. Khurshed Thanawalla and Mr. Vinay Aggarwal. Mr. Debabrata Sarkar is the Chairman of the Audit Committee. The Committee met 6 times during the financial year ended March 31, 2025. The attendance record of the members at the meeting was as follows: -

Name of the Audit Committee Members	Designation	No. of Meetings Attended
Mr. Debabrata Sarkar		6/6
Mr. Khurshed Thanawalla		5/6
Mr. Vinay Aggarwal		6/6

 Chairman |  Member

The Audit Committee is comprised entirely of Independent Directors who possess the requisite financial expertise and professional experience to ensure effective oversight of the Company's financial reporting and internal control systems. The Committee engages in in-depth discussions on financial statements and related disclosures, contributing valuable insights that enhance transparency and accountability in financial governance.

In addition to its financial oversight responsibilities, the Audit Committee actively monitors the Company's compliance with applicable statutory and regulatory requirements. It undertakes a quarterly review of critical matters, including compliance under the Prevention of Sexual Harassment (POSH) framework, adherence to borrowing limits, monitoring of investments, and other governance-related triggers.

The Committee maintains regular interaction with the Statutory Auditor, Internal Auditor, and Secretarial Auditor to assess the robustness of the Company's audit and compliance frameworks. These interactions ensure that audit processes are conducted independently and

effectively, with full support and cooperation from the management team.




During the financial year under review, the Audit Committee convened six meetings, including special sessions dedicated to the review and approval of the Company's Draft and Final Offer Documents in connection with the Initial Public Offering, prior to their presentation to the Board of Directors.

b) **Nomination & Remuneration Committee**

The Nomination and Remuneration Committee ('NRC') of the Board of Directors meets the criteria laid down under Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI Listing Regulations.

Composition:

The Nomination and Remuneration Committee presently consists of three Independent Directors, Mr. Debabrata Sarkar, Mr. Khurshed Thanawalla and Mrs. Rupal Vora. Mr. Debabrata Sarkar is the Chairman of the Nomination and Remuneration Committee. The committee met 3 times during the financial year ended March 31, 2025. The attendance record of the members at the meeting was as follows:

Name of the Nomination and Remuneration Members	Designation	No. of Meetings Attended
Mr. Debabrata Sarkar		3/3
Mr. Khurshed Thanawalla		3/3
Mrs. Rupal Vora		3/3

 Chairman |  Member

The Committee plays a crucial role in overseeing matters related to the composition of the Board and Senior Management, evaluation of performance, and alignment of remuneration policies with the Company's strategic objectives.

The NRC is responsible for evaluating and recommending the appointment and remuneration of Directors and Key Managerial Personnel, ensuring that the Company attracts and retains individuals with the right qualifications, experience, and leadership capabilities. The Committee also oversees the implementation and compliance of the Sanathan Textiles Limited - Employee Stock Option Plan - 2021 ('ESOP Scheme 2021'), including grant, vesting, exercise, and disclosure requirements, in alignment with applicable regulatory frameworks. In addition to its core functions, the Committee reviews matters pertaining to the recruitment and compensation structure of Senior Management, succession planning, and other aspects of human capital management.

It ensures that the Company's policies and practices related to employee engagement, remuneration, and performance evaluation remain competitive, compliant, and aligned with business goals.

During the year under review, the Nomination and Remuneration Committee met at regular intervals to discharge its responsibilities effectively, including evaluating proposals related to ESOPs, senior-level appointments, and other statutory compliances linked to human resource governance.

Remuneration of Directors

Remuneration of Directors is as per the terms and conditions mentioned in the Employment agreement/terms and conditions of appointment as approved by the Board and the Shareholders in the Annual General Meeting.

Remuneration of Independent Directors is based on factors such as their committee position(s), attendance, participation at

Board/Committee meetings and performance evaluation. Independent Directors are entitled to sitting fees, reimbursement of expenses incurred to participate in Board/Committee

meetings and commission on profit. Further, in terms of Regulation 46 of the SEBI Listing Regulations, the criteria for payment to Non-Executive Directors is available on the investor section of the Company's website, <https://www.sanathan.com/investor-relations>.

Details of remuneration paid to Directors for the Financial Year ended on March 31, 2025 is as under:

(i) Executive Directors

(₹ In lakhs)

Name	Designation	Fixed Pay	Performance linked commission*	Notice Period (in months)	Severance Fees	Stock Options
Mr. Paresh Dattani	Chairman & Managing Director	₹ 400	-	6	-	None of the Directors are eligible for any stock options as per SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
Mr. Ajaykumar Dattani	Joint Managing Director	₹ 400	-	6	-	
Mr. Anilkumar Dattani	Executive Director	₹ 400	-	6	-	
Mr. Dineshkumar Dattani	Executive Director	₹ 200	-	6	-	

*The Executive Directors of the Board were entitled to a Performance linked commission of 1.25% of the net profit per Director, however, they chose not to take any Performance linked commission for the year.

The Company has not entered any contracts or arrangements with any of the Executive Directors for any other consideration payable, other than employment agreement.

(ii) Non-Executive Directors

(₹ in lakhs)

Name of The Member	Sitting Fees
Mr. Debabrata Sarkar	12
Mr. Khurshed Thanawalla	12
Mr. Vinay Aggarwal	12
Mrs. Rupal Vora	12
Total	48

During the period under review, the Non-Executive Directors were paid sittings fees as remuneration as per the Nomination and Remuneration Policy uploaded on the website of the Company at <https://www.sanathan.com/investor-relations> and no commission was taken, as the Board was of the firm commitment that no commission shall be taken until the Company does not initiate the capacity expansion at Punjab.

Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations')




Composition:

The Stakeholders Relationship Committee presently consists of three Directors, Mr. Vinay Aggarwal, Mrs. Rupal Vora and Mr. Ajaykumar Dattani. Mr. Vinay Aggarwal is the Chairman of the Committee. The committee met 1 time during the financial year ended March 31, 2025.

c) Stakeholders' Relationship Committee:

The Stakeholders' Relationship Committee (SRC) meets the criteria laid down under

The attendance record of the members at the meeting was as follows: -

Name of the Stakeholders' Relationship Committee Members	Designation	No. of Meetings Attended
Mr. Vinay Aggarwal		1/1
Mrs. Rupal Vora		1/1
Mr. Ajaykumar Dattani		1/1




 Chairman |  Member

The Committee plays a vital role in maintaining transparent and effective communication between a Company and its stakeholders, particularly shareholders.

Its primary responsibility is to resolve the investor grievances related to issues such as share transfers/transmission, dividend payments, non-receipt of annual reports, general meetings etc. The Committee ensures appropriate service standards adopted by the Company in respect of services rendered by the Registrar & Share Transfer Agent. By addressing concerns promptly and fostering trust, the committee helps strengthen the relationship between the company and its investors.

Number of investor complaints

During the year 2024-25, 2 complaints were received from investors pertaining to blocking/unblocking funds during the Initial Public Offer

Name of the Risk Management Committee Members	Designation	No. of Meetings Attended
Mr. Vinay Aggarwal		1/1
Mr. Paresh Dattani		1/1
Mr. Ajaykumar Dattani		1/1

 Chairman |  Member

The Committee is responsible for identifying, assessing, and mitigating potential risks that could impact on a company's operations, financial performance, or reputation. It develops and oversees the implementation of risk management policies and frameworks, ensuring that risks are properly evaluated and managed across all levels of the organization. The Committee formulated a business continuity plan in order to efficiently address all the future risks.

The committee regularly reviews emerging risks, including strategic, financial, operational, and compliance-related threats, and advises the board on appropriate measures to address them. By proactively managing risks, the Committee helps safeguard the Company's assets and supports long-term business sustainability.

process. All the complaints have been resolved to the satisfaction of the complainants.

d) RISK MANAGEMENT COMMITTEE

The Risk Management Committee ('RMC') of the Board of Directors meets the criteria laid down under Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Composition:




The Risk Management Committee presently consists of three Directors, Mr. Vinay Aggarwal, Mr. Paresh Dattani and Mr. Ajaykumar Dattani. Mr. Vinay Aggarwal is the Chairman of the Committee. The committee met 1 time during the financial year ended March 31, 2025, which was in compliance, to the extent of the SEBI Listing Regulations applicable to the Company. The attendance record of the members at the meeting was as follows: -

e) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Corporate Social Responsibility ('CSR') Committee of the Board of Directors meets the criteria laid down under Section 135 of the Companies Act, 2013.

Composition:

The Corporate Social Responsibility Committee presently consists of three Directors, Mr. Khurshed Thanawalla, Mrs. Rupal Vora and Mr. Anilkumar Dattani. Mr. Khurshed Thanawalla is the Chairman of the Committee. The committee met 2 times during the financial year ended March 31, 2025. The attendance record of the members at the meeting was as follows: -

Name of the Corporate Social Responsibility Committee Members	Designation	No. of Meetings Attended
Mr. Khurshed Thanawalla		2/2
Mrs. Rupal Vora		2/2
Mr. Anilkumar Dattani		2/2

 Chairman |  Member

Our Company believes that Businesses have a responsibility beyond profit-making to contribute positively to society and the environment, fostering sustainable development and improving the quality of life for all stakeholders

In accordance with this belief, our CSR Committee is responsible for formulating and overseeing the Company’s CSR strategy and initiatives. Its key role is to identify areas where the Company can contribute to social, environmental, and economic development, in line with legal requirements and Company values. The Committee recommends CSR activities and budgets to the board, monitors the implementation of approved projects, and ensures compliance with applicable CSR laws and reporting standards.

During the period under review, the Company has contributed its funds towards promoting health care activities, promoting sports, eradicating hunger, promoting education etc.

f) IPO COMMITTEE

The IPO Committee was constituted by the Board of Directors during the period under

review to ensure the Initial Public offer compliances complied by the Company as the Company was in the process of listing its equity shares on both the stock exchanges i.e. BSE Limited and National Stock Exchange of India Limited and got its shares listed with effect from December 27, 2024. The IPO Committee consisted of three Directors and as the terms of reference of the Committee was completed, the Committee was no longer active, and the Board of Directors approved dilution of the Committee with effect from February 10, 2025.

g) INDEPENDENT DIRECTORS’ MEETING:

In accordance with the provisions of Regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Schedule IV of the Companies Act, 2013, a separate meeting of the Independent Directors was held once during the financial year 2024-25, without the presence of Non-Independent Directors or members of the management. The Independent Directors reviewed the performance of the Board, Committees, and Management, and provided their observations. All inputs and suggestions provided during the meeting were duly considered and appropriately incorporated by the Board in its functioning.

4. OTHER INFORMATION

A. Shareholders Meeting

Details of Financial Year, date, time, agenda and location, of the last three (3) Annual General Meetings (‘AGM’) are given below:

Financial Year	Date	Time	Agenda	Venue
2023-24	September 27, 2024	10:00 AM IST	<ol style="list-style-type: none"> Adoption of Audited and Standalone Consolidated Financial Statements Re-appointment of Mr. Anilkumar Dattani, Director liable to retire by rotation Ratification of Cost Auditor remuneration 	The meeting was conducted through Video Conferencing in compliance of Section 96 of the Companies Act, 2013 and the deemed venue of AGM was the registered office of the Company i.e. Srv No. 187/4/1/2, Near Surangi Bridge, Surangi, Silvassa, Dadra & Nagar Haveli-396230.

Financial Year	Date	Time	Agenda	Venue
2022-23	September 05, 2023	11:00 AM IST	<ol style="list-style-type: none"> Adoption of Audited and Standalone and Consolidated Financial Statements Re-appointment of Mr. Sammir Dattani, Director liable to retire by rotation Regularize appointment of Mrs. Rupal Vora, Independent Director Ratification of Cost Auditor remuneration 	
2021-22	August 05, 2022	11:00 AM IST	<ol style="list-style-type: none"> Adoption of Audited and Standalone and Consolidated Financial Statements Re-appointment of Mr. Anilkumar Dattani, Director liable to retire by rotation Ratification of Cost Auditor remuneration 	

B. Resolutions passed through postal ballot & details of voting pattern:

During the year under review, in compliance with the applicable provisions of the Act, SEBI Listing Regulations and relevant circulars issued by the Ministry of Corporate Affairs, a postal ballot notice was issued dated February 28, 2025 for ratification of Sanathan Textiles Limited – Employee Stock Option Plan – 2021 (“ESOP 2021”/ “Scheme”) for which the offer period

was opened from Sunday, March 09, 2025, at 09:00 a.m. (IST) till Monday, April 07, 2025 at 05:00 p.m. (IST). DVD & Associates, Practicing Company Secretaries were appointed by the Board of Directors vide circular resolution passed dated February 28, 2025, as scrutinizers for issuing report of postal ballot notice. The resolution was passed post the period under review i.e. April 07, 2025, which was considered as the Effective Date of approval, the details of the resolution is as under: -

Sr. No.	Particulars of the Resolution	Total number of votes cast	No. of votes cast as assent	% of assent votes	No. of votes cast as dissent	% of votes cast as dissent
1.	To ratify Sanathan Textiles Limited – Employee Stock Option Plan – 2021 (“ESOP 2021”/ “Scheme”)	7,68,10,682	7,41,98,138	96.60	26,12,544	3.40

C. No special resolutions were passed in the previous three Annual General Meetings.

D. No special resolution was passed during the Financial Year ended on March 31, 2025 through postal ballot.

E. Means of Communication

The Company communicates with its stakeholders through established procedures via multiple channels of communication, as outlined below:

Announcement of Financial Results: The quarterly and half-yearly (both Standalone and Consolidated) are submitted to the Stock Exchanges on their respective web portals i.e. “NEAPS” and “BSE Listing Center”, within the prescribed timelines. These results are also published in the newspapers, which include The Financial Express and Janadesh, local newspaper. Simultaneously, the results are also hosted on the Company’s website: www.sanathan.com.

Press/News Release: Official Press/news release by the Company is filed with the Stock Exchanges and also hosted on the Company’s website: www.sanathan.com.

Website: The ‘Investors’ section of Company’s website hosts Shareholder’s related information. Besides the mandatory documents required to be uploaded on the Company’s website under the SEBI Listing Regulations, details of earnings call, presentations, press releases, factsheets and quarterly reports are also hosted on the website: www.sanathan.com.

Presentation(s) to Institutional Investors and Analysts: The schedule of Analyst/Institutional Investors’ meetings and presentations made in these meetings/events are filed with the stock exchanges and hosted on the Company’s website: www.sanathan.com.

5. GENERAL SHAREHOLDER INFORMATION

- Annual General Meeting: AGM shall be held on August 04, 2025, at 4:00 PM IST via Video Conference/Other Audio Video Means ('VC/OAVM').
- Financial Year: April 01, 2024, to March 31, 2025
- The Board of Directors has not proposed any dividend for the Financial Year 2024-2025 for the approval of the shareholders, in view of the Company's ongoing expansion initiative aimed at doubling its manufacturing capacity.
- Listing on Stock Exchanges and Stock Code: The Equity Shares of the Company are listed on the following Stock Exchanges:

Name of Stock Exchanges	Address	Stock Code
BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001	544314
The National Stock Exchange of India Limited	Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai-400051.	SANATHAN

The ISIN Number for dematerialized shares: INE0JPD01013

- Listing Fee: The Annual Listing Fees have been paid to each of the above Stock Exchanges for FY 2024-25
- Disclosures for securities that are suspended from trading: None of the securities of the Company are suspended from trading during FY 24-25.
- Registrar and Transfer Agents (RTA):
KFIN Technologies Limited
(SEBI Registration no. INR000000221)
Registered Address: 301, The Centrium, 3rd Floor, 57, Lal Bahadur Shastri Road, Nav Pada, Kurla (West), Mumbai, 400 070, Maharashtra.
Correspondence Address: Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddy, Telangana, India - 500 032.
Tel: 1800 309 4001

Mobile No.: (91) 910 009 4099

Email : einward.ris@kfintech.com

Share Holders query service request in electronic mode are to be raised only through website, the link for which is einward.ris@kfintech.com

Website : <https://ris.kfintech.com>

- Nodal Officer:
Jude Patrick Dsouza
Company Secretary and Compliance Officer
Sanathan Textiles Limited
D-15, Trade World Building Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013, Maharashtra, India
Telephone: 91 22 6634 3312/3/4/5/6
E-Mail : investors@sanathan.com
Website: www.sanathan.com

9. Share Transfer System

Transfer of shares in electronic form are processed and approved by NSDL/CDSL through their Depository Participant(s), without involvement of the Company.

10. Distribution of Shareholding as on March 31, 2025

No. of Shares	No. of Shareholders	Distribution (%)	Paid up Capital	Holding (%)
1-5,000	44,154	95.40	2,13,41,790	2.53
5,001- 10,000	1,383	2.98	91,37,370	1.08
10,001- 20,000	328	0.70	45,81,720	0.54
20,001- 30,000	95	0.20	24,22,520	0.29
30,001- 40,000	59	0.12	20,63,870	0.24
40,001- 50,000	61	0.13	28,32,820	0.34
50,001- 1,00,000	107	0.23	76,85,820	0.91
1,00,001& above	94	0.20	79,39,74,680	94.07
Total	46,281	100%	84,40,40,590	100%

11. Shareholding Pattern as on March 31, 2025

Sr. No.	Particulars	No. of Shares	% of Share Holding
1.	Promoters and Promoter Group	6,63,25,833	78.58*
2.	Institutional Investors, Corporate Investors, QIB, AIF and Trust	1,10,80,476	13.12
3.	RII	52,37,555	6.21
4.	FPI and NRI	17,60,195	2.08
	Total	8,44,04,059	100%

* Your Company has got confirmation from the Promoters / Promoters Group that they will comply with the minimum public shareholding requirements as per Regulation 19(2)(b) of Securities Contracts (Regulation) Rules, 1957 applicable to the Company.

12. Dematerialization of shares and liquidity

The Company has dematerialized its Equity Shares with both the depositories viz. National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL')

Since the listing date, the Company's Paid-up Share Capital is in dematerialized form. The number of shares held dematerialized with NSDL was 7,51,70,922 Equity Shares having percentage Paid

Up Share Capital of 89.06 % and with CDSL was 92,33,137 Equity Shares having percentage Paid-Up Capital of 10.94%

13. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity:

The Company has not issued any GDRs / ADRs/ Warrants or any Convertible Instruments and therefore there are no outstanding Instruments

14. Our Facility and Offices:

The Company have the following locations: -

Sr. No.	Nature of location	Address
1.	Registered Office and Manufacturing facility at Silvassa (Unit 1 and Unit 2)	SRV No. 187/4/1/2, Near Surangi Bridge, Surangi, Dadra & Nagar Haveli, Silvassa - 396230
2.	Corporate Office	D-15, Trade World Building Kamala Mills Compound, Senapati Bapat Marg Lower Parel, Mumbai, Maharashtra - 400013, India

We also have Sales Offices at Mumbai, Panipat, Ludhiana, Tirupur and Surat.

15. Address for correspondence:

The Company Secretary and Compliance Officer

Sanathan Textiles Limited

D-15, Trade World Building Kamala Mills Compound, Senapati Bapat Marg Lower Parel, Mumbai - 400013, Maharashtra, India

Telephone: 91 22 6634 3312/3/4/5/6

E-Mail : investors@sanathan.com

Website: www.sanathan.com

16. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company through familiarization programmes has updated the Independent Directors with nature of Industry, business of the Company and their roles, responsibilities, rights in the Company etc. The detail of such familiarization programme is available at the website of the Company at <https://www.sanathan.com/investor-relations>

Confirmation of Independence by Directors

The Board has taken on record the confirmations submitted by the Independent Directors and after assessing the veracity of the same, the Board is of the opinion that the Independent Directors fulfil the conditions specified in the SEBI Listing Regulations and are independent of the management.

17. LEADERSHIP AT SANATHAN TEXTILES

Although the Company is driven by the Dattani family but the same is professionally managed by leadership teams who are professionals in their respective domains, and they play a pivotal role in steering the organization's growth to ensure operational excellence. The promoters as Executive Directors have ensured that transparency and fair accountability is driven throughout the organization, and it is part of the Company's ethos. This collaborative approach ensures a well-balanced framework where professional execution is strengthened by promoter guidance, fostering transparency, accountability, and long-term value creation for all stakeholders.

As on the date of this report, the following are the Senior Management Personnel: -

Sr. No.	Name	Designation
1.	Mr. Varun Dattani	Executive President- Export and Yarns for Technical Textiles
2.	Mr. Mikeshe Dattani	Executive President – Production Planning
3.	Mrs. Beena Dattani	Executive President – Social Welfare
4.	Mr. Mandiramorthy Palanisamy	President – Cotton Division
5.	Mr. Kaushikkumar Mody	Executive President – Operations and Administrations
6.	Mr. Raj Kapadia	President – Domestic Sales
7.	Mr. Nachimuthu Senthilvel	Site President- Silvassa
8.	Mr. Deepak Prasad	Chief Safety and Security Officer
9.	Mr. Gulvinder Singh Aulakh*	Site President – Punjab

During the period under review there was no change in composition of Senior Management Personnel.

18. TOTAL FEES FOR ALL SERVICES PAID BY THE LISTED ENTITY AND ITS SUBSIDIARIES, ON A CONSOLIDATED BASIS, TO THE STATUTORY AUDITOR AND ALL ENTITIES IN THE NETWORK FIRM/NETWORK ENTITY OF WHICH THE STATUTORY AUDITOR IS A PART

Details of fees paid to the Statutory Auditor and to all the entities in the network firm/entity of which the Auditor is a part, for the services rendered by them to the Company and its subsidiaries, are provided in the notes to accounts forming part of this Annual Report.

19. OTHER DISCLOSURE

1. Disclosure on materially significant related party transactions that may have potential conflict with the interests of the Company at large:

There are no materially significant transactions with the related parties that have potential conflict with the interest of the Company. Transactions with related parties as per applicable Indian Accounting Standard have been disclosed in the notes forming part of the Financial Statement.

The Policy on related party transactions, which provides the criteria for determining the materiality of related party transactions and also the manner of dealing with related party transactions, adopted by the Board in accordance with the provisions of Regulation 23(1) of the SEBI Listing Regulations, has been uploaded on the website of the Company at <https://www.sanathan.com/investor-relations>.

2. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter

related to Capital Markets, during the last three years:

There has been no instance of non-compliance by the Company or penalty and/or stricture imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to Capital Market, during the last three years. Further, there is no non-compliance of any requirement of Corporate Governance Report as prescribed under sub-para (2) to (10) of Part C of Schedule V of the SEBI Listing Regulations.

3. Vigil Mechanism – Whistle Blower Policy

The Company has adopted a Whistle Blower Policy/Vigil Mechanism and has established the necessary mechanism for Directors/Employees to report concerns about unethical behavior. The Policy has been uploaded to the website of the Company at <https://www.sanathan.com/investor-relations>.

No personnel have been denied access to communicate the Audit Committee and/or its Chairman in case the personnel wants to communicate any complaints / initiate a Whistleblower.

4. Disclosure of Commodity Price Risk and Commodity Hedging Activities

The Company tries to minimize the raw material (PTA and MEG) stock levels, to reduce the commodity price risk. There are no exchanges available to directly hedge the price risk of PTA/MEG/Polyester Yarn prices.

5. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):

During the year under review, the Company has not raised any funds through preferential allotment or qualified institutions placement.

Further, the Company had initiated an Initial Public Offer for ₹ 550 Crores consisting of 1,71,33,956 Equity Shares at issue price of ₹ 321/- each through Initial Public Offer and got listed on both the Stock Exchanges i.e., BSE Limited and National Stock Exchange of India Limited on December 27, 2025. The issue size consists of 1,24,61,059 Equity Shares as a part of Fresh issue size and 46,72,897 Equity Shares as a part of offer for sale size.

6. Disclosure on acceptance of recommendations made by Board Committees to the Board

During FY 2024-2025, all recommendations made by the Board Committees to the Board of Directors, were accepted by the Board after due deliberations.

7. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company is committed to creating a safe and healthy work environment, where every employee is treated with respect and can work without fear of discrimination, prejudice, gender bias or any form of harassment in the workplace. Sanathan Textiles has in place a Prevention of Sexual Harassment Policy ('POSH') in accordance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. The policy is gender neutral and the essence of the policy is communicated to all employees at regular intervals through assimilation and awareness programs. During FY 2024-25, no complaint under the above-mentioned policy has been received.

8. Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount':

During FY 2024-25, the Company has given 'Loans and Advances' in loan to Firms/ Companies in which Directors are interested as per the applicable compliances.

9. Policy for determining material subsidiaries

The Company has formulated a policy for determining material subsidiaries in terms of Regulation 16 of the SEBI Listing Regulations. This Policy is hosted on the Company's website: <https://www.sanathan.com/investor-relations>

The Audit Committee and Board review the Financial Statements, significant transactions and minutes of the subsidiaries.

20. Details of material subsidiaries of the Company, including the date and place of incorporation and the name and date of appointment of the Statutory Auditors of such Subsidiaries:

The Company has a Material Subsidiary, namely Sanathan Polycot Private Limited and the details of the same are as follows :

1. Date of Incorporation: April 20, 2021
2. Place of Incorporation : Silvassa
3. Registered Office: SRV NO. 187/4/1/2, NEAR SURANGI BRIDGE, SURANGI, D. & N. H., DADRA & NAGAR HAVELI, SILVASSA, Dadra & Nagar Haveli, India, 396230
4. Corporate Office: D-15, Trade World Building, Kamala Mills Compound, S B Marg, Lower Parel, Mumbai, Maharashtra, India, 400013
5. List of Directors on the Board of the Material Subsidiary, as on March 31, 2025:
 - a. Mr. Paresh Dattani
 - b. Mr. Ajaykumar Dattani
 - c. Mr. Anilkumar Dattani
 - d. Mrs. Beena Dattani
 - e. Mr. Khurshed Thanawalla (Independent Director)
6. Business Objective: Sanathan Polycot is in the business of manufacturing Yarns.
7. Scope of Relationship: The Material Subsidiary is a Wholly Owned Subsidiary of the Company.
8. Manufacturing Capacity: The Green Field Expansion Project is coming up in Punjab, which will double the consolidated Manufacturing Capacity.
9. Statutory Auditor: Narendra Kochar & Co (Appointed on August 05, 2022)

21. Managing Director & Chief Financial Officer Certificate

In accordance with the provisions of Regulation 17(8) of the SEBI Listing Regulations, certificate of Managing Director and Chief Financial Officer in relation to the Financial Statements for the year

ended March 31, 2025, is annexed as Annexure-1 to this Report.

22. Code of Conduct

The Company has framed a Code of Conduct for the Board members and Senior Management which is hosted on the Company's website: www.sanathan.com. All Directors and Senior Management Personnel have affirmed compliance with the above Code for the financial year ended March 31, 2025. A declaration signed by Managing Director affirming compliance with the Code is annexed as Annexure - 2 to this Report.

23. Practicing Company Secretary's certificate on Non-Disqualification of Directors

A certificate has been issued by M/s. DVD & Associates, Practicing Company Secretaries, confirming that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as Director by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such Statutory Authority. The certificate is annexed as Annexure - 3 to this Report.

24. Certificate of compliance by Secretarial Auditor

In terms of Schedule V of the SEBI Listing Regulations, the certificate of compliance of conditions of

28. Credit Rating

During the year under review, ICRA Limited provided the following ratings -

Instrument	Rating
Long term - Fund based - Term Loans	[ICRA]A (Positive); reaffirmed. outlook revised to Positive from Stable
Long term - Fund based Limits	[ICRA]A (Positive); reaffirmed. outlook revised to Positive from Stable
Short term - Non-Fund based Limits	[ICRA]A2+; reaffirmed

The rationale of the Credit Ratings has been disclosed in the Directors Report, which forms part of this Annual Report.

Corporate Governance issued by Secretarial Auditor is annexed as Annexure - 4 to this Report.

25. Discretionary requirements as prescribed in Part E of Schedule II of the Listing Regulations

The Company has complied with the following discretionary requirements:

- The auditor's report on Standalone and Consolidated Financial Statements of the Company for the financial year ended on March 31, 2025, are unqualified.
- Reporting of Internal Auditor is done to the audit Committee directly.

26. Disclosure of shares held in suspense account

As per regulation 34(3) read with Schedule V of the Listing Regulations, no shares of the Company are lying in the suspense account.

27. Other Disclosures:

The Company has complied with the requirements under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations.

By Order of the Board of Directors

Sd/-

Paresh Dattani

Chairman and Managing Director

DIN: 00163591

Date: May 26, 2025

Place: Mumbai

Annexure 1

MD/CFO Certificate

Chairman and Managing Director and /Chief Financial Officer Certificate

Issued under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- A. We have reviewed the Audited Standalone and Consolidated Financial Statements and notes thereof for the financial year ended on March 31, 2025, and that to the best of our knowledge and belief:
- i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls of which we are aware of and the steps have been taken or propose to be taken to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit Committee that:
- i. there were no changes in the internal control over financial reporting during the year;
 - ii. there were no changes in the accounting policies during the year; and
 - iii. there were no instances of fraud of which we have become aware.

For Sanathan Textiles Limited

Sd/-

Paresh Dattani

Chairman and Managing Director

DIN: 00163591

Date: May 26, 2025

Place: Mumbai

Sd/-

Sanjay Shah

Chief Financial Officer

Annexure 2

Declaration pursuant to Schedule V of the Securities and Exchange Board of India

(Listing Obligations and Disclosure Requirements) Regulations, 2015

I hereby confirm that all Directors and Senior Management Personnel of the Company have affirmed adherence to the “Code of Conduct for Board members and Senior Management” during the financial year ended on March 31, 2025.

For Sanathan Textiles Limited

Sd/-

Paresh Dattani

Chairman and Managing Director

DIN: 00163591

Date: May 26, 2025

Place: Mumbai

Annexure 3

Certificate of Non-Disqualification of Directors

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

To,
Members of,
SANATHAN TEXTILES LIMITED
Srv No. 187/4/1/2, Near Surangi Bridge,
Surangi, Silvassa,
Dadra & Nagar Haveli -396230.

We have examined the relevant books, papers, minutes books, forms and returns filed, disclosures received from the Directors during the last Financial Year ended on 31st March 2025, and other records maintained by Sanathan Textiles Limited ("the Company") and also the information provided by the Company, its officers, agents and authorized representatives of (Sanathan Textiles Limited, CIN: L17299DN2005PLC005690) having its Registered office at Srv No. 187/4/1/2, Near Surangi Bridge, Surangi, Silvassa, Dadra & Nagar Haveli - 396230 for the purpose of issue of this Certificate, in accordance with Regulation 34 (3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) 2015 (LODR), as amended vide notification no SEBI/LAD/NRO/GN/2018/10 dated May 9, 2018 issued by SEBI.

In our opinion and to the best of our knowledge and based on such examination as well as information and explanations furnished to us, which to the best of our knowledge and belief were necessary for the purpose of issue of this certificate and based on such verification as considered necessary, we hereby certify that none of the Directors as stated below who are on the Board of the Company as on March 31, 2025 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by Securities and Exchange Board of India / Ministry of Corporate Affairs or any such other statutory authority.

Sr. No.	DIN	Name of the Director	Designation	Date of Appointment
1	00163591	Mr. Paresh Dattani	Chairman and Managing Director	October 10, 2005
2	00163739	Mr. Ajaykumar Dattani	Joint Managing Director	October 10, 2005
3	00164175	Mr. Anilkumar Dattani	Executive Director	October 10, 2005
4	00163701	Mr. Dineshkumar Dattani	Executive Director	June 13, 2024
5	00030483	Mr. Vinay Aggarwal	Independent Director	November 22, 2021
6	00201749	Mr. Khurshed Thanawalla	Independent Director	November 22, 2021
7	02502618	Mr. Debabrata Sarkar	Independent Director	November 22, 2021
8	07096253	Mrs. Rupal Vora	Woman Independent Director	March 31, 2023

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

**FOR DVD & ASSOCIATES
COMPANY SECRETARIES**

Sd/-

DEVENDRA V. DESHPANDE

Proprietor
FCS 6099 CP 6515
PR No. 1164/2021

UDIN: F006099G000434824

Date: May 26, 2025

Place: Pune

Annexure 4

CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
The Members of
SANATHAN TEXTILES LIMITED
Srv No. 187/4/1/2, Near Surangi Bridge,
Surangi, Silvassa,
Dadra & Nagar Haveli-396230

1. We have examined the compliance of conditions of Corporate Governance by Sanathan Textiles Limited (“the Company”) for the year ended on March 31, 2025, as stipulated under Regulation 15(2) read with Schedule V Parts C, D and E of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company was an unlisted Public Company at the beginning of the year and its Equity Shares were listed on the Stock Exchanges i. e. BSE Limited and National Stock Exchange of India Limited on December 27, 2024, hence the provisions of Regulations and Guidelines mentioned above and prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) are duly complied by the Company for the period of its listing.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period as mentioned above.
4. We are explained that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**FOR DVD & ASSOCIATES
COMPANY SECRETARIES**

Sd/-
DEVENDRA V. DESHPANDE
Proprietor
FCS 6099 CP 6515
PR No. 1164/2021

UDIN: F006099G000434835
Date: May 26, 2025
Place: Pune

Independent Auditor's Report

To
The Members of
Sanathan Textiles Limited

Report on the Audit of the Standalone Financial Statements

Opinion

- We have audited the accompanying standalone financial statements of **Sanathan Textiles Limited** (the 'Company'), which comprise the Standalone Balance Sheet as at March 31, 2025, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flow and the Standalone Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including material accounting policy information and other explanatory information.
- In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matter

- 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 matter described below to be the key audit matter to be communicated in our report.

Key audit matter

Valuation of inventories

Refer note 2.4 (xiii) to the accompanying standalone financial statements for the material accounting policy information on inventories and note 10 to the accompanying standalone financial statements for details of carrying value of inventories as at March 31, 2025.

At the balance sheet date March 31, 2025, the Company held inventories comprising of raw materials, finished goods, work-in-progress, intermediate products and stores and packing materials aggregating to ₹ 35,790 lakhs which represents 14.58 % of the total assets of the Company.

Determination of cost of inventories for finished goods, intermediate products and work-in-progress involves determination of cost of direct raw materials, labour, allocation of variable overheads based on the actual use of production facilities and apportionable of fixed overhead expenditure based on the normal operating capacity.

How our audit addressed the key audit matter

Our audit procedures related to valuation of inventories included, but were not limited, to the following:

- Assessed the appropriateness of the Company's accounting policy and valuation method of inventories in accordance with Ind AS 2.
- Evaluated the design and tested the operating effectiveness of key controls, including automated controls with the help of auditor's experts around purchase of inventories, valuation of inventories, computation of overheads.
- Discussed with management the rationale supporting assumptions and estimates used in carrying out the inventory valuation and corroborated the same to our understanding of the business.

Key audit matter	How our audit addressed the key audit matter
<p>The valuation process which includes overhead allocation as above involves management judgements and estimation around inputs used for overhead allocation based on various criteria, cost drivers, product mix, and allocation of expenses through various stages of production.</p> <p>Considering the above-mentioned complexities, materiality of amounts and management judgements involved, valuation of inventories has been considered to be a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"> ● Understood and assessed the management process of determining overhead absorption rates applied by verifying the appropriateness of underlying variables used such as cost data, normal production capacity, actual production data, bill of materials and stage of production. ● Verified the expenses considered as cost of conversion including estimates for apportionment of such conversion cost to finished goods, intermediate products and work-in-progress, and ensured arithmetical accuracy of such workings. ● Performed substantive testing for samples of raw materials purchase transactions recorded during the year, and purchase transactions recorded before and after year end, to ensure such purchases are booked accurately and in the correct period, by verifying the underlying documents for such selected samples, which included contracts, purchase orders, invoices, shipping documents such as lorry receipts, etc. ● Performed analytical procedures on current year cost of goods sold based on gross profit margin analysis, and where appropriate, conducted further enquiries and testing. ● Evaluated the appropriateness and adequacy of the disclosures made in the accompanying standalone financial statements in accordance with the applicable accounting standards.

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

6. The Company’s Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor’s report thereon. The Annual Report is expected to be made available to us after the date of this auditor’s report.

Our opinion on the standalone financial statements does not cover the other information and we will 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 the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, 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

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

to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

10. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
 - Obtain an understanding of internal 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 financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
 - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. 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 controls that we identify during our audit.
13. 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.
14. 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

15. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in

accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

16. As required by the Companies (Auditor's Report) Order, 2020 (the 'Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the accompanying standalone financial statements;
 - b) Except for the matters stated in paragraph 17(h) (vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of section 164(2) of the Act;
 - f) The modification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 17(b) above on reporting under section 143(3)(b) of the Act and paragraph 17(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);
 - g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on March 31, 2025 and the operating effectiveness of such controls, refer to our separate report in Annexure B wherein we have expressed an unmodified opinion; and
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company, as detailed in note 38(i) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at March 31, 2025;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2025;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2025.;
 - iv.
 - a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 47A to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any person(s) or entity(ies), including foreign entities (the 'intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (the 'Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 47B to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (the 'Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year ended March 31, 2025; and
- vi. As stated in note 46 to the standalone financial statements and based on our examination which included test checks, except for matter mentioned below, the

Company, in respect of financial year commencing on 1 April 2024, has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been 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 instance of audit trail feature being tampered with other than the consequential impact of the exceptions given below. Furthermore, except for the matter mentioned below, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

Nature of exception noted	Details of Exception
Instances of accounting software maintained by a third party where we are unable to comment on the audit trail feature at database level	The accounting software used for maintenance of all accounting records by the Company is operated by a third-party software service provider. In the absence of any information on existence of audit trail (edit logs) for any direct changes made at the database level in the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 Report' issued in accordance with SAE 3402, Assurance Reports on Controls at a Service Organization), we are unable to comment on whether audit trail feature with respect to the database of the said software was enabled and operated throughout the year.
Instances of non-preservation of the audit trail	The audit trail from 1 July 2023 to March 31, 2024 has not been preserved by the Company as per the statutory requirements for record retention.

Place: Mumbai
Date: May 26, 2025

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

Rajni Mundra
Partner
Membership No.: 058644
UDIN: 25058644BMODLB9642

Annexure A referred to in paragraph 16 of the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited on the standalone financial statements for the year ended March 31, 2025

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

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and capital work-in-progress.
 - (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment and capital work-in-progress under which the assets are physically verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment and capital work-in-progress were verified during the year and no material discrepancies were noticed on such verification.
 - (c) The title deeds of all the immovable properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in note 3A to the standalone financial statements, are held in the name of the Company.
 - (d) The Company has adopted cost model for its property, plant and equipment and intangible assets. Accordingly, reporting under clause 3(i) (d) of the Order is not applicable to the Company.
 - (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year, except for goods-in-transit. In our opinion, the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed as compared to book records. In respect of goods-in-transit, these have been confirmed from corresponding receipts.

- (b) As disclosed in note 16 to the standalone financial statements, the Company has been sanctioned a working capital limit in excess of ₹ 5 Crore by banks based on the security of current assets. The quarterly statements, in respect of the working capital limits have been filed by the Company with such banks and such statements are in agreement with the books of account of the Company for the respective periods which were subject to audit / review, except for the following:

(₹ in lakhs)						
Name of the Bank	Working capital limit sanctioned	Nature of current assets offered as security	Quarter ended	Information disclosed as per statement	Information as per books of account	Difference
Union Bank of India	2,400	Trade receivables, inventories and other current assets	30 June 2024	67,247	88,220*	(20,973)
Bank of Baroda	12,600					
IndusInd Bank	1,000					
Standard Chartered Bank	6,040					
Union Bank of India	2,400	Trade receivables, inventories and other current assets	30 September 2024	62,579	81,325#	(18,746)
Bank of Baroda	12,600					
IndusInd Bank	1,000					
Standard Chartered Bank	6,040					

(₹ in lakhs)						
Name of the Bank	Working capital limit sanctioned	Nature of current assets offered as security	Quarter ended	Information disclosed as per statement	Information as per books of account	Difference
Union Bank of India	2,400	Trade receivables, inventories and other current assets	December 31, 2024	63,006	109,385 [#]	(46,379)
Bank of Baroda	12,600					
IndusInd Bank	1,000					
Standard Chartered Bank	6,040					
Union Bank of India	2,400	Trade receivables, inventories and other current assets	March 31, 2025	61,101	67,627 [*]	(6,526)
Bank of Baroda	12,600					
IndusInd Bank	1,000					
Standard Chartered Bank	6,040					

*per books of account which were subject to audit

[#]per books of account which were subject to review

(iii) The Company has not provided any security or granted any advances in the nature of loans to companies, firms, limited liability partnerships during the year. Further, the Company has made investments in, provided guarantee and granted unsecured loans to companies during the year, in respect of which:

(a) The Company has provided loans and guarantee to subsidiaries during the year as per details given below:
(₹ in lakhs)

Particulars	Guarantees	Loans
Aggregate amount provided/granted during the year:		
- Subsidiaries	96,406	1,485
Balance outstanding as at balance sheet date:		
- Subsidiaries	99,069	3

- (b) In our opinion, and according to the information and explanations given to us, the investments made and terms and conditions of the grant of all loans and guarantees provided are, prima facie, not prejudicial to the interest of the Company.
- (c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular.
- (d) There is no overdue amount in respect of loans granted to such companies.
- (e) The Company has granted loans which had fallen due during the year and were repaid on or before the due date. Further, no fresh loans were granted to any party to settle the overdue loans.
- (f) The Company has not granted any loans or advances in the nature of loans, which is repayable on demand or without specifying any terms or period of repayment.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and section 186 of the Act in respect of loans and investments made and guarantees provided by it, as applicable. Further, the Company has not entered into any transaction covered under section 185 and section 186 of the Act in respect of security provided by it.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has specified maintenance of cost records under sub-section (1) of section 148 of the Act in respect of the products of the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) (a) In our opinion and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, we report that there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross amount	Amount paid under protest	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
The Income-tax Act, 1961	Income-tax	37	5	Financial year ('FY') 2012-13	Commissioner of Income-tax (Appeals)	-
The Income-tax Act, 1961	Income-tax	72	11	FY 2013-14	Commissioner of Income-tax (Appeals)	-
The Income-tax Act, 1961	Income-tax	76	-	FY 2014-15	Commissioner of Income-tax (Appeals)	-
The Income-tax Act, 1961	Income-tax	53	-	FY 2018-19	Assessing Officer	-
The Central Excise Act, 1944	Central value added tax ('CENVAT')	14	-	FY 2005-06 to FY 2010-11	Additional Commissioner, Central Excise, Custom & Service Tax, Vapi, Gujarat	-
The Central Excise Act, 1944	CENVAT	8	-	FY 2005-06 to FY 2011-12	Assistant Commissioner, Central Excise, Custom & Service Tax, Division III, Silvassa, Dadra and Nagar Haveli	-
The Central Excise Act, 1944	CENVAT	456	-	FY 2008-09 to FY 2010-11	Hon'ble High Court, Mumbai	-
The Central Excise Act, 1944	CENVAT	30	-	FY 2011-12 to FY 2013-14	Deputy Commissioner, Central Excise, Custom & Service Tax, Division III, Silvassa, Dadra and Nagar Haveli	-
The Central Excise Act, 1944	CENVAT	-*	-	FY 2015-16	Superintendent, Central Excise, Custom & Service Tax, Silvassa, Dadra and Nagar Haveli	-
Dadar and Nagar Haveli value added tax regulation 2005 and Central Sales Tax, Act 1956	Sales tax	22	-	FY 2016-17	Deputy commissioner (VAT), Dadra and Nagar Haveli, Silvassa	-
The Central Goods and Services Tax Act, 2017	Integrated Goods and Service Tax	1,019	1,019	FY 2017-18 to FY 2020-21	Commissioner, Central Goods and Services Tax and Central Excise, Daman Commissionerate	-
The Central Goods and Services Tax Act, 2017	Integrated Goods and Service Tax	47	5	FY 2017-18	Assistant Commissioner, Central Goods and Services Tax and Central Excise, Daman Commissionerate	-

*Rounded off to Nil

- (viii) According to the information and explanations given to us, we report that no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.
- (ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including confirmations received from banks and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.
- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short-term basis have, prima facie, not been utilised for long term purposes.
- (e) In our opinion and according to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) In our opinion and according to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries.
- (x) (a) In our opinion and according to the information and explanations given to us, money raised by way of initial public offer were applied for the purposes for which these were obtained.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no fraud on the Company has been noticed or reported during the period covered by our audit.
- (b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, 'Related Party Disclosures' specified in Companies (Indian Accounting Standards) Rules, 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system which is commensurate with the size and nature of its business as required under the provisions of section 138 of the Act.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.

- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi) (a), (b) and (c) of the Order are not applicable to the Company.
- (d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.
- (xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information in the standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) (a) In our opinion and according to the information and explanations given to us, there are no unspent amounts towards Corporate Social Responsibility pertaining to other than ongoing projects as at end of the current financial year. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company.
- (b) In our opinion and according to the information and explanations given to us, the Company has transferred the remaining unspent amounts towards Corporate Social Responsibility under sub-section (5) of section 135 of the Act, in respect of ongoing project, within a period of 30 days from the end of financial year to a special account in compliance with the provision of sub-section (6) of section 135 of the Act.
- (xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Rajni Mundra

Partner

Membership No.: 058644

UDIN: 25058644BMODLB9642

Place: Mumbai

Date: May 26, 2025

Annexure B

to the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited on the standalone financial statements as at and for the year ended March 31, 2025

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Sanathan Textiles Limited ('the Company') as at and for the year ended March 31, 2025, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

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

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI. Those Standards and the Guidance Note require that we comply with

ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Place: Mumbai
Date: May 26, 2025

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at March 31, 2025, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

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

Rajni Mundra
Partner
Membership No.: 058644
UDIN: 25058644BMODLB9642

Standalone Balance Sheet

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2025	As at March 31, 2024
Assets			
Non-current assets			
a) Property, plant and equipment	3A	82,829	82,418
b) Capital work-in-progress	3B	1,120	1,203
c) Intangible assets	4	149	247
d) Financial assets			
i) Investment in subsidiaries	5	90,997	32,301
ii) Loans	6	3	38
iii) Other financial assets	7	278	372
e) Income-tax assets (net)	8	502	-
f) Other non-current assets	9	1,978	2,156
Total non-current assets		1,77,856	1,18,735
Current assets			
a) Inventories	10	35,790	38,929
b) Financial assets			
i) Investments	5	-	10,694
ii) Trade receivables	11	14,811	12,539
iii) Cash and cash equivalents	12	1,010	2,135
iv) Bank balances other than cash and cash equivalents	13	4,874	7,147
v) Other financial assets	7	142	447
c) Other current assets	9	10,888	11,954
Total current assets		67,515	83,845
Total assets		2,45,371	2,02,580
Equity and liabilities			
Equity			
a) Equity share capital	14	8,440	7,194
b) Other equity	15	1,74,873	1,21,409
Total equity		1,83,313	1,28,603
Liabilities			
Non-current liabilities			
a) Financial liabilities			
i) Borrowings	16	3,179	17,981
b) Provisions	17	872	754
c) Deferred tax liabilities (net)	18	8,018	7,615
d) Other non-current liabilities	19	941	194
Total non-current liabilities		13,010	26,544
Current liabilities			
a) Financial liabilities			
i) Borrowings	16	9,744	3,900
ii) Trade payables	20		
total outstanding dues of micro enterprises and small enterprises; and		732	807
total outstanding dues of creditors other than micro enterprises and small enterprises		35,621	40,222
iii) Other financial liabilities	21	919	708
b) Other current liabilities	19	1,740	1,442
c) Provisions	17	292	272
d) Current tax liabilities (net)		-	82
Total current liabilities		49,048	47,433
Total liabilities		62,058	73,977
Total equity and liabilities		2,45,371	2,02,580

The accompanying notes to the standalone financial statements including material accounting policy information and other explanatory information are an integral part of these standalone financial statements.

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

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

Rajni Mundra
Partner
Membership No. 058644

Place: Mumbai
Date: May 26, 2025

For and on behalf of the Board of Directors

Paresh Dattani
Chairman and Managing Director
DIN : 00163591

Sanjay Shah
Chief Financial Officer

Place: Mumbai
Date: May 26, 2025

Ajaykumar Dattani
Joint Managing Director
DIN : 00163739

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

Standalone Statement of Profit and Loss

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2025	For the year ended March 31, 2024
Income			
a) Revenue from operations	22	2,99,680	2,95,723
b) Other income	23	2,969	2,888
Total income		3,02,649	2,98,611
Expenses			
a) Cost of materials consumed		2,10,949	2,13,147
b) Purchases of stock-in-trade		649	63
c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	516	(6)
d) Employee benefits expense	25	9,950	9,058
e) Finance costs	26	1,826	2,311
f) Depreciation and amortisation expense	27	4,543	4,411
g) Other expenses	28	51,107	50,734
Total expenses		2,79,540	2,79,718
Profit before tax		23,109	18,893
Tax expense			
a) Current tax	29		
- for the year		5,251	4,214
- pertaining to earlier year(s)		-	(80)
b) Deferred tax charge		411	627
Total tax expense		5,662	4,761
Profit for the year		17,447	14,132
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans		(30)	41
Income-tax effect on above		8	(10)
Other comprehensive income for the year		(22)	31
Total comprehensive income for the year		17,425	14,163
Earnings per share (face value of ₹ 10 each)			
	30		
Basic earnings per share (in Rupees)		23.17	19.66
Diluted earnings per share (in Rupees)		23.17	19.66

The accompanying notes to the standalone financial statements including material accounting policy information and other explanatory information are an integral part of these standalone financial statements.

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

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

Rajni Mundra
Partner
Membership No. 058644

Place: Mumbai
Date: May 26, 2025

For and on behalf of the Board of Directors

Paresh Dattani
Chairman and Managing Director
DIN : 00163591

Sanjay Shah
Chief Financial Officer

Place: Mumbai
Date: May 26, 2025

Ajaykumar Dattani
Joint Managing Director
DIN : 00163739

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

Standalone Statement of Changes in Equity

(All amounts in Rupees Lakhs, unless otherwise stated)

A. Equity share capital

Particulars	Note	Number of shares (in nos.)	Amount
Issued, subscribed and fully paid-up share capital	14		
Equity shares of ₹ 10 each			
As at 1 April 2023		7,19,43,000	7,194
Issued during the year		-	-
As at March 31, 2024		7,19,43,000	7,194
Issued during the year (refer note 48)		1,24,61,059	1,246
As at March 31, 2025		8,44,04,059	8,440

B. Other equity (refer note 15)

Particulars	Reserves and surplus					Total
	General reserve	Securities premium	Employee stock options outstanding reserve	Retained earnings		
				Other retained earnings	Re-measurement of defined benefit plan	
As at 1 April 2023	23,239	-	129	83,938	(136)	1,07,170
a) Profit for the year	-	-	-	14,132	-	14,132
b) Other comprehensive income						
Re-measurement of defined benefit plan	-	-	-	-	31	31
Total comprehensive income (a+b)	-	-	-	14,132	31	14,163
c) Transactions with owners in their capacity as owners:						
Share based payment to employees	-	-	76	-	-	76
As at March 31, 2024	23,239	-	205	98,070	(105)	1,21,409
d) Profit for the year	-	-	-	17,447	-	17,447
e) Other comprehensive income						
Re-measurement of defined benefit plan	-	-	-	-	(22)	(22)
Total comprehensive income (d+e)	-	-	-	17,447	(22)	17,425
f) Transactions with owners in their capacity as owners:						
On issue of equity shares (refer note 48)	-	36,010	-	-	-	36,010
Share based payment to employees	-	-	29	-	-	29
As at March 31, 2025	23,239	36,010	234	1,15,517	(127)	1,74,873

The accompanying notes to the standalone financial statements including material accounting policy information and other explanatory information are an integral part of these standalone financial statements.

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

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

Rajni Mundra
Partner
Membership No. 058644

Place: Mumbai
Date: May 26, 2025

For and on behalf of the Board of Directors

Paresh Dattani
Chairman and Managing Director
DIN : 00163591

Sanjay Shah
Chief Financial Officer

Place: Mumbai
Date: May 26, 2025

Ajaykumar Dattani
Joint Managing Director
DIN : 00163739

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

Standalone Statement of Cash Flows

(All amounts in Rupees lakhs, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2025	For the year ended March 31, 2024
(A) Cash flow from operating activities			
Profit before tax		23,109	18,893
Adjustments for non-cash transactions and items considered separately			
Depreciation and amortisation expense	27	4,543	4,411
Re-measurement of defined benefit plans		(30)	41
Share-based payments to employees	25	29	76
Gain on disposal of property, plant and equipment (net)	23	(11)	(180)
Interest income on bank deposits	23	(482)	(328)
Interest income on loan to subsidiary company	23	(1)	(22)
Guarantee commission income	23	(68)	(5)
Interest expense on financial guarantee liability	26	32	3
Fair value gain on investments measured at fair value through profit or loss	23	-	(65)
Finance costs	26	1,794	2,308
Unrealised portion of loss on foreign currency translations (net)		(171)	(167)
Liabilities / provisions no longer required, written back (net)	23	(51)	(21)
Adjustment for government grants	39	(160)	(65)
Interest income on preference shares	23	(1,154)	(649)
Write down of inventories to net realisable value	10	317	180
Profit on sale of units of mutual funds (net)	23	(518)	(169)
Reversal of allowance for expected credit loss (net)	23	(75)	(56)
Cash flow before changes in working capital		27,103	24,185
Changes in working capital			
Trade payables		(4,513)	3,642
Provisions and other liabilities		1,104	(313)
Inventories		2,822	1,019
Trade receivables		(2,114)	1,781
Other financial and non-financial assets		1,319	(1,803)
Cash generated from operations before taxes		25,721	28,511
Income-taxes paid (net of refunds)		(5,835)	(3,620)
Net cash generated from operating activities		19,886	24,891
(B) Cash flow from investing activities			
Purchases of property, plant and equipment, capital work -in-progress and intangible asset under development (including capital advances)		(4,580)	(2,776)
Proceeds from disposal of property, plant and equipment		24	283
Deposits matured (net)		2,391	1,773
Investment in preference shares of subsidiary company		(57,050)	(10,595)
Loan repaid by subsidiary company		35	1,728
Interest received on loan to subsidiary companies		1	22
Sale proceeds of / (investment in) mutual funds		11,212	(5,718)
Interest received on bank deposits		482	328
Net cash used in investing activities		(47,485)	(14,955)

Standalone Statement of Cash Flows

(All amounts in Rupees lakhs, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2025	For the year ended March 31, 2024
(C) Cash flow from financing activities			
Proceeds from issue of equity shares (net of share issue expenses)	14&15	37,256	0
Cash credit facilities and short term borrowings availed / (repaid) (net)		9,591	(150)
Repayment of long-term borrowings	16	(18,573)	(6,025)
Payment of interest		(1,800)	(2,305)
Net cash generated from / (used) in financing activities		26,474	(8,480)
Net (decrease)/increase in cash and cash equivalents		(1,125)	1,456
Cash and cash equivalents at the beginning of the year		2,135	679
Cash and cash equivalents at the end of the year		1,010	2,135
Notes to standalone statement of cash flows:			
Cash and cash equivalents at the end of the year comprise of :			
Balances with banks in current accounts	12	1,008	2,133
Cash on hand	12	2	2
		1,010	2,135

The standalone statement of Cashflow has been prepared under indirect method as set out in Ind as 7 'Statement of Cashflow' specified under section 133 of the Companies Act, 2013.

The accompanying notes to the standalone financial statements including material accounting policy information and other explanatory information are an integral part of these standalone financial statements.

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

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

Rajni Mundra
Partner
Membership No. 058644

Place: Mumbai
Date: May 26, 2025

For and on behalf of the Board of Directors

Paresh Dattani
Chairman and Managing Director
DIN : 00163591

Sanjay Shah
Chief Financial Officer

Place: Mumbai
Date: May 26, 2025

Ajaykumar Dattani
Joint Managing Director
DIN : 00163739

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

Summary statement of material accounting policy information and other explanatory information to the standalone financial statements

as at and for the year ended 31 March 2025

1. Corporate information

Sanathan Textiles Limited (the 'Company') is a company domiciled in India under the provisions of the erstwhile Companies Act, 1956. The equity shares of the Company are listed on the National Stock Exchange of India limited and BSE Limited. The Company's registered office is located at SRV No. 187/4/1/2, Near Surangi Bridge, Surangi, Dadra and Nagar Haveli (District), Dadra and Nagar Haveli, India - 396230.

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

2. Basis of preparation and presentation

2.1 General information and statement of compliance:

The standalone financial statements comprise of the standalone balance sheet as at March 31, 2025, standalone statement of profit and loss (including other comprehensive income), standalone statement

of cash flows and standalone statement of changes in equity for the year then ended and notes to the standalone financial statements including material accounting policy information and other explanatory information (hereinafter collectively referred to as 'standalone financial statements').

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

The standalone financial statements have been prepared on a going concern basis using the accrual basis of accounting and the accounting policies have been consistently applied, unless otherwise stated.

All amounts included in the standalone financial statements are reported in Indian Rupees ('INR' / '₹') in lakhs unless otherwise stated and "0" denotes amounts less than fifty thousand rupees.

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

Name of the subsidiary company	Principal place of business	% ownership held by the Company as at March 31, 2025	% ownership held by the Company as at March 31, 2024
Sanathan Polycot Private Limited	India	100%	100%
Universal Texturisers Private Limited	India	100%	100%

2.2 Basis of measurement:

The standalone financial statements have been prepared on historical cost basis except for the following material items that have been measured at fair value:

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

2.3 Use of estimates and judgements:

The preparation of standalone financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results.

Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the standalone financial statements.

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

Summary statement of material accounting policy information and other explanatory information to the standalone financial statements

as at and for the year ended 31 March 2025

- b) Evaluation of indicators for impairment of assets** - The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.
- c) Contingent liabilities** - At each balance sheet date, basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.
- d) Impairment of trade receivables** - The impairment provisions for trade receivable are based on expected credit loss method. The judgement is used in making the assumptions in calculating the default rate required for identifying the provision as per the expected credit loss method at the end of each reporting period.
- e) Impairment of financial assets** - At each balance sheet date, based on historical default rates observed over expected life, existing market conditions as well as forward looking estimates, the Company assesses the expected credit losses on outstanding receivables. Further, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with industry and country in which the customer operates.
- f) Defined benefit obligation ('DBO')** - The Company's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the defined benefit expenses of the reporting period.
- g) Useful lives of property, plant and equipment and intangible assets** - The Company reviews its estimate of the useful lives of property, plant and equipment and intangible assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utilisation of assets.
- h) Government grants** - Grants receivable are based on estimates for utilisation of the grant as per the regulations as well as analysing actual outcomes on a regular basis and compliance with stipulated conditions. Changes in estimates or non-compliance of stipulated conditions could lead to significant changes in grant income and are accounted for prospectively over the balance obligation period.
- i) Fair value measurements** - The Company applies valuation techniques to determine fair value of equity shares (where active market quotes are not available). This involves developing estimates and assumptions around volatility, dividend yield which may affect the value of equity shares.
- j) Impairment of assets** - In assessing impairment, the Company estimates the recoverable amounts of each asset (in case of non-financial assets) based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future cash flows and the determination of a suitable discount rate.
- k) Provision for write down of inventories** - The Company writes down inventories to net realisable value based on an estimate of the realisability of inventories. Write downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of estimates of net selling prices of the down-graded inventories. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.
- l) Provisions** - Provisions are recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding defined benefit plan) are not discounted to their present value and are determined based on best estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- Estimates and judgements are continuously evaluated. They are based on historical experience and other factors including expectation of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Summary statement of material accounting policy information and other explanatory information to the standalone financial statements

as at and for the year ended 31 March 2025

- m) Share-based payments** - The grant date fair value of the option granted to employees is recognised as employee expense, with corresponding increase in equity, over the period that the employee become unconditionally entitled to the option. The increase in equity recognised in connection with share-based payment transaction is presented as a separate component in equity under 'Employee stock options outstanding reserve'. The amount recognised as expense is adjusted to reflect the impact of the revision estimated based on number of options that are expected to vest, in the standalone statement of profit and loss with a corresponding adjustment to equity.

2.4 Summary of material accounting policies:

(i) Functional and presentation currency

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

(ii) Foreign currency transactions and translations

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

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

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

(iii) Financial instruments

a. Initial recognition and measurement

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

Financial assets are recognised at fair value on initial recognition, except for trade

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

Financial liabilities are classified as measured at amortised cost or FVTPL. The fair value of a financial liability at initial recognition is normally the transaction price. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

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

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

b. Subsequent measurement

Non-derivative financial instruments

(a) Financial assets carried at amortised cost

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

(b) Financial assets at fair value through other comprehensive income ('FVOCI')

A financial asset is subsequently measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets

Summary statement of material accounting policy information and other explanatory information to the standalone financial statements

as at and for the year ended 31 March 2025

and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Financial assets at FVTPL

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(d) Financial liabilities

The measurement of financial liabilities depends on their classification.

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

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

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

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

(e) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts liabilities, if any, issued by the Company to its subsidiary companies, are measured initially at their fair values and recognised as income in the Statement of Profit and Loss over the period of guarantee.

Where guarantees in relation to loans or other payables of group companies are provided for no compensation, the fair value are accounted for as contributions and recognised as part of cost of investment.

(f) Derivative financial instruments

Derivative financial instruments such as forward contracts, to hedge foreign currency risks are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the standalone statement of profit and loss in the period when they arise.

c. De-recognition of financial instruments

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

Summary statement of material accounting policy information and other explanatory information to the standalone financial statements

as at and for the year ended 31 March 2025

d. Offsetting financial instruments

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

(iv) Current versus non-current classification

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

All other assets are classified as non-current.

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

All other liabilities are classified as non-current.

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

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as not exceeding twelve months for the purpose of current and non-current classification of assets and liabilities.

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

Recognition and initial measurement

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

Subsequent costs and disposal

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repair and maintenance costs are recognised in the standalone statement of profit and loss as incurred.

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

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

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

Summary statement of material accounting policy information and other explanatory information to the standalone financial statements

as at and for the year ended 31 March 2025

Subsequent measurement (depreciation and useful lives)

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

The estimated useful lives of different classes of PPE are as follows:

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

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

(vi) Intangible assets under development

Intangible assets under development ('IAUD') includes intangible assets which are not ready for intended use as on balance sheet date.

(vii) Intangible assets

Recognition and initial measurement

Intangible assets are recognised when it is possible that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Subsequent measurement (amortisation and useful lives)

Intangible assets are stated at original costs, if any, less accumulated amortisation and cumulative impairment, if any.

Intangible assets are amortised over their useful life, as determined by the management. Amortisation on addition to intangible assets or on disposal of intangible assets is calculated pro-rata from the month of such addition or up to the month of such disposal as the case may be. The estimated useful life of the Company's intangible asset is as follows:

Class of intangible asset	Useful life
Computer software	3 years

(viii) Leases

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

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

Classification of leases

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

Recognition and initial measurement of ROU assets

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

Subsequent measurement of ROU assets

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

Lease liabilities

At lease commencement date, the Company measures the lease liability at the present value

Summary statement of material accounting policy information and other explanatory information to the standalone financial statements

as at and for the year ended 31 March 2025

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

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

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income is recognised on accrual basis.

(ix) Impairment of assets

(a) Non-financial assets

Assessment is done at each balance sheet date as to whether there is any indication that an asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use

of an asset and from its disposal at the end of its useful life. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

(b) Financial assets

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

Trade receivables

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

Other financial assets

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

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

Summary statement of material accounting policy information and other explanatory information to the standalone financial statements

as at and for the year ended 31 March 2025

(x) Employee benefits

(a) Long-term employee benefits

(i) Defined contribution plan

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

(ii) Defined benefit plan

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

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

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

(b) Short-term employee benefits

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

(c) Share-based payments

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

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

Total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Summary statement of material accounting policy information and other explanatory information to the standalone financial statements

as at and for the year ended 31 March 2025

When the Company modifies the terms or conditions of the equity instruments granted in a manner is not otherwise beneficial to the employee, the Company continues to account for the services received as consideration for the equity instruments granted as if that modification had not occurred.

(xi) Provisions, contingent liabilities and contingent assets

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

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

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

Contingent asset is not recognised in the standalone financial statements. However, it is recognised only when an inflow of economic benefits is probable.

(xii) Borrowing costs

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

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

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

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

(xiii) Inventories

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

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

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

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

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

Summary statement of material accounting policy information and other explanatory information to the standalone financial statements

as at and for the year ended 31 March 2025

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

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

(xiv) Income recognition

(a) Revenue recognition

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. Revenue is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products. Revenue is measured net of rebates, discounts and taxes. A receivable is recognised by the Company when control is transferred as this is the point in time where consideration is unconditional because only the passage of time is required for the payment to be received.

No element of financing is deemed to be present since the Company does not provide significant period of credit to its customers.

The Company applies the revenue recognition criteria to each component of the revenue transaction as set out below:

Sale of products

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

satisfied upon delivery based on the terms of the contract, the revenue is recognised upon such delivery.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

Revenue (other than sale of products)

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

(b) Other operating revenue

Other operating revenue includes export incentives. Export incentives constituting duty drawback, incentives under Remission of Duties and Taxes on Exported Products (RODTEP) and Duty-drawback Scheme which are accounted for on accrual basis where there is reasonable assurance that the Company will comply with the conditions attached to them and the export benefits will be received. Export incentives in the nature of government grants under Export Promotion Capital Goods (EPCG), are notified by Government of India and are accounted for in the period of exports and discharging other conditions attached to the grant, and when there is no uncertainty in its recognition.

(c) Interest income

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

(d) Dividend

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

(e) Other income

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

Summary statement of material accounting policy information and other explanatory information to the standalone financial statements

as at and for the year ended 31 March 2025

(xv) Taxes

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

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

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

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

(xvi) Earnings per share

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

For the purpose of calculating diluted earnings per share, the Standalone net profit or loss for the period attributable to equity shareholders

and the weighted average number of shares of the Company outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.

(xvii) Cash and cash equivalents

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

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

(xviii) Initial Public Offer ('IPO') related transaction costs

The expenses pertaining to IPO includes expenses pertaining to fresh issue of equity shares, offer for sale by selling shareholders and listing of equity shares and is accounted for as follows:

- Incremental costs that are directly attributable to issuing new shares were deferred until successful consummation of IPO upon which they have been deducted from equity;
- Incremental costs that are not directly attributable to issuing new shares or offer for sale by selling shareholders, have been recorded as an expense in the standalone statement of profit and loss as and when incurred; and

Costs that relate to fresh issue of equity shares and offer for sale by selling shareholders have been allocated between those functions on a rational and consistent basis as per agreed terms.

(xix) Government grants

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

Government grants related to or used for assets are included in the balance sheet as deferred

Summary statement of material accounting policy information and other explanatory information to the standalone financial statements

as at and for the year ended 31 March 2025

government grant and recognised as income in the standalone statement of profit and loss in the proportion of export obligations that have been discharged.

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

(xx) Investments

Investments in equity instruments of subsidiaries is carried at cost in accordance with Ind AS 27 'Separate Financial Statements'.

All investments in other equity instruments falling under scope of Ind AS 109 'Financial Instruments' are measured at fair value. The debt portion of investment in preference shares in measured at amortised cost.

Mutual funds which are held for trading are classified as at FVTPL with all changes recognised in the standalone statement of profit and loss. The mutual funds are valued using closing net asset value (NAV).

For all other equity investments, the Company makes an irrevocable election to present in OCI, the subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends and impairment loss, are recognised in OCI. There is no recycling of the amounts from the OCI to the Standalone statement of profit and loss, even on sale of the investment. However, the Company may transfer the cumulative gain or loss within categories of equity.

(xxi) Operating segments

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

(xxii) Exceptional items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to assist users in understanding the

financial performance achieved and in making projections of future financial performance, the nature and amount of such material items are disclosed separately as exceptional items.

(xxiii) Events after the reporting date

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

2.5 Recent accounting pronouncements:

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2025, MCA has notified Ind AS 117, 'Insurance Contracts' and amendments to Ind AS 116, 'Leases', relating to sale and leaseback transactions, applicable with effect from 1 April 2024. The Company has reviewed the new pronouncements and based on its evaluation has determined that it does not have any impact in its standalone financial statements.

2.6 New and amended standards issued but not effective

Amendments to Ind AS 21, 'The Effects of Changes in Foreign Exchange Rates'

The amendments to Ind AS 21 specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 01 April 2025. When applying the amendments, an entity cannot restate comparative information.

The Company does not expect any material impact on the standalone financial statements.

Notes to the Standalone Financial Statements

as at and for the year ended 31 March 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 3A : Property, plant and equipment ('PPE')

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Electrical installations and equipment	Office equipment	Factory equipment	Laboratory equipment	Computers	Total
Gross block											
As at 1 April 2023	10,525	28,072	1,10,982	255	1,786	5,822	152	2,231	785	771	1,61,381
Additions	-	91	412	1	796	8	23	553	4	116	2,004
Deletions	65	-	29	-	124	-	-	2	-	-	220
As at March 31, 2024	10,460	28,163	1,11,365	256	2,458	5,830	175	2,782	789	887	1,63,165
Additions	39	89	4,023	1	61	63	12	491	66	24	4,869
Deletions	-	-	18	-	66	-	-	-	-	13	97
As at March 31, 2025	10,499	28,252	1,15,370	257	2,453	5,893	187	3,273	855	898	1,67,937
Accumulated depreciation											
As at 1 April 2023	-	7,947	61,892	192	653	3,790	101	765	549	627	76,516
Charge for the year	-	800	2,657	15	232	371	16	155	48	54	4,348
Reversal on deletions	-	-	22	-	95	-	-	0	-	-	117
As at March 31, 2024	-	8,747	64,527	207	790	4,161	117	920	597	681	80,747
Charge for the year	-	803	2,755	7	277	291	17	191	40	64	4,445
Reversal on deletions	-	-	12	-	60	-	-	-	-	12	84
As at March 31, 2025	-	9,550	67,270	214	1,007	4,452	134	1,111	637	733	85,108
Net block											
As at March 31, 2024	10,460	19,416	46,838	49	1,668	1,669	58	1,862	192	206	82,418
As at March 31, 2025	10,499	18,702	48,100	43	1,446	1,441	53	2,162	218	165	82,829

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

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

(iii) Refer note 38(i) for capital commitments.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 3B : Capital work-in-progress ('CWIP')

Particulars	As at March 31, 2025	As at March 31, 2024
CWIP	1,120	1,203
Total	1,120	1,203

Disclosure for movement in CWIP:

	As at March 31, 2025	As at March 31, 2024
Balance at the beginning of the year	1,203	592
Additions during the year	4,747	2,615
Capitalised during the year	(4,830)	(2,004)
Balance at the end of the year	1,120	1,203

CWIP ageing schedule

As at March 31, 2025

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	1,083	37	-	-	1,120
Projects temporarily suspended	-	-	-	-	-

As at March 31, 2024

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	1,174	29	-	-	1,203
Projects temporarily suspended	-	-	-	-	-

Note: There is no CWIP, completion of which is overdue or has exceeded its cost compared to its original plan in any of the above reported years.

Note 4 : Intangible assets

	Software	Total
Gross block		
As at 1 April 2023	-	-
Additions	310	310
Deletions	-	-
As at March 31, 2024	310	310
Additions	-	-
Deletions	-	-
As at March 31, 2025	310	310

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 4 : Intangible assets (Contd..)

	Software	Total
Accumulated amortisation		-
As at 1 April 2023	-	-
Charge for the year	63	63
Reversal on deletions	-	-
As at March 31, 2024	63	63
Charge for the year	98	98
Reversal on deletions	-	-
As at March 31, 2025	161	161
Net block		-
As at March 31, 2024	247	247
As at March 31, 2025	149	149

Note 5 : Investments

	As at March 31, 2025		As at March 31, 2024	
	Non-current	Current	Non-current	Current
1) Investments measured at cost				
(a) Investments in equity instruments (fully paid-up)				
Unquoted				
Investment in subsidiaries				
9,899,999 equity shares (March 31, 2024: 9,899,999) of ₹ 10 each of Sanathan Polycot Private Limited	990	-	990	-
4,998,499 equity shares (March 31, 2024: 4,998,499) of ₹ 10 each of Universal Texturisers Private Limited	1,350	-	1,350	-
Deemed investment in Sanathan Polycot Private Limited (refer note 32(c))*	587	-	95	-
2) Investments measured at FVTPL				
(a) Investments in mutual fund				
Quoted				
Nil units of Aditya Birla Sun Life Money Manager Fund - Growth (March 31, 2024: 3,57,467 units)	-	-	-	1,205
Nil units of Aditya Birla Sun Life Liquid Fund - Growth (March 31, 2024: 3,90,796 units)	-	-	-	1,507
Nil units of HDFC Money Market Fund - Direct Plan - Growth (March 31, 2024: 61,982 units)	-	-	-	3,228
Nil units of Kotak Liquid Fund - Direct Plan - Growth (March 31, 2024: 41,880 units)	-	-	-	2,043
Nil units of Union Liquid Fund - Direct Plan - Growth (March 31, 2024: 1,16,447 units)	-	-	-	2,711

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 5 : Investments (Contd..)

	As at March 31, 2025		As at March 31, 2024	
	Non-current	Current	Non-current	Current
(b) Investment in preference shares (equity portion) - at cost				
Unquoted				
Investment in subsidiary				
860,000,000 (March 31, 2024: 289,500,000)	62,111	-	20,236	-
7% non-convertible non-cumulative redeemable preference shares of ₹ 10 each of Sanathan Polycot Private Limited				
(c) Investment in preference shares (debt portion) - at amortised cost				
Unquoted				
Investment in subsidiary				
860,000,000 (March 31, 2024: 289,500,000)	25,959	-	9,630	-
7% non-convertible non-cumulative redeemable preference shares of ₹ 10 each of Sanathan Polycot Private Limited				
Total	90,997	-	32,301	10,694

	As at March 31, 2025	As at March 31, 2024
Aggregate carrying value of quoted investments	-	10,694
Aggregate market value of quoted investments	-	10,694
Aggregate carrying value of unquoted investments	90,997	32,301
Aggregate amount of impairment in value of investments	-	-

*This represents corporate guarantee commission measured and recognised as per the provisions of Ind AS 109, 'Financial Instruments'.

Refer note 34A for information on market risk.

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

Note 6 : Loans

	As at March 31, 2025		As at March 31, 2024	
	Non-current	Current	Non-current	Current
Unsecured, considered good				
Loan to subsidiary company	3	-	38	-
Total	3	-	38	-

Amount due from private company in which any director is a director amounts to ₹ 3 lakhs (March 31, 2024: ₹ 38 lakhs) (refer note 32 (c))

Refer note 34A for information on credit risk.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 7 : Other financial assets

	As at March 31, 2025		As at March 31, 2024	
	Non-current	Current	Non-current	Current
Unsecured, considered good				
Security deposits#	76	27	74	24
Bank deposits with maturity of more than twelve months*	202	-	298	22
Other receivables				
Insurance receivable	-	111	-	131
Others^	-	4	-	270
Total	278	142	372	447

Includes security deposit given to a private company having common director amounting to ₹ 22 lakhs (March 31, 2024: ₹ 22 lakhs) (refer note 32(c)).

* entire amount is held as lien against bank guarantees, letter of credit issued by bank and with the sales tax department.

^ As at March 31, 2024, "Others" included ₹ 266 lakhs towards reimbursement of tax component of guarantee commission from a subsidiary.

There are no repatriation restrictions with regard to bank deposits as at the reporting dates.

Refer note 34A for information on credit risk.

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

Note 8 : Income-tax assets (net)

	As at March 31, 2025	As at March 31, 2024
Advance tax (net of provision for tax)	502	-
Total	502	-

Note 9 : Other assets

	As at March 31, 2025		As at March 31, 2024	
	Non-current	Current	Non-current	Current
Capital advances	482	-	688	-
Advances other than capital advances				
Advance to suppliers	-	1,148	-	2,881
Advance to employees	-	-	-	4
Balances with government authorities	1,394	9,378	1,378	8,653
Prepaid expenses	102	362	90	327
Share issue expenses	-	-	-	89
Total	1,978	10,888	2,156	11,954

There are no advances to directors or other officers of the Company, or any of them either severally or jointly with any other persons, or advances to firms or private companies respectively in which any director is a partner or a director or a member.

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

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

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

	As at March 31, 2025	As at March 31, 2024
Raw materials*	20,182	23,135
Work-in-progress	746	750
Finished goods##	8,452	9,131
Intermediate products #	3,052	2,885
Stores and packing materials*	3,358	3,028
Total	35,790	38,929
* Goods in transit included in:		
- Raw materials	5,682	8,647
- Stores and packing materials	6	13
Write down of inventories to net realisable value**	317	180

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

Includes carrying values of inventories valued at fair value less cost to sell ₹ 3,429 lakhs (March 31, 2024: ₹619 lakhs)

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

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

Note 11 : Trade receivables

	As at March 31, 2025	As at March 31, 2024
Unsecured		
Considered good	14,869	12,672
Less: Allowance for expected credit loss	(58)	(133)
	14,811	12,539
Credit impaired	54	54
Less: Allowance for expected credit loss	(54)	(54)
	-	-
Total	14,811	12,539
i. Dues from directors or other officers of the Company	-	-
ii. Dues from firms or private companies in which any director is a partner or a director or a member	66	-

Movement in the allowance for expected credit loss

	Amount
As at 1 April 2023	243
Reversal during the year (net)	(56)
As at March 31, 2024	187
Reversal during the year (net)	(75)
As at March 31, 2025	112

Notes:

- (i) Trade receivables are generally non-interest bearing, immediately due and are generally collected within a period of 30 days.
- (ii) Refer note 34A for information on credit risk and market risk.
- (iii) Refer note 16 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Company.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 11 : Trade receivables (Contd..)

Trade receivables ageing schedule

As at March 31, 2025

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables - considered good	13,945	21	20	883	-	14,869
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	54	54

As at March 31, 2024

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables - considered good	11,252	332	1,088	-	-	12,672
(ii) Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	54	54

There are no unbilled dues as at the reporting date.

Note 12 : Cash and cash equivalents

	As at March 31, 2025	As at March 31, 2024
Balances with banks in current accounts	1,008	2,133
Cash on hand	2	2
Total	1,010	2,135

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

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

There are no repatriation restrictions with regard to cash and cash equivalents as at the reporting date.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 13 : Bank balances other than cash and cash equivalents

	As at March 31, 2025	As at March 31, 2024
Bank deposit with original maturity of less than three months*	-	2,041
Bank deposits having remaining maturity of less than twelve months*	4,623	5,061
Balances with banks in current accounts [#]	251	45
Total	4,874	7,147

* entire amount is held as lien against bank guarantees and letter of credit issued by bank.

[#]the amount is earmarked against corporate social responsibility expenditure in the scheduled bank as required under section 135 of the Act.

There are no repatriation restrictions with regard to bank balances other than cash and cash equivalents as at the reporting date.

Refer note 34A for information on credit risk.

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

Note 14 : Equity share capital

	Number of shares	Amount
Authorised share capital		
Equity shares of ₹ 10 each	9,00,00,000	9,000
As at March 31, 2024	9,00,00,000	9,000
As at March 31, 2025		
Issued, subscribed and fully paid-up share capital		
Equity shares of ₹ 10 each		
As at 1 April 2023	7,19,43,000	7,194
Issued during the year	-	-
As at March 31, 2024	7,19,43,000	7,194
Issued during the year (refer note 48)	1,24,61,059	1,246
As at March 31, 2025	8,44,04,059	8,440

a. Terms and rights attached to the equity shares:

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

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

Name of shareholder	As at March 31, 2025		As at March 31, 2024	
	Number of shares	% of Holding	Number of shares	% of Holding
Equity shares of ₹ 10 each, fully paid-up				
Nimbus Trust	1,04,75,000	12.41%	1,04,75,000	14.56%
P&B Family Trust	1,04,75,000	12.41%	1,04,75,000	14.56%
D&G Family Trust	1,04,75,000	12.41%	1,04,75,000	14.56%
A&J Family Trust	1,04,75,000	12.41%	1,04,75,000	14.56%
Ajay Kumar V. Dattani	62,47,432	7.40%	73,27,650	10.19%
Dinesh Kumar V. Dattani	57,13,195	6.77%	71,12,800	9.89%
Paresh Kumar V. Dattani	60,48,831	7.17%	70,12,600	9.75%
Anil Kumar V. Dattani	55,82,050	6.61%	68,19,700	9.48%

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 14 : Equity share capital (Contd..)

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

c. Shareholding of promoters:

As at March 31, 2025

	Shares held by promoters at the end of the year		% change during the year
	Number of shares	% of total shares	
Equity shares of ₹ 10 each, fully paid-up			
Nimbus Trust	1,04,75,000	12.41%	(2.15%)
P&B Family Trust	1,04,75,000	12.41%	(2.15%)
D&G Family Trust	1,04,75,000	12.41%	(2.15%)
A&J Family Trust	1,04,75,000	12.41%	(2.15%)
Ajay Kumar V. Dattani	62,47,432	7.40%	(2.79%)
Dinesh Kumar V. Dattani	57,13,195	6.77%	(3.12%)
Paresh Kumar V. Dattani	60,48,831	7.17%	(2.58%)
Anil Kumar V. Dattani	55,82,050	6.61%	(2.87%)

As at March 31, 2024

Name of Promoter	Shares held by promoters at the end of the year		% change during the year
	Number of shares	% of total shares	
Equity shares of ₹ 10 each, fully paid-up			
Nimbus Trust	1,04,75,000	14.56%	Nil
P&B Family Trust	1,04,75,000	14.56%	Nil
D&G Family Trust	1,04,75,000	14.56%	Nil
A&J Family Trust	1,04,75,000	14.56%	Nil
Ajay Kumar V. Dattani	73,27,650	10.19%	Nil
Dinesh Kumar V. Dattani	71,12,800	9.89%	Nil
Paresh Kumar V. Dattani	70,12,600	9.75%	Nil
Anil Kumar V. Dattani	68,19,700	9.48%	Nil

d. The Company has not issued any bonus shares, neither the Company has bought back any of its shares, nor any shares have been issued pursuant to contract without payment been received in cash during the five years immediately preceeding March 31, 2025.

e. Shares reserved for issue under options

Information relating to the Employee Stock Option Plan, 2021 ('ESOP 2021') of the Company, including details of options issued, exercised and lapsed during the year and the options outstanding at the end of the reporting year, is set out under note 45.

Date of conversion in equity shares

Particulars	Date of conversion
	30 June 2026
ESOP 2021	30 June 2027
	30 June 2028

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 15 : Other equity

	As at March 31, 2025	As at March 31, 2024
Retained earnings	1,15,390	97,965
Securities premium	36,010	-
General reserve	23,239	23,239
Employee stock options outstanding account	234	205
Total	1,74,873	1,21,409

Nature and purpose of reserves:

i) Retained earnings

Retained earnings represent the profits earned by the Company till date less any transfers to general reserves, dividends or other distributions to the shareholders.

ii) Securities premium

Securities premium is credited when the shares are issued at premium and is utilised in accordance with provisions of the Act.

iii) General reserve

This represents appropriation of profit by the Company.

iv) Employee stock options outstanding reserve

This represents the fair value of the stock options granted by the Company, accumulated over the vesting period. The reserve will be utilised on exercise of the options.

Note 16 : Borrowings

	As at March 31, 2025		As at March 31, 2024	
	Non-current	Current	Non-current	Current
Secured				
Term loans (refer notes (A)(i) & A(ii) and (B)(i) & B(ii))				
Ruppee loans	2,333	-	12,190	-
Foreign currency loans	800	-	5,293	-
Vehicle loans	46	-	498	-
Sub-total (A)	3,179	-	17,981	-
Current maturities of long term borrowings				
Term loans (refer notes (A)(i) & A(ii) and (B)(i) & B(ii))				
Ruppee loans	-	-	-	2,494
Foreign currency loans	-	-	-	1,290
Vehicle loans	-	153	-	116
Sub-total (B)	-	153	-	3,900
Cash credit facilities from banks (refer notes (A)(iii) and (B)(iii))	-	5,991	-	-
Working capital demand loans	-	3,600	-	-
Sub-total (C)	-	9,591	-	-
Total (A+B+C)	3,179	9,744	17,981	3,900

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

The Company has used the borrowings for the specific purposes for which it was availed.

There are no defaults in the repayment of borrowings and interest during and as at the years ended March 31, 2025 and March 31, 2024.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 16 : Borrowings (Contd..)

Cash flow changes in liabilities arising from financing activities:

Particulars	Borrowings
As at 1 April 2023	28,100
a) Repayment of cash credit facilities and short-term borrowings (net)	(150)
b) Repayment of long-term borrowings	(6,025)
c) Interest paid	(2,305)
Cash flows (net) (a+b+c)	(8,480)
Interest expense during the year	2,311
Change in accrued interest	3
Impact of foreign currency translation loss	(53)
As at March 31, 2024	21,881
a) Availment of cash credit facilities and short-term borrowings (net)	9,591
b) Repayment of long-term borrowings	(18,573)
c) Interest paid	(1,800)
Cash flows (net) (a+b+c)	(10,782)
Interest expense during the year	1,794
Change in accrued interest	6
Impact of foreign currency translation loss	24
As at March 31, 2025	12,923

A) Details of interest rates terms and securities

i) Term loans

Rupee loans and foreign currency loans from banks in India

For the year ended	Number of loans	Rate of interest
March 31, 2025	5	Interest rates range from 1 year Minimum Cost of Funds Based Lending Rate ('MCLR')+0.50% per annum ('p.a.') to 1 year MCLR+1.50% p.a and Alternate Reference Rate ('ARR') + 425 basis point ('bps')
March 31, 2024	7	Interest rates range from 1 year MCLR+0.50% p.a. to 1 year MCLR+1.95% p.a, 6 month London Interbank Offer Rate ('LIBOR')+3.60% p.a., 6 months Euro London Interbank Offer Rate ('EURO-LIBOR')+4.25% p.a.

The various term loans are secured by :

- First charge on pari-passu basis on hypothecation of PPE of the Company.
- First charge on pari-passu basis on equitable mortgage of factory, land and building.
- First charge on equitable mortgage of office premises on pari-passu basis.
- First charge on equitable mortgage of immovable property of one of the directors (common charge for cash credit facilities and Rupee term loans).
- Charge on pari-passu basis for all current assets, both present and future.
- Personal guarantees by directors and relatives of directors (refer note 32(b)).

All the foreign currency loans are from banks within India.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 16 : Borrowings (Contd..)

ii) Vehicle loans

For the year ended	Number of loans	Rate of interest
March 31, 2025	4	Interest rate ranges from 8.70% p.a to 8.75% p.a.
March 31, 2024	4	Interest rate ranges from 8.70% p.a to 8.75% p.a.

All the aforementioned vehicle loans were secured against hypothecation of the respective vehicles.

iii) Cash credit facilities and working capital demand loans

For the year ended	Rate of interest
March 31, 2025	Interest rates range from 1 year MCLR+0.50% p.a.+ Strategic Premium ('SP') to 1 year MCLR+1.25% p.a.
March 31, 2024	Interest rates range from 1 year MCLR+0.50% p.a.+SP to 1 year MCLR+1.80% p.a.

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

B) Details of repayment terms

i) Term loans

As at March 31, 2025

Particulars	Number of instalments outstanding as at March 31, 2025	Amount*
Rupee term loans	2 quarterly instalments	683
Rupee term loans	3 quarterly instalments	1,581
Rupee term loans	5 quarterly instalment	129
Foreign currency term loans	2 quarterly instalments	800

As at March 31, 2024

Particulars	Number of instalments outstanding as at March 31, 2024	Amount*
Rupee term loans	18 quarterly instalments	1,152
Rupee term loans	4 quarterly instalments	190
Rupee term loans	1 quarterly instalment	99
Rupee term loans	27 quarterly instalments	682
Rupee term loans	28 quarterly instalments	12,646
Foreign currency term loans	18 quarterly instalments	6,583

*Amounts are exclusive of Effective Interest Rate ('EIR') impact as per Ind AS 109 'Financial instruments'.

ii) Vehicle loans

Vehicle loans are repayable in 12 to 18 monthly instalments (March 31, 2024: 56 to 59 monthly instalments).

iii) Cash credit facilities and working capital demand loans

Cash credit facilities and working capital demand loans are repayable on demand.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 16 : Borrowings (Contd..)

C) Details related to borrowings secured against current assets

The Company has pledged current assets as security for borrowings obtained from banks. The Company duly submitted the required information to the banks on regular basis and the required reconciliation is presented below:

For the year ended March 31, 2025

Quarter ended	Particulars	Amount as per books of account	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
March 31, 2025	Trade receivables	14,923	14,223	700	The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', pertaining to period end transactions, incorporated by the Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers.
	Inventories	35,790	35,579	211	For calculating drawing power for book debts, revenue cut off adjustment and receivables aged more the 90 days are not considered as mentioned in the sanction letter. Hence the difference between trade receivables as per books and amount as reported in the quarterly return/statement are on account of revenue cut-off adjustments and receivables aged more than 90 days.
	Other current assets	16,914	11,299	5,615	No significant variation. Other current assets, inter alia, including bank deposits, advance to suppliers, balances with government authorities etc have not been considered while reporting to the bank.
31 December 2024	Trade receivables	13,914	13,076	838	The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', pertaining to period end transactions, incorporated by the Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers. For calculating drawing power for book debts, revenue cut off adjustment and receivables aged more the 90 days are not considered as mentioned in the sanction letter. Hence the difference between trade receivables as per books and amount as reported in the quarterly return/statement are on account of revenue cut-off adjustments and receivables aged more than 90 days.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 16 : Borrowings (Contd..)

Quarter ended	Particulars	Amount as per books of account	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
	Inventories	36,588	33,411	3,177	The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', and purchased inventory goods in transit based on terms of delivery, both pertaining to period end transactions, incorporated by the Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers. Further, Inventories include Yarn wastage stock and stores and spares stock have not been considered while reporting to the bank.
	Other current assets	58,883	16,519	42,364	Other current assets, inter alia, including bank deposits, advance to suppliers, balances with government authorities etc have not been considered while reporting to the bank.
30 September 2024	Trade receivables	15,654	13,350	2,304	The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', pertaining to period end transactions, incorporated by the Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers. For calculating drawing power for book debts, revenue cut off adjustment and receivables aged more the 90 days are not considered as mentioned in the sanction letter. Hence the difference between trade receivables as per books and amount as reported in the quarterly return/statement are on account of revenue cut-off adjustments and receivables aged more than 90 days.
	Inventories	37,951	38,596	(645)	The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', and purchased inventory goods in transit based on terms of delivery, both pertaining to period end transactions, incorporated by the Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 16 : Borrowings (Contd..)

Quarter ended	Particulars	Amount as per books of account	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
					Further, Inventories include Yarn wastage stock and stores and spares stock have not been considered while reporting to the bank.
	Other current assets	27,720	10,633	17,087	Other current assets, inter alia, including bank deposits, advance to suppliers, balances with government authorities etc have not been considered while reporting to the bank.
30 June 2024	Trade receivables	15,806	14,273	1,533	The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', pertaining to period end transactions, incorporated by the Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers.
					For calculating drawing power for book debts, revenue cut off adjustment and receivables aged more the 90 days are not considered as mentioned in the sanction letter. Hence the difference between trade receivables as per books and amount as reported in the quarterly return/statement are on account of revenue cut-off adjustments and receivables aged more than 90 days.
	Inventories	39,038	38,701	337	The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', and purchased inventory goods in transit based on terms of delivery, both pertaining to period end transactions, incorporated by the Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers.
	Other current assets	33,376	14,273	19,103	Further, Inventories include Yarn wastage stock and stores and spares stock have not been considered while reporting to the bank. Other current assets, inter alia, including bank deposits, advance to suppliers, balances with government authorities etc have not been considered while reporting to the bank.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 16 : Borrowings (Contd..)

For the year ended March 31, 2024

Quarter ended	Particulars	Amount as per books of account	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
March 31, 2024	Trade receivables	12,726	11,377	13,49	<p>The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', pertaining to period end transactions, incorporated by the Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers.</p> <p>For calculating drawing power for book debts, revenue cut off adjustment and receivables aged more the 90 days are not considered as mentioned in the sanction letter. Hence the difference between trade receivables as per books and amount as reported in the quarterly return/statement are on account of revenue cut-off adjustments and receivables aged more than 90 days.</p>
	Inventories	38,929	38,752	1,77	<p>The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', and purchased inventory goods in transit based on terms of delivery, both pertaining to period end transactions, incorporated by the Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers.</p> <p>Further, Inventories include Yarn wastage stock and stores and spares stock have not been considered while reporting to the bank.</p>
	Other current assets	32,378	12,910	19,468	<p>Other current assets, inter alia, including bank deposits, advance to suppliers, balances with government authorities etc have not been considered while reporting to the bank.</p>
31 December 2023	Trade receivables	14,657	11,643	3,014	<p>The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', pertaining to period end transactions, incorporated by the Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers.</p>

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 16 : Borrowings (Contd..)

Quarter ended	Particulars	Amount as per books of account	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
	Inventories	40,910	40,655	255	For calculating drawing power for book debts, revenue cut off adjustment and receivables aged more the 90 days are not considered as mentioned in the sanction letter. Hence the difference between trade receivables as per books and amount as reported in the quarterly return/statement are on account of revenue cut-off adjustments and receivables aged more than 90 days. The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', and purchased inventory goods in transit based on terms of delivery, both pertaining to period end transactions, incorporated by the Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers. Further, Inventories include Yarn wastage stock and stores and spares stock have not been considered while reporting to the bank.
	Other current assets	24,202	15,970	8,232	Other current assets, inter alia, including bank deposits, advance to suppliers, balances with government authorities etc have not been considered while reporting to the bank.
30 September 2023	Trade receivables	17,406	13,142	4,264	The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', pertaining to period end transactions, incorporated by the Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers. For calculating drawing power for book debts, revenue cut off adjustment and receivables aged more the 90 days are not considered as mentioned in the sanction letter. Hence the difference between trade receivables as per books and amount as reported in the quarterly return/statement are on account of revenue cut-off adjustments and receivables aged more than 90 days.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 16 : Borrowings (Contd..)

Quarter ended	Particulars	Amount as per books of account	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
	Inventories	42,744	42,806	(62)	The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', and purchased inventory goods in transit based on terms of delivery, both pertaining to period end transactions, incorporated by the Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers. Further, Inventories include Yarn wastage stock and stores and spares stock have not been considered while reporting to the bank.
	Other current assets	15,578	11,457	4,121	Other current assets, inter alia, including bank deposits, advance to suppliers, balances with government authorities etc have not been considered while reporting to the bank.
30 June 2023	Trade receivables	14,255	11,925	2,330	The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', pertaining to period end transactions, incorporated by the Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers. For calculating drawing power for book debts, revenue cut off adjustment and receivables aged more the 90 days are not considered as mentioned in the sanction letter. Hence the difference between trade receivables as per books and amount as reported in the quarterly return/statement are on account of revenue cut-off adjustments and receivables aged more than 90 days.
	Inventories	39,871	39,632	239	The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', and purchased inventory goods in transit based on terms of delivery, both pertaining to period end transactions, incorporated by the Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 16 : Borrowings (Contd..)

Quarter ended	Particulars	Amount as per books of account	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
	Other current assets	16,180	12,753	3,427	Further, Inventories include Yarn wastage stock and stores and spares stock have not been considered while reporting to the bank. Other current assets, inter alia, including bank deposits, advance to suppliers, balances with government authorities etc have not been considered while reporting to the bank.

Note 17 : Provisions

	As at March 31, 2025		As at March 31, 2024	
	Non-current	Current	Non-current	Current
Provision for employee benefits				
Provision for gratuity (refer note 31 (a))	872	266	754	247
Provision for compensated absences	-	26	-	25
Total	872	292	754	272

Disclosure for movement in provision for compensated absences:

	March 31, 2025	March 31, 2024
Provision at the beginning of the year	25	23
Created during the year (net)	43	39
Paid during the year	(42)	(37)
Provision at the end of the year	26	25

Note 18 : Deferred tax liabilities (net)

	As at March 31, 2025	As at March 31, 2024
Deferred tax liabilities arising on account of		
On timing difference between depreciation as per books and as per the Income-tax Act, 1961	8,459	7,944
Others	15	37
	8,474	7,981
Deferred tax assets arising on account of		
Provisions for employee benefits	329	293
Deferred government grants	99	26
Allowance for expected credit loss	28	47
	456	366
Deferred tax liabilities (net)	8,018	7,615

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 18 : Deferred tax liabilities (net)

Movement in deferred tax assets and deferred tax liabilities :

Particulars	As at 1 April 2023	Recognised in profit or loss	Recognised in other comprehensive income	Recognised through other items of balance sheet	As at March 31, 2024
Deferred tax liabilities arising on account of					
On timing difference between depreciation as per books and as per the Income-tax Act, 1961	7,291	653	-	-	7,944
Others	28	9	-	-	37
	7,319	662	-	-	7,981
Deferred tax assets arising on account of					
Provisions for employee benefits	266	37	(10)	-	293
Deferred government grants	14	12	-	-	26
Allowance for expected credit loss	61	(14)	-	-	47
	341	35	(10)	-	366
Total deferred tax liabilities (net)	6,978	627	10	-	7,615

Particulars	As at 1 April 2024	Recognised in profit or loss	Recognised in other comprehensive income	Recognised through other items of balance sheet	As at March 31, 2025
Deferred tax liabilities arising on account of					
On timing difference between depreciation as per books and as per the Income-tax Act, 1961	7,944	515	-	-	8,459
Others	37	(22)	-	-	15
	7,981	493	-	-	8,474
Deferred tax assets arising on account of					
Provisions for employee benefits	293	28	8	-	329
Deferred government grants	26	73	-	-	99
Allowance for expected credit loss	47	(19)	-	-	28
	366	82	8	-	456
Total deferred tax liabilities (net)	7,615	411	(8)	-	8,018

Note 19 : Other liabilities

	As at March 31, 2025		As at March 31, 2024	
	Non-current	Current	Non-current	Current
Deferred government grants (refer note 39)	392	-	101	3
Contract liabilities (Revenue received in advance) (refer note 41)	-	739	-	685
Statutory dues payable	-	271	-	292
Other liabilities*	549	730	93	462
Total	941	1,740	194	1,442

* Other liabilities pertain to corporate guarantee liability and provision for corporate social responsibility (refer note 32(c) and note 36)

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 20 : Trade payables

Particulars	As at March 31, 2025	As at March 31, 2024
Total outstanding dues of		
micro enterprises and small enterprises	732	807
creditors other than micro enterprises and small enterprises *	35,621	40,222
Total	36,353	41,029

*Includes ₹ 18,193 lakhs (March 31, 2024: ₹ 37,515 lakhs) being amount payable to vendors secured against letter of credit.

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

Disclosure in respect of Micro, Small and Medium Enterprises ('MSME')

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

Particulars	As at March 31, 2025	As at March 31, 2024
The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	732	807
The amount of interest paid by the buyer under the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of the year	2	3
The amount of further interest due and payable even in the succeeding period, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

Trade payables ageing schedule

As at March 31, 2025

Particulars	Outstanding for following periods from date of invoice				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	732	-	-	-	732
(ii) Others	33,255	203	-	-	33,458
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Sub-total	33,987	203	-	-	34,190
Add: Unbilled dues (undisputed and related to creditors other than micro enterprises and small enterprises)					2,163
Total					36,353

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 20 : Trade payables (Contd..)

As at March 31, 2024

Particulars	Outstanding for following periods from date of invoice				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	807	-	-	-	807
(ii) Others	39,197	57	6	-	39,260
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Sub-total	40,004	57	6	-	40,067
Add: Unbilled dues (undisputed and related to creditors other than micro enterprises and small enterprises)					962
Total					41,029

Note 21 : Other current financial liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Interest accrued on borrowings	5	11
Employee related payables*	848	697
Derivative financial liability (designated as derivative instrument)	66	-
Total	919	708

*Includes amount payable to related parties (refer note 32(c))

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

Refer note 34B for information on derivative financial instruments.

Note 22 : Revenue from operations

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Sale of products	2,92,585	2,88,904
Sale of stock-in-trade	643	55
	2,93,228	2,88,959
Other operating revenue		
Export incentives	331	268
Sale of scrap	6,121	6,496
	6,452	6,764
Total	2,99,680	2,95,723

There is no customer individually contributing more than 10% of the revenue from operations.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 22 : Revenue from operations (Contd..)

Reconciliation of gross revenue with the revenue from operations

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue as per contract price	2,94,857	2,90,498
Less: Discounts and rate differences	(1,629)	(1,539)
Net revenue recognised from operations	2,93,228	2,88,959

Refer note 41 on disclosures in accordance with Ind AS 115, 'Revenue from contracts with customers'.

Refer note 32(b) and 32(c) for transactions and balances with related parties.

Note 23 : Other income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest income on financial assets at amortised cost		
Loan to subsidiary company (refer note 32(b))	1	22
Bank deposits	482	328
Others	236	268
Fair value gains on investments measured at FVTPL	-	65
Other non-operating income		
Profit on sale of mutual funds	518	169
Subsidy received against interest cost	-	250
Interest income on preference shares (fair value- debt component) (refer note 32(b))	1,154	649
Insurance claims	61	36
Liabilities / provisions no longer required, written back	51	21
Gain on disposal of property, plant and equipment (net)	11	180
Reversal of allowance for expected credit loss (net)	75	56
Net gain on foreign currency transactions and translations	312	839
Guarantee commission income (refer note 32(b))	68	5
Total	2,969	2,888

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Inventories at the end of the year		
Finished goods*	8,452	9,131
Intermediate products	3,052	2,885
Stock-in-trade	-	-
Work-in-progress	746	750
	12,250	12,766
Inventories at the beginning of the year		
Finished goods*	9,131	10,080
Intermediate products	2,885	2,410
Stock-in-trade	-	1
Work-in-progress	750	269
	12,766	12,760
Changes in inventories	516	(6)
*inter-alia, includes changes in inventories of waste and scrap.	2	(58)

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 25 : Employee benefits expense

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries and wages (refer note 32(b))	9,336	8,459
Contribution to provident fund and other funds (refer note 31(b))	316	264
Share-based payments to employees (refer note 45)	29	76
Staff welfare expenses	269	259
Total	9,950	9,058

Note 26 : Finance costs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest expense		
On financial liabilities measured at amortised cost		
on term loans	1,524	2,079
on cash credit facilities	113	22
on others	157	207
Other borrowing costs	32	3
Total	1,826	2,311

Note 27 : Depreciation and amortisation expense

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation on PPE (refer note 3A)	4,445	4,348
Amortisation of intangible assets (refer note 4)	98	63
Total	4,543	4,411

Note 28 : Other expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(A) Manufacturing expenses		
Consumption of stores and packing materials	12,327	11,614
Repairs and maintenance		
Buildings	55	132
Plant and equipment	374	367
Other repairs and maintenance	117	91
Contract labour charges	6,892	7,210
Power and fuel	24,234	23,916
Other manufacturing expenses	417	374
Total manufacturing expenses (A)	44,416	43,704
(B) Selling expenses		
Commission expenses	1,127	1,525
Clearing and forwarding charges	169	136
Freight expenses	1,827	1,610
Other selling expenses	104	121
Total selling expenses (B)	3,227	3,392

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 28 : Other expenses (Contd..)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(C)Administrative and other expenses		
Rates and taxes	165	185
Legal and professional charges	260	360
Electricity expenses	43	46
Insurance	363	464
Payment to auditor (refer note 37)	66	47
Security charges	308	225
Bank charges	695	688
Printing and stationery	10	12
Communication expenses	33	21
Travelling and conveyance	532	551
Effluent treatment plant and greenbelt environmental expenses	56	72
Rent**	89	83
Software charges	72	102
Contribution towards corporate social responsibility (refer note 36)	578	626
Directors' sitting fees (refer note 32(b))	48	26
Miscellaneous expenses	146	130
Total administrative and other expenses (C)	3,464	3,638
Total other expenses (A + B + C)	51,107	50,734

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

Includes rent paid to private company in which director is a director amounting to ₹ 24 lakhs (March 31, 2024: ₹ 24 lakhs) (refer note 32(b)) .

Note 29 : Tax expense

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current tax:		
Current tax on profit for the year	5,251	4,214
Current tax for earlier years	-	(80)
	5,251	4,134
Deferred tax:		
In respect of current year origination and reversal of temporary differences	411	627
Total tax expense	5,662	4,761

(b) Income-tax on other comprehensive income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Deferred tax (credit) / charge in respect of current year origination and reversal of temporary differences	(8)	10
	(8)	10

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 29 : Tax expense (Contd..)

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Accounting profit before income-tax	23,109	18,893
Applicable Indian statutory income-tax rate (in %)	25.168%	25.168%
Computed expected tax expense	5,816	4,755
Tax effect of amount which are not deductible in calculating taxable income (net)	(154)	86
Prior years' tax adjustments	-	(80)
Income-tax expenses through the standalone statement of profit and loss	5,662	4,761

Note 30 : Earnings per share ('EPS')

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Net profit attributable to equity shareholders	17,447	14,132
Weighted average number of shares		
Considered for calculating basic EPS (Number in lakhs)	753	719
Add : Effect of dilutive potential equity shares arising from outstanding stock options (refer note below)	-	-
Considered for calculating diluted EPS (Number in lakhs)	753	719
Nominal value of each share (in Rupees)	10.00	10.00
EPS		
Basic (in Rupees)	23.17	19.66
Diluted (in Rupees)	23.17	19.66

Note:

The effect of 260,922 potential equity shares outstanding arising from ESOP 2021 outstanding as at March 31, 2025 (March 31, 2024: 278,501) is anti-dilutive and thus these shares are not considered in determining diluted EPS.

Note 31 : Employee benefits

a) Defined benefit plan - gratuity

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

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

	As at March 31, 2025	As at March 31, 2024
Present value of the defined benefit obligation at the end of the year		
Non-current	872	754
Current	266	247
	1,138	1,001

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 31 : Employee benefits (Contd..)

Particulars	March 31, 2025	March 31, 2024
Change in the present value of the defined benefit obligation:		
Defined benefit obligation at the beginning of the year	1,001	926
Interest cost	72	70
Current service cost	115	105
Benefits paid	(80)	(59)
Actuarial loss / (gain) on obligation		
Actuarial loss / (gain) from changes in financial assumptions	24	(41)
Experience adjustments	6	-
Defined benefit obligation at the end of the year	1,138	1,001
Amount recognised in the standalone balance sheet:		
Present value of defined benefit obligation at the end of the year	1,138	1,001
Expense recognised in standalone statement of profit and loss:		
Current service cost	115	105
Interest cost	72	70
Net expense recognised in standalone statement of profit and loss	187	175
Expense recognised in the standalone other comprehensive income:		
Actuarial loss / (gain) on defined benefit obligation	30	(41)
	30	(41)
Actuarial assumptions used		
Discount rate (% per annum)	6.75%	7.25%
Salary growth rate (% per annum)	5.00%	5.00%
Demographic assumptions used		
Mortality rate	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)
Retirement age (in years)	60 years	60 years
Attrition rate (% per annum)	13.69%	13.69%
Average future service (in years)	22.90 years	22.80 years

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

Risk

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

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 31 : Employee benefits (Contd..)

Sensitivity analysis

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

	As at March 31, 2025		As at March 31, 2024	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount rate				
Change in the defined benefit obligation	(51)	57	(44)	49
Salary growth rate				
Change in the defined benefit obligation	57	(53)	43	(39)
Attrition rate				
Change in the defined benefit obligation	3	(4)	5	(5)

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

Maturity analysis of defined benefit obligation (discounted):

	As at March 31, 2025	As at March 31, 2024
Projected benefits payable in future years from the date of reporting		
One year	266	247
Two to five years	324	283
Five years and above	548	471

The weighted average duration of the defined benefit obligation at the end of the reporting year is 15 years (March 31, 2024: 15 years).

The Company expects to make a contribution of ₹ 140 lakhs (March 31, 2024: ₹ 130 lakhs) to the defined benefit plan during the next financial year.

b) Defined contribution plan

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

	For the year ended March 31, 2025	For the year ended March 31, 2024
Employer's contribution to provident fund	315	263
Employer's contribution to Employees' State Insurance Scheme	1	1

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

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 32: Related party disclosures

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

a) List of related parties and nature of relationships:

Nature of relationship	Name of the related party
Subsidiary Companies	Sanathan Polycot Private Limited Universal Texturisers Private Limited
Key managerial personnel ('KMP')	Ajaykumar V. Dattani , Joint Managing Director Anil Kumar V. Dattani, Executive Director Sammir Dattani (upto 13 June 2024) Dinesh Dattani, Executive Director (with effect from 13 June 2024) Paresh Dattani V. Dattani, Chairman and Managing Director
Relatives of KMP	Aakash Dattani Sammir Dattani (with effect from 13 June 2024) Varun Dattani Beena Dattani Mikesh Dattani
Independent directors	Debabrata Sarkar Khurshed Thanawalla Vinay Aggarwal Rupal Vora
Enterprise over which KMP are able to exercise significant influence	Nimbus Trust P&B Family Trust D&G Family Trust A&J Family Trust Dattani Foundation

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

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

Name of related parties	Nature of transactions	For the year ended March 31, 2025	For the year ended March 31, 2024
i) Subsidiary companies			
Sanathan Polycot Private Limited	Investments in preference shares (equity component)	41,875	7,580
Sanathan Polycot Private Limited	Investments in preference shares (fair value-debt component)	15,175	2,920
Sanathan Polycot Private Limited	Receipt of repayment of loans	1,485	2,400
Universal Texturisers Private Limited	Receipt of repayment of loans	35	28
Sanathan Polycot Private Limited	Loan granted	1,485	700
Sanathan Polycot Private Limited	Sale of products	1,478	-
Universal Texturisers Private Limited	Rent expense	24	24
Universal Texturisers Private Limited	Interest income on loans	1	3
Sanathan Polycot Private Limited	Interest income on loans	2	18
Sanathan Polycot Private Limited	Interest income on preference shares (fair value-debt component)	1,154	649
Sanathan Polycot Private Limited	Deemed investment in subsidiary	492	95
Sanathan Polycot Private Limited	Reimbursement of tax component on guarantee commission	-	266
Sanathan Polycot Private Limited	Guarantee commission income	68	5
Sanathan Polycot Private Limited	Interest cost on corporate guarantee	32	3

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 32: Related party disclosures (Contd..)

Name of related parties	Nature of transactions	For the year ended March 31, 2025	For the year ended March 31, 2024
ii) KMP			
Ajay Kumar V. Dattani	Salaries, wages and bonus	400	400
Anil Kumar V. Dattani	Salaries, wages and bonus	400	400
Paresh Kumar V. Dattani	Salaries, wages and bonus	400	400
Sammir Dattani	Salaries, wages and bonus	90	400
Dinesh Dattani	Salaries, wages and bonus	160	-
iii) Independent directors			
Debabrata Sarkar	Directors' sitting fees	12	7
Khurshed Thanawalla	Directors' sitting fees	12	7
Vinay Aggarwal	Directors' sitting fees	12	6
Rupal Vora	Directors' sitting fees	12	6
iv) Relative of KMP			
Varun Dattani	Salaries, wages and bonus	100	100
Aakash Ajay Dattani	Salaries, wages and bonus	2	-
Sammir Dattani	Salaries, wages and bonus	150	-
Mikesh Dattani	Salaries, wages and bonus	100	100
Beena Dattani	Salaries, wages and bonus	8	1

c) Balances outstanding at the year end:

Name of related parties	Nature of transactions	As at March 31, 2025	As at March 31, 2024
i) Subsidiary companies			
Sanathan Polycot Private Limited	Investments in equity shares	990	990
Sanathan Polycot Private Limited	Investments in preference shares (equity component)	62,111	20,236
Universal Texturisers Private Limited	Investments in equity shares	1,350	1,350
Sanathan Polycot Private Limited	Investments in preference shares (fair value-debt component)	25,959	9,630
Sanathan Polycot Private Limited	Deemed investment in subsidiary	587	95
Sanathan Polycot Private Limited	Trade receivable	66	-
Universal Texturisers Private Limited	Loan receivable	3	38
Sanathan Polycot Private Limited	Other receivable	-	266
Universal Texturisers Private Limited	Security deposit	22	22
ii) KMP			
Ajay Kumar V. Dattani	Employee related payables	19	21
Anil Kumar V. Dattani	Employee related payables	20	20
Paresh Kumar V. Dattani	Employee related payables	20	20
Sammir Dattani	Employee related payables	-	20
Dinesh Dattani	Employee related payables	11	-
iv) Relatives of KMP			
Varun Dattani	Employee related payables	6	6
Mikesh Dattani	Employee related payables	6	6
Sammir Dattani	Employee related payables	10	-
Aakash Ajay Dattani	Employee related payables	2	-
Beena Dattani	Employee related payables	1	1

Note: *The corporate guarantee by the Company on behalf of its subsidiary has been provided for loans aggregating ₹ 150,000 lakhs, out of which ₹ 99,069 lakhs has been disbursed up to the year end. (March 31, 2024: ₹ 16,441 lakhs)

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 32: Related party disclosures (Contd..)

d) Additional disclosure in respect of compensation to KMP

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Short-term employee benefits	1,450	1,600
(ii) Post-employment benefits	-	-
(iii) Other long-term benefits (refer note 1 below)	-	-
(iv) Termination benefits	-	-
(v) Share-based payment	-	-

Notes:

- The remuneration to the KMP and relatives of KMP does not include the provision made for gratuity, as gratuity for the Company is determined on an actuarial basis for the Company as a whole.
- For personal guarantees and securities given by related parties, refer note 16.
- All the related party transactions are made on terms equivalent to those that prevail in an arm's length transactions.
- The loan and security deposit receivable from subsidiary company are unsecured and are non-current in nature. Trade and other receivables are unsecured and are current in nature. Employee related payables are unsecured and due to be paid over next 12 months. All the related payables balances are due to be settled in cash.
- The Company has given guarantee for the term loan facilities availed by one of the subsidiary companies, as detailed under note 44(iii)
- There are no commitments with any related party, during the year and as at year end, except for 5 above.

Note 33 : Financial instruments

i) Fair values hierarchy

The following explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under Ind AS 113, 'Fair Value Measurements'.

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

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

Level 3: Inputs for the assets or liabilities that are based on observable market data (unobservable inputs).

Financial assets measured at fair value - recurring fair value measurements

Particulars	Level 1	Level 2	Level 3	Total
March 31, 2025				
Financial assets				
Measured at FVTPL				
Investments in preference shares (fair value-equity portion)	-	62,111	-	62,111
Measured at amortised cost				
Investment in preference shares (fair value-debt portion)	-	25,959	-	25,959

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 33 : Financial instruments

Particulars	Level 1	Level 2	Level 3	Total
Financial liabilities				
Measured at FVTPL				
Foreign exchange forward contracts (designated as derivative instruments)	-	66	-	66
March 31, 2024				
Financial assets				
Measured at FVTPL				
Investments in mutual funds	10,694	-	-	10,694
Investments in preference shares (fair value-equity portion)	-	20,236	-	20,236
Measured at amortised cost				
Investment in preference shares (fair value-debt portion)	-	9,630	-	9,630

*Mutual funds are quoted and are valued at their Net Asset Value as at the reporting date.

ii) Valuation techniques used to determine fair value

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

- Investment in preference shares : Fair value is calculated using a discounted cash flow model with market assumptions.
- Other non-current financial assets and liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to be approximate to their fair value.
- Trade receivables, cash and cash equivalents, bank balances other than cash and cash equivalents, loans, other current financial assets, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Borrowings taken by the Company are as per the Company's credit and liquidity risk assessment and there is no comparable instrument having the similar terms and conditions with related security being pledged and hence the carrying value of the borrowings represents the best estimate of its fair value.
- Derivative financial assets and liabilities: The Company enters into derivative contracts with various counterparties, principally financial institutions with investment grade credit ratings. Forward foreign currency contracts are determined using forward exchange rates at the reporting date.

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

Particulars	As at March 31, 2025		As at March 31, 2024	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets (other than investments in equity shares)				
Loans	3	3	38	38
Investments in preference shares (equity portion)*	62,111	62,111	20,236	20,236
Investments in preference shares (fair value-debt portion)	25,959	25,959	9,630	9,630
Trade receivables	14,811	14,811	12,539	12,539
Cash and cash equivalents	1,010	1,010	2,135	2,135
Bank balances other than cash and cash equivalents	4,874	4,874	7,147	7,147
Other financial assets	420	420	819	819

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 33 : Financial instruments

Particulars	As at March 31, 2025		As at March 31, 2024	
	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities				
Borrowings	12,923	12,923	21,881	21,881
Trade payables	36,353	36,353	41,029	41,029
Other financial liabilities	853	853	708	708

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

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

Note 34 : Financial risk management

A) Financial risk management

i) Financial instruments by category

Particulars	As at March 31, 2025		As at March 31, 2024	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets (other than investments in equity shares)				
Loans	-	3	-	38
Investments in mutual funds	-	-	10,694	-
Investments in preference shares (equity portion)	62,111	-	20,236	-
Investments in preference shares (fair value-debt portion)	-	25,959	-	9,630
Trade receivables	-	14,811	-	12,539
Cash and cash equivalents	-	1,010	-	2,135
Bank balances other than cash and cash equivalents	-	4,874	-	7,147
Other financial assets	-	420	-	819
Total	62,111	47,077	30,930	32,308
Financial liabilities				
Borrowings	-	12,923	-	21,881
Trade payables	-	36,353	-	41,029
Derivative financial liability (designated as derivative instrument)	66	-	-	-
Other financial liabilities	-	853	-	708
Total	66	50,129	-	63,618

Notes:

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

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 34 : Financial risk management (Contd..)

ii) Financial risk management

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

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

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

a) Credit risk

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

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

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

The credit risk on liquid funds such as balance in current and deposit accounts with banks is limited because the counterparties are banks with high credit-ratings.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 34 : Financial risk management (Contd..)

Credit risk exposure

i) Expected credit loss on trade receivables under simplified approach

As at March 31, 2025	0-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
Trade receivables	11,829	1,679	223	1,192	14,923
Allowance for expected credit loss	29	1	2	80	112
Carrying amount of trade receivables	11,800	1,678	221	1,112	14,811
Expected credit loss rate	0.25%	0.06%	0.90%	6.71%	0.75%

As at March 31, 2024	0-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
Trade receivables	10,220	824	98	1,584	12,726
Allowance for expected credit loss	45	3	3	136	187
Carrying amount of trade receivables	10,175	821	95	1,448	12,539
Expected credit loss rate	0.44%	0.33%	2.56%	8.61%	1.47%

ii) Expected credit loss for other financial assets

As at March 31, 2025	Amount	Expected credit loss	Carrying amount net of allowance
Loans	3	-	3
Investments	90,997	-	90,997
Cash and cash equivalents	1,010	-	1,010
Bank balances other than cash and cash equivalents	4,874	-	4,874
Other financial assets	420	-	420

As at March 31, 2024	Amount	Expected credit loss	Carrying amount net of allowance
Loans	38	-	38
Investments	42,995	-	42,995
Cash and cash equivalents	2,135	-	2,135
Bank balances other than cash and cash equivalents	7,147	-	7,147
Other financial assets	818	-	818

Financial Guarantees

The Company has issued financial guarantee to banks on behalf of and in respect of loan facilities availed by one of its subsidiaries. The exposure towards financial guarantee amounts to ₹ 99,069 lakhs (March 31, 2024: 16,441 lakhs). The Company does not expect any loss allowance on such financial guarantee contracts.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 34 : Financial risk management (Contd..)

b) Liquidity risk

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

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

The tables below provides details regarding the contractual maturities of financial liabilities into relevant maturity groupings:

As at March 31, 2025	On demand	Up to one year	One to five years	More than five years	Total
Non-derivatives					
Borrowings	9,591	153	1,530	1,649	12,923
Trade payables*	-	36,353	-	-	36,353
Other financial liabilities	-	853	-	-	853
Total non-derivative financial liabilities	9,591	37,359	1,530	1,649	50,129

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

As at March 31, 2024	On demand	Up to one year	One to five years	More than five years	Total
Non-derivatives					
Borrowings	-	3,900	7,630	10,351	21,881
Trade payables*	-	41,029	-	-	41,029
Other financial liabilities	-	708	-	-	708
Total non-derivative financial liabilities	-	45,637	7,630	10,351	63,618

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

c) Market risk

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

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 34 : Financial risk management (Contd..)

(i) Foreign exchange risk

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

The following tables sets forth information relating to foreign currency exposure

	As at March 31, 2025		As at March 31, 2024	
	Foreign currency (in units)	Rupees (in lakhs)	Foreign currency (in units)	Rupees (in lakhs)
Liabilities				
Borrowings *				
- EURO ('EUR')	8,66,602	800	72,96,429	6,583
Trade payables				
- United States Dollar ('USD')	75,88,898	6,495	2,37,76,955	19,824
- EUR	6,38,632	590	8,10,540	731
- Japanese Yen ('JPY')	6,75,24,000	394	4,31,20,000	238
Assets				
Trade receivables				
- USD	15,33,122	1,312	23,88,803	1,992
Bank Balance				
- USD	1,97,992	169	8,64,097	720

The abovementioned exposure is unhedged

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

Foreign currency sensitivity analysis:

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

Particulars	Impact on standalone statement of profit and loss for the year ended March 31, 2025		Impact on standalone statement of profit and loss for the year ended March 31, 2024	
	Strengthening of foreign currency	Weakening of foreign currency	Strengthening of foreign currency	Weakening of foreign currency
5% movement				
On foreign currency assets and liabilities (net)				
- United States Dollar ('USD')	(251)	251	(991)	991
- EUR	(69)	69	(37)	37
- Japanese Yen ('JPY')	(325)	325	(12)	12

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 34 : Financial risk management (Contd..)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company's investments in bank deposits are for short durations, and therefore do not expose the Company to significant interest rates risk.

a. Interest rate risk exposure

The exposure of Company's borrowing to interest rate changes at the end of the reporting year are as follows:

	As at March 31, 2025	As at March 31, 2024
Floating rate instruments:		
Borrowings	12,923	21,881

b. Interest rate sensitivity:

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

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

	Impact on profit before tax	
	As at March 31, 2025	As at March 31, 2024
Floating rate instruments:		
50 basis points increase	(65)	(109)
50 basis points decrease	65	109

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

(iii) Price risk

The Company is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. The Company has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in mutual funds. However, the Company did not have any such investments as at the year end.

	As at March 31, 2025	As at March 31, 2024
Investments in mutual funds	-	10,694

	Impact on profit before tax	
	As at March 31, 2025	As at March 31, 2024
Price change by :		
100 basis points increase	-	107
100 basis points decrease	-	(107)

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 34 : Financial risk management (Contd..)

B) Derivative financial instruments (designated as derivative instrument):

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

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

Particulars	Buy / sell	As at March 31, 2025	
		Foreign currency (in units)	Fair value (in Rupee lakhs)
Foreign currency forward contracts in - United States Dollar ('USD')	Buy	63,43,922	5,429

Particulars	Buy / sell	As at March 31, 2024	
		Foreign currency (in units)	Fair value (in Rupee lakhs)
Foreign currency forward contracts in - United States Dollar ('USD')	N.A.	-	-

Note 35 : Capital management

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

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

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

Particulars	As at March 31, 2025	As at March 31, 2024
Debt (excluding accrued interest)#	12,923	21,881
Total equity	1,83,313	1,28,603
Gearing ratio (in %)	7.05%	17.01%

#Debt includes non-current borrowings and current borrowings.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 36 : Corporate social responsibility ('CSR')

As per section 135 of the Act, and rules therein, the Company is required to spend at least 2% of its average net profits computed in accordance with section 198 of the Act for three immediately preceding financial years towards CSR activities. The Company has formulated a CSR committee as per the Act. The funds are utilised on the activities which are specified in Schedule VII to the Act. Details of CSR expenditure are as follows:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
a. Gross amount required to be spent by the Company pursuant to section 135(5) of the Act	578	626
b. Amount of expenditure incurred :		
(1) Construction/acquisition of any asset	-	-
(2) On purposes other than (1) above		
(i) Contribution made towards medical treatment of patients from economically weaker sections of the society	70	90
(ii) Contribution made towards mother and child health and nutrition delivery project	-	41
(iii) Contribution towards children's welfare	-	62
(iv) Others	3	8
Total	73	201
c. Shortfall as at the year end out of the amount required to be spent by the Company during the year	505	425
d. Shortfall as at the year end out of the amount required to be spent by the Company during the previous years	462	394

Provision for CSR expenditure:

	For the year ended March 31, 2025	For the year ended March 31, 2024
At the beginning of the year	462	394
Add: Shortfall during the year	505	425
Add: Interest earned on unspent CSR funds during the year	-	3
Less: Paid during the year (out of previous years' shortfall)	(237)	(360)
At the end of the year	730	462

Note:

The Company has transferred the amount of shortfall to scheduled bank account.

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

	For the year ended March 31, 2025	For the year ended March 31, 2024
As auditor *	63	45
For reimbursement of expenses	3	2
	66	47

* Excluding amount of ₹ 183 lakhs (March 31, 2024 : Nil) which had been paid to the statutory auditor towards deliverables pertaining to the initial public offer.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 38 : Contingent liabilities and commitments

i) Contingent liabilities

	As at March 31, 2025	As at March 31, 2024
a) Central excise matters	508	508
b) Income-tax matters (refer note 4 below)	238	240
c) Goods and service tax matters	47	-
d) Sales tax matters	22	22

Notes:

- It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.
- The amounts disclosed above represent the best possible estimates arrived at on the basis of available information and does not include penalty, if any.
- The Company is contesting all of the above demands and the management believes that its positions are likely to be upheld at the appellate stage. The management believes that the ultimate outcome of these proceedings are not expected to have a material impact on the Company's standalone financial statements and hence no provision has been made in this regard.
- An amount of ₹ 16 lakhs (March 31, 2024: ₹ 16 lakhs) has been paid under protest towards income-tax matters.

ii) Commitments

Commitments as at the reporting date amounts to ₹ 297 lakhs (March 31, 2024: ₹ 1,850 lakhs), in addition to the commitment towards export obligation stated under note 39, 'Government grants'.

Note 39 : Government grants

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

	March 31, 2025	March 31, 2024
Deferred government grants at beginning of the year	104	54
Government grant received during the year	448	115
Government grant offered to standalone statement of profit and loss during the year	(160)	(65)
Deferred government grants as at the end of the year	392	104
Current	-	3
Non-current	392	101

Notes:

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

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

Pending export obligations attached to above grant as at March 31, 2025 amounts to ₹ 2,353 lakhs (March 31, 2024: ₹ 619 lakhs).

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 40 : Segment reporting

(a) Operating segment

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

(b) Geographical segment

(i) Revenue from operations disaggregated based on geography

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
India	2,88,812	2,82,750
Outside India	10,868	12,973
Revenue from operations	2,99,680	2,95,723

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

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

Particulars	As at March 31, 2025	As at March 31, 2024
India	1,76,811	1,17,951
Outside India	341	487
Segment assets	1,77,152	1,18,438
Unallocable	704	297
Total non-current assets	1,77,856	1,18,735

Note 41 : Revenue from operations

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

(a) Performance obligation

Revenue from sale of products and stock-in-trade

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

(b) Revenue from contract with customers

	For the year ended March 31, 2025	For the year ended March 31, 2024
Sale of products	2,92,585	2,88,904
Sale of stock-in-trade	643	55

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 41 : Revenue from operations (Contd..)

(c) The following is the break up of the Company's revenue (including other operating revenue) from its products

Products	For the year ended March 31, 2025	For the year ended March 31, 2024
Polyester yarn products	2,30,563	2,28,450
Cotton yarn products	56,625	54,863
Industrial and technical textile yarns	12,492	12,410

(d) Trade receivables

The outstanding balance of trade receivables after considering allowance for expected credit loss is presented in note 11.

(e) Contract balances

The information about contract liabilities from contract with customers is presented in note 19.

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

Contract liabilities - Revenue received in advance

Particulars	March 31, 2025	March 31, 2024
Balance at the beginning of the year	685	1,354
Add: Addition during the year	739	719
Less: Amount of revenue recognised during the year	(685)	(1,388)
Balance at the end of the year	739	685

The aggregate amount of transaction price allocated to the performance obligations (yet to be completed) for the year is ₹ 739 lakhs (March 31, 2024: ₹685 lakhs). This balance represents the advance received from customers (gross) against sale of products. The management expects to further bill and collect the remaining balance of total consideration within next 12 months. These balances will be recognised as revenue in subsequent year as per the policy of the Company.

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

(h) Refer note 40(b) for geographical disaggregation of revenue.

(i) The Company does not have any significant obligations for returns or refunds.

Note 42 : Disclosure of ratios

Type of ratio	Formula for computation	Measure (in times / percentage)	March 31, 2025	March 31, 2024
(a) Current ratio	Current asset / Current liabilities	Times	1.38	1.77
(b) Debt-equity ratio	Debt / Net worth	Times	0.07	0.17
(c) Debt service coverage ratio	Earnings available for debt service / (Finance costs + Principal repayment of long term borrowings within one year)	Times	11.55	3.24
(d) Return on equity ratio	Profit for the year / Average net worth	Percentage	11.19%	11.63%
(e) Inventory turnover ratio	Cost of goods sold / Average inventory	Times	6.01	5.69
(f) Trade receivable turnover ratio	Revenue from operations / Average gross trade receivables	Times	21.68	21.79

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 42 : Disclosure of ratios (Contd..)

Type of ratio	Formula for computation	Measure (in times / percentage)	March 31, 2025	March 31, 2024
(g) Trade payable turnover ratio	Net purchases / Average trade payables	Times	5.72	5.70
(h) Net capital turnover ratio	Revenue from operations / Working capital	Times	16.23	8.12
(i) Net profit ratio	Profit for the year / Revenue from operations	Percentage	5.82%	4.78%
(j) Return on capital employed	EBIT / Capital employed	Percentage	12.21%	13.41%
(k) Return on investment	Profit before tax / Total assets	Percentage	9.42%	9.33%

Notes:

- Debt = Non-current borrowings + Current borrowings
- Net worth = Paid-up share capital + Reserves created out of profits - Accumulated losses
- Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest - other adjustments like loss non-cash notional income.
- Cost of goods sold = Cost of materials consumed + Purchase of stock-in-trade + Changes in inventories of finished goods, stock-in-trade and work-in-progress
- Net purchases = Purchase of stock-in-trade + Cost of materials consumed + Consumption of stores and packing materials + Inventory at the end of the year - Inventory at the beginning of the year.
- Working capital = Current assets - Current liabilities
- EBIT = Earnings before interest and tax
- Capital employed = Total tangible net worth+ Total debt + Deferred tax liabilities

Disclosure for change in ratio by more than 25%:

Type of ratio	Variation in ratio between March 31, 2025 and March 31, 2024	Reasons for variance
(a) Current ratio	(22)%	Refer note below
(b) Debt-equity ratio	(59)%	Variation is primarily owing to repayment of long-term borrowings during the financial year.
(c) Debt service coverage ratio	256%	Variation is primarily owing to increase in profit and repayment of long-term borrowings during the financial year.
(d) Return on equity ratio	(4)%	Refer note below
(e) Inventory turnover ratio	6%	Refer note below
(f) Trade receivable turnover ratio	(1)%	Refer note below
(g) Trade payable turnover ratio	0%	Refer note below
(h) Net capital turnover ratio	100%	Variation is primarily owing to reduction in working capital which is on account of redemption of mutual funds and increase in short-term borrowings.
(i) Net profit ratio	22%	Refer note below
(j) Return on capital employed	(9)%	Refer note below
(k) Return on investment	1%	Refer note below

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

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 43 : Leases

The Company's leased assets primarily consists of leases for staff quarters and offices, having varied lease terms with non-cancellable period not exceeding 12 months. Therefore, the lease payments related to such arrangements are charged to the standalone statement of profit and loss under the head 'Rent' included in other expenses.

Note 44 : Disclosure required under section 186(4) of the Act

i) Loans

Unsecured loan

Name of the borrower	Rate of interest (in %)	Due date of repayment	Loan given during the year	As at March 31, 2025	As at March 31, 2024
Universal Texturisers Private Limited	6.25% p.a.	29 September 2031	-	3	38
Sanathan Polycot Private Limited	6.54% - 6.75% p.a.	1 year from date of drawdown	1,485	-	-

Note:

The loans are granted for general business purpose.

ii) Investments*

Name of the subsidiary companies	Amount invested during the year	As at March 31, 2025	As at March 31, 2024
Sanathan Polycot Private Limited	57,050	86,990	29,940
Universal Texturisers Private Limited	-	1,350	1,350

* Amounts are exclusive of impact as per Ind AS 109, "Financial instruments".

iii) Guarantees

Guarantees given by the Company in respect of loans obtained by one of its subsidiary companies and outstanding as at year end amounts to ₹ 99,069 lakhs (March 31, 2024: ₹ 16,441 lakhs).

Note 45 : Share-based payments

Equity settled share-based payments

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

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

Grant date	10 December 2021
Number of options granted	322,000
Vesting period (in years)	Over the period of 4 years
Vesting 1	15 % of the options will vest from the end of 1.5 years from date of grant (i.e. 30 June 2024)
Vesting 2	20 % of the options will vest from the end of 2.5 years from date of grant (i.e. 30 June 2025)

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 45 : Share-based payments

Vesting 3	25 % of the options will vest from the end of 3.5 years from date of grant (i.e. 30 June 2026)
Vesting 4	40 % of the options will vest from the end of 4.5 years from date of grant (i.e. 30 June 2027)
Exercise period (in years)	2 years from the date of vesting
Exercise price per option (₹)	550

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

Particulars	For the year ended March 31, 2025		For the year ended March 31, 2024	
	No. of options	* WAEP (₹)	No. of options	* WAEP (₹)
Outstanding at the beginning of the year	2,75,000	550	2,86,500	550
Granted during the year	-	-	-	-
Forfeited during the year	31,741	550	11,500	550
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,43,259	550	2,75,000	550
Exercisable at the end of the year	36,489	550	-	-

* WAEP denotes weighted average exercise price of the option

The weighted average fair value of options outstanding as at the year end is ₹ 113.90 (March 31, 2024: ₹ 133.37) for each option. The weighted average of remaining contractual life of options outstanding is 3.15 years (March 31, 2024: 4.15 years).

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

Particulars	Amounts
Risk-free interest rate (% per annum)	
Vesting 1	4.98%
Vesting 2	5.66%
Vesting 3	5.99%
Vesting 4	6.07%
Expected life of options (in years)	2.5 years to 5.5 years
Expected volatility (% per annum)	
Vesting 1	50%
Vesting 2	45%
Vesting 3	42%
Vesting 4	47%
Expected dividends yield (% per annum)	0%
Weighted average share price (₹)	363
Exercise price (₹)	550

Volatility : Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during the year.

Risk free rate : The risk free rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on zero coupon yield curve for government securities.

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

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

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 46 : Audit trail

The Ministry of Corporate Affairs (MCA) has prescribed a requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules, 2021 requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

The Company has used an accounting software for maintaining all accounting records which has a feature of recording audit trail (edit log) facility and such feature was enabled at the application level. The database of the said software is operated by a third-party software service provider and the availability of audit trail (edit logs) are not covered in the 'Independent Service Auditor's Assurance Report on the design and operation of controls' ('Type 2 report' issued in accordance with ISAE 3402, Assurance Reports on Controls at a Service Organisation) at database level.

The audit trail has been preserved by the Company as per the statutory requirements for record retention other than the period from 1 July 2023 to March 31, 2024.

Note 47 : Other statutory information

- A The Company has not advanced or loaned or invested funds to any person or any entity, including foreign entities (Intermediaries) with the understanding that the intermediary shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by a or on behalf of the Company (Ultimate Beneficiaries); or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- B The Company has not received any fund from any person or any entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by a or on behalf of the Funding Party (Ultimate Beneficiaries); or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- C The Company does not have any transactions and outstanding balances during the current as well previous year with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- D The Company is not holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Further, no proceedings have been initiated or pending against the Company for holding any benami property under the Act and rules mentioned above.
- E The Company has not been declared wilful defaulter by any bank or financial institution or government institution or any government authority.
- F The Company does not have any transaction which is not recorded in the books of account 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).
- G The Company has not traded or invested in crypto currency or virtual currency during the current year and previous year.
- H The Company has complied with the number of layers prescribed under section 2(87) of the Act.
- I The Company have not revalued its PPE and intangible assets during the current year and previous year.
- J The Company covered under the Act has not entered into any scheme of arrangement in terms of section 230 to 237 of the Act during the current year and previous year.

Notes to the Standalone Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 47 : Other statutory information (Contd..)

- K The Company has not granted any loan or advance in the nature of loan, during the current year, to promoters, directors, KMPs or other related parties, either severally or jointly with any other person, that is repayable on demand or without specifying any terms or period of repayment. Also, no such loan or advance in nature of loan is outstanding as at the reporting date.
- L There are no charges or satisfaction which are yet to be registered with Registrar of Companies during the current year.

Note 48 : Initial public offer of the Company

During the year ended March 31, 2025, the Company has completed the Initial Public Offering ('IPO') of 17,133,956 equity shares of face value of ₹10 each at an issue price of ₹ 321 per equity share (including share premium of ₹ 311 per equity share), comprising of offer for sale of 4,672,897 equity shares by selling shareholders and fresh issue of 12,461,059 equity shares. The equity shares of the Company were listed both on the National Stock Exchange of India Limited and BSE Limited on 27 December 2024.

The utilisation of the IPO proceeds has been tabulated below:

Objects of the issue as per prospectus	Utilisation planned per prospectus*	Utilised up to March 31, 2025	Unutilised amount as on March 31, 2025
Repayment and/ or pre-payment, in full or in part, of borrowings of the Company	16,000	16,000	-
Investment in subsidiary for repayment and/ or pre-payment, in full or part, of borrowings availed by the subsidiary	14,000	14,000	-
General corporate purposes	7,095	7,095	-
Total	37,095	37,095	-

* Net of share issue expenses of ₹ 2,905 Lakhs

Note 49 : Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year classifications / disclosures. However, the impact of such regroupings / reclassifications is not material to the standalone financial statements.

This is the notes to the standalone financial statements including material accounting policy information and other explanatory information referred to in our report of even date.

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

Rajni Mundra
Partner
Membership No. 058644

Place: Mumbai
Date: May 26, 2025

For and on behalf of the Board of Directors

Paresh Dattani
Chairman and Managing Director
DIN : 00163591

Sanjay Shah
Chief Financial Officer

Place: Mumbai
Date: May 26, 2025

Ajaykumar Dattani
Joint Managing Director
DIN : 00163739

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

The background features a dark blue gradient with a series of thin, light blue wavy lines that flow from the top right towards the center. A large, dark blue circle is positioned in the lower-left quadrant, containing the text.

Consolidated Financial Statements

Independent Auditor's Report

To
The Members of
Sanathan Textiles Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

- We have audited the accompanying consolidated financial statements of **Sanathan Textiles Limited** ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group'), as listed in **Annexure A**, which comprise the Consolidated Balance Sheet as at March 31, 2025, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.
- 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 reports of the other auditors 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, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2025, and their consolidated profit (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Valuation of inventories

Refer note 2.5(xiii) to the accompanying consolidated financial statements for the material accounting policy information on inventories and note 8 to the accompanying consolidated financial statements for details of carrying value of inventories as at March 31, 2025.

At the balance sheet date March 31, 2025, the Group held inventories comprising of raw materials, finished goods, work-in-progress, intermediate products and stores and packing materials aggregating to ₹ 37,474 Lakhs which represents 10.62 % of the total assets of the Group.

Basis for Opinion

- We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 15 of the Other Matter section below is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

- Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, 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.

How our audit addressed the key audit matter

Our audit procedures related to valuation of inventories included, but were not limited, to the following:

- Assessed the appropriateness of the Group's accounting policy and valuation method of inventory in accordance with Ind AS 2.
- Evaluated the design and tested the operating effectiveness of key controls, including automated controls with the help of auditor's experts around purchase of inventories, valuation of inventories, computation of overheads.

Determination of cost of inventory for finished goods, intermediate products and work-in-progress involves determination of cost of direct raw materials, labour, allocation of variable overheads based on the actual use of production facilities and apportionable of fixed overhead expenditure based on the normal operating capacity.

The valuation process which includes overhead allocation as above involves management judgement and estimation around inputs used for overhead allocation based on various criteria, cost drivers, product mix, and allocation of expenses through various stages of production.

Considering the abovementioned complexities, materiality of amounts and management judgement involved, valuation of inventories has been considered to be a key audit matter for the current year audit.

How our audit addressed the key audit matter

- Discussed with management the rationale supporting assumptions and estimates used in carrying out the inventory valuation and corroborated the same to our understanding of the business.
- Understood and assessed the management process of determining overhead absorption rates applied by verifying the appropriateness of underlying variables used such as cost data, normal production capacity, actual production data, bill of materials and stage of production.
- Verified the expenses considered as cost of conversion including estimates for apportionment of such conversion cost to finished goods, intermediate products and work-in-progress, and ensured arithmetical accuracy of such workings.
- Performed substantive testing for samples of raw materials purchase transactions recorded during the year, and purchase transactions recorded before and after year end, to ensure such purchases are booked accurately and in the correct period, by verifying the underlying documents for such selected samples, which included contracts, purchase orders, invoices, shipping documents such as lorry receipts, etc.
- Performed analytical procedures on current year’s cost of goods sold based on gross profit margin analysis, and where appropriate, conducted further enquiries and testing.
- Evaluated the appropriateness and adequacy of the disclosures made in the accompanying consolidated financial statements in accordance with the applicable accounting standards.

How our audit addressed the key audit matter

In addition to the above key audit matter, we have determined the following matter reproduced below as a key audit matter to be communicated in our report, based on communication received from the component auditor of one of the subsidiary companies of the Holding Company:

Additions to capital work-in-progress ('CWIP')

Refer note 2.5(v) to the accompanying consolidated financial statements for the material accounting policy information and note 3B to the accompanying consolidated financial statements.

Sanathan Polycot Private Limited ('SPPL') has incurred significant capital expenditure of ₹ 144,728 lakhs during the year ended March 31, 2025 for setting up of new plant at Wazirabad, Punjab comprising of 73.25% of total assets of SPPL as at March 31, 2025.

Determination of whether the additions to CWIP meet the recognition criteria in accordance with the requirements of Ind AS 16, Property, Plant and Equipment ('Ind AS 16') requires considerable management judgement including allocation of overheads, employee costs and other incidental expenses.

Further, such capital expenditure has been partly funded from the specific borrowings raised by SPPL. Accordingly, the borrowing costs incurred on such borrowings have been capitalised as part of cost of the qualifying assets in accordance with the principles of Ind AS 23, Borrowing Costs ('Ind AS 23').

Given the significance of the amounts involved in the context of the balance sheet of the Company and the level of estimates / judgements involved as mentioned above, addition to capital work-in-progress has been determined key audit matter in the current year audit.

Our audit procedures included, but were not limited to the following:

- Obtained an understanding of the management's process of recording the transactions pertaining to capital expenditure incurred by Sanathan Polycot Private Limited (SPPL) and evaluated the accounting policies adopted by SPPL in accordance with the requirements of Ind AS 16.
- Evaluated the design and tested the operating effectiveness of key controls over additions to CWIP.
- Tested the amounts of additions to CWIP made during the year, on a sample basis, and verified underlying supporting documents including contracts, agreements, and invoices to ensure CWIP is recorded accurately in the correct period and assessed whether the recognition criteria under Ind AS 16 has been met.
- Evaluated whether the capitalisation of borrowing costs is in accordance with the principles of Ind AS 23 and re-computed the same.
- In respect of overheads allocated by the management, evaluated the methodology used by the management and assessed the reasonableness of allocation method.
- Assessed that the disclosures made in the accompanying consolidated financial statements in accordance with the applicable accounting standards.

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

6. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 the other information is materially inconsistent with the

consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, 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

7. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated

financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

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

10. 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 Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the 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 controls;
 - Obtain an understanding of internal 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 has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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; and

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the 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.
12. 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 controls that we identify during our audit.
 13. 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.
 14. 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

15. We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 198,411 lakhs as at March 31, 2025, total revenues of ₹ 1,659 lakhs and net cash inflows amounting to ₹ 1,231 lakhs for the year ended on that date, as considered in the consolidated financial statements. 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 statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiaries, are based solely on the reports of the other auditors.
- Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 15, on separate financial statements of the subsidiaries, we report that the Holding Company has paid remuneration to its respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that two subsidiaries incorporated in India whose financial statements have been audited under the Act have not paid or provided for any managerial remuneration during the year. Accordingly, reporting under section 197(16) of the Act is not applicable in respect of such subsidiaries.
17. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditors as mentioned in paragraph 15 above, of companies included in the consolidated financial statements and covered under the Act, we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.
18. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b) Except for the matters stated in paragraph 18(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it

appears from our examination of those books and the reports of the other auditors ;

- c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;
 - e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors of its subsidiaries, covered under the Act, none of the directors of the Holding Company and its subsidiaries, are disqualified as on March 31, 2025 from being appointed as a director in terms of section 164(2) of the Act;
 - f) The modification relating to the maintenance of accounts and other matters connected therewith with respect to the consolidated financial statements are as stated in, paragraph 18(b) above on reporting under section 143(3) (b) of the Act and paragraph 18(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);
 - g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiaries covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure B' wherein we have expressed an unmodified opinion; and
 - h) 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 and other financial information of the subsidiaries incorporated in India whose financial statements have been audited under the Act:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in note 35(i) to the consolidated financial statements;
 - ii. The Holding Company and its subsidiaries did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2025;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries covered under the Act, during the year ended March 31, 2025;
 - iv. a. The respective managements of the Holding Company and its subsidiaries incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief as disclosed in note 43A to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiaries to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiaries, ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b. The respective managements of the Holding Company and its subsidiaries incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the note 43B to the accompanying consolidated financial statements, no funds have been received by the Holding Company or its subsidiaries from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiaries shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on

- behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiaries, as considered reasonable and appropriate in the circumstances, nothing has come to our or other auditors' notice that has caused us or the other auditors to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Holding Company and its subsidiaries have not declared or paid any dividend during the year ended March 31, 2025; and
- vi. As stated in note 42 to the consolidated financial statements and based on our examination which included test checks and that performed by the respective

auditors of the subsidiary, except for the matters mentioned below, the Holding Company and its subsidiary, in respect of financial year commencing on or after 1 April 2024, have used an accounting software for maintaining their books of account which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we and respective auditors of the above referred subsidiary did not come across any instance of audit trail feature being tampered with, other than the consequential impact of the exceptions given below. Furthermore, except for matters mentioned below, the audit trails have been preserved by the Holding Company and above referred subsidiary as per the statutory requirements for record retention.

Nature of exception noted	Details of Exception
Instances of accounting software maintained by a third party where we are unable to comment on the audit trail feature at database level	The accounting software used for maintenance of accounting records by the Holding Company and its subsidiary is operated by a third-party software service provider. In the absence of any information on existence of audit trail (edit logs) for any direct changes made at the database level in the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with SAE 3402, Assurance Reports on Controls at a Service Organization), we and respective auditors of the above referred subsidiary are unable to comment on whether audit trail feature with respect to the database of the said software was enabled and operated throughout the year.
Instances of non-preservation of the audit trail	The audit trail from 1 July 2023 to March 31, 2024 has not been preserved by the Holding Company and its subsidiary as per the statutory requirements for record retention.

Place: Mumbai
Date: 26 May 2025

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

Rajni Mundra
Partner
Membership No.: 058644
UDIN: 25058644BMODLA5106

Annexure A

to the Independent Auditor's Report to the members of Sanathan Textiles Limited on the consolidated financial statements as at and for the year ended 31 March 2025

List of subsidiaries included in the consolidated financial statements

1. Sanathan Polycot Private Limited
2. Universal Texturisers Private Limited

Annexure B

to the Independent Auditor's Report of even date to the members of Sanathan Textiles Limited on the consolidated financial statements as at and for the year ended March 31, 2025

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Sanathan Textiles Limited (the 'Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as the 'Group') as at and for the year ended March 31, 2025, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, which are companies covered under the Act, as at that date.

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

2. The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial control with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls

with reference to financial statements, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of

management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, the Holding Company and its subsidiary companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating

effectively as at March 31, 2025, based on the internal financial control with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to two subsidiary companies, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 198,411 Lakhs and net assets of ₹ 61,924 Lakhs as at March 31, 2025, total revenues of ₹ 1,659 Lakhs and net cash inflows amounting to ₹ 1,231 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it related to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary companies, as aforesaid, under section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

Place: Mumbai
Date: 26 May 2025

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

Rajni Mundra
Partner

Membership No.: 058644
UDIN: 25058644BMODLA5106

Consolidated Balance Sheet

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	Notes	As at March 31, 2025	As at March 31, 2024
Assets			
Non-current assets			
a) Property, plant and equipment	3A	93,087	92,647
b) Capital work-in-progress	3B	1,58,695	14,051
c) Intangible assets	4A	149	247
d) Goodwill	4B	191	191
e) Financial assets			
i) Other financial assets	5	981	1,553
f) Income-tax assets (net)	6	534	-
g) Other non-current assets	7	13,436	20,746
Total non-current assets		2,67,073	1,29,435
Current assets			
a) Inventories	8	37,474	40,549
b) Financial assets			
i) Investments	9	-	10,695
ii) Trade receivables	10	14,858	12,568
iii) Cash and cash equivalents	11	3,099	2,993
iv) Bank balances other than cash and cash equivalents	12	10,750	7,169
v) Other financial assets	5	122	138
c) Other current assets	7	19,431	16,821
Total current assets		85,734	90,933
Total assets		3,52,807	2,20,368
Equity and liabilities			
Equity			
a) Equity share capital	13	8,440	7,194
b) Other equity	14	1,72,361	1,20,303
Total equity		1,80,801	1,27,497
Liabilities			
Non-current liabilities			
a) Financial liabilities			
i) Borrowings	15	93,820	33,720
b) Provisions	16	898	762
c) Deferred tax liabilities (net)	17	8,093	7,753
d) Other non-current liabilities	18	1,787	101
Total non-current liabilities		1,04,598	42,336
Current liabilities			
a) Financial liabilities			
i) Borrowings	15	14,597	4,268
ii) Trade payables	19		
total outstanding dues of micro enterprises and small enterprises; and		2,627	1,272
total outstanding dues of creditors other than micro enterprises and small enterprises		46,200	42,422
iii) Other financial liabilities	20	1,823	734
b) Other current liabilities	18	1,856	1,498
c) Provisions	16	305	276
d) Current tax liabilities (net)		-	65
Total current liabilities		67,408	50,535
Total liabilities		1,72,006	92,871
Total equity and liabilities		3,52,807	2,20,368

The accompanying notes to the consolidated financial statements including material accounting policy information and other explanatory information are an integral part of these consolidated financial statements.

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

For **Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No. : 001076N/N500013

Rajni Mundra

Partner

Membership No. 058644

For and on behalf of the Board of Directors

Paresh Dattani

Chairman and Managing Director

DIN : 00163591

Sanjay Shah

Chief Financial Officer

Ajaykumar Dattani

Joint Managing Director

DIN : 00163739

Jude D'souza

Company Secretary and

Compliance Officer

Membership No. 44812

Place: Mumbai

Date: May 26, 2025

Place: Mumbai

Date: May 26, 2025

Consolidated Statement of Profit and Loss

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2025	For the year ended March 31, 2024
Income			
a) Revenue from operations	21	2,99,861	2,95,750
b) Other income	22	1,749	2,230
Total income		3,01,610	2,97,980
Expenses			
a) Cost of materials consumed		2,10,966	2,13,171
b) Purchases of stock-in-trade		649	63
c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	502	(6)
d) Employee benefits expense	24	9,974	9,060
e) Finance costs	25	1,796	2,308
f) Depreciation and amortisation expense	26	4,586	4,439
g) Other expenses	27	51,492	50,804
Total expenses		2,79,965	2,79,839
Profit before tax		21,645	18,141
Tax expense	28		
a) Current tax			
- for the year		5,251	4,214
- pertaining to earlier year(s)		-	(81)
b) Deferred tax charge		349	623
Total tax expenses		5,600	4,756
Profit for the year		16,045	13,385
Other comprehensive income			
a) Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans		(35)	36
Income-tax effect on above		9	(9)
Other comprehensive income for the year		(26)	27
Total comprehensive income for the year		16,019	13,412
Profit for the year attributable to:			
Owners of the Holding Company		16,045	13,385
Non-controlling interest		-	-
		16,045	13,385
Other comprehensive income attributable to:			
Owners of the Holding Company		(26)	27
Non-controlling interest		-	-
		(26)	27
Total comprehensive income attributable to:			
Owners of the Holding Company		16,019	13,412
Non-controlling interest		-	-
		16,019	13,412
Earnings per share (face value of ₹ 10 each)	29		
Basic earnings per share (in Rupees)		21.30	18.60
Diluted earnings per share (in Rupees)		21.30	18.60

The accompanying notes to the consolidated financial statements including material accounting policy information and other explanatory information are an integral part of these consolidated financial statements.

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

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

Rajni Mundra
Partner
Membership No. 058644

Place: Mumbai
Date: May 26, 2025

For and on behalf of the Board of Directors

Paresh Dattani
Chairman and Managing Director
DIN : 00163591

Sanjay Shah
Chief Financial Officer

Place: Mumbai
Date: May 26, 2025

Ajaykumar Dattani
Joint Managing Director
DIN : 00163739

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

Consolidated Statement of Changes in Equity

(All amounts in Rupees Lakhs, unless otherwise stated)

A. Equity share capital

Particulars	Note	Number of shares (in nos.)	Amount
Issued, subscribed and fully paid-up share capital	13		
Equity shares of ₹ 10 each			
As at 1 April 2023		7,19,43,000	7,194
Issued during the year		-	-
As at March 31, 2024		7,19,43,000	7,194
Issued during the year (refer note 44)		1,24,61,059	1,246
As at March 31, 2025		8,44,04,059	8,440

B. Other equity (refer note 14)

Particulars	Reserves and surplus-Attributable to the owner of the Holding Company					Total
	General reserve	Employee stock options outstanding reserve	Other retained earnings	Re-measurement of defined benefit plan	Securities premium	
Balance as at 1 April 2023	23,239	130	83,582	(136)	-	1,06,815
a) Profit for the year	-	-	13,385	-	-	13,385
b) Other comprehensive income						
Re-measurement of defined benefit plan	-	-	-	27	-	27
Total comprehensive income (a+b)	-	-	13,385	27	-	13,412
c) Transfer from cash flow hedge reserve to profit and loss						-
d) Transactions with owners in their capacity as owners:						
Share based payment to employees	-	76	-	-	-	76
As at March 31, 2024	23,239	206	96,967	(109)	-	1,20,303
e) Profit for the year	-	-	16,045	-	-	16,045
f) Other comprehensive income						
Re-measurement of defined benefit plan	-	-	-	(26)	-	(26)
Total comprehensive income (e+f)	-	-	16,045	(26)	-	16,019
g) Transactions with owners in their capacity as owners:						
Share based payment to employees	-	29	-	-	-	29
On issue of equity shares (refer note 44)	-	-	-	-	36,010	36,010
As at March 31, 2025	23,239	235	1,13,012	(135)	36,010	1,72,361

The accompanying notes to the consolidated financial statements including material accounting policy information and other explanatory information are an integral part of these consolidated financial statements.

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

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No. : 001076N/N500013

Rajni Mundra

Partner

Membership No. 058644

For and on behalf of the Board of Directors

Paresh Dattani

Chairman and Managing Director

DIN : 00163591

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Joint Managing Director

DIN : 00163739

Jude D'souza

Company Secretary and Compliance Officer

Membership No. 44812

Place: Mumbai

Date: May 26, 2025

Place: Mumbai

Date: May 26, 2025

Consolidated Statement of Cash Flows

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2025	For the year ended March 31, 2024
(A) Cash flow from operating activities			
Profit before tax		21,645	18,141
Adjustments for non-cash transactions and items considered separately			
Depreciation and amortisation expense	26	4,586	4,439
Re-measurement of defined benefit plans		(35)	36
Share based payments to employees	24	29	76
Interest income on bank deposits	22	(483)	(328)
Fair value gain on investments measured at fair value through profit or loss	22	-	(65)
Gain on disposal of property, plant and equipment (net)	22	(11)	(180)
Finance costs	25	1,796	2,308
Unrealised portion of loss on foreign currency translations (net)		(171)	(29)
Liabilities / provisions no longer required, written back	22	(51)	(21)
Adjustment for government grants	36	(160)	(65)
Write down of inventories to net realisable value	8	317	180
Profit on sale of mutual funds (net)	22	(518)	(169)
Reversal of allowance for expected credit loss (net)	22	(75)	(56)
Cash flow before changes in working capital		26,869	24,267
Changes in working capital			
Trade payables		5,295	6,022
Provisions and other liabilities		2,678	(335)
Inventories		2,758	(569)
Trade receivables		(2,131)	1,798
Other financial and non-financial assets		(1,219)	(8,371)
Cash generated from operations before taxes		34,250	22,812
Income-taxes paid (net of refunds)		(5,850)	(3,638)
Net cash generated from operating activities (A)		28,400	19,174
(B) Cash flow from investing activities			
Purchases of property, plant and equipment, capital work-in-progress and intangible assets under development (including capital advances)		(1,42,872)	(21,591)
Proceeds from disposal of property, plant and equipment		24	282
Deposits (placed) / matured (net)		(3,006)	2,163
Sale proceeds of / (investment in) mutual funds		11,212	(5,709)
Interest received on bank deposits		483	325
Net cash used in investing activities (B)		(1,34,159)	(24,530)

Consolidated Statement of Cash Flows

(All amounts in Rupees Lakhs, unless otherwise stated)

Particulars	Notes	For the year ended March 31, 2025	For the year ended March 31, 2024
(C) Cash flow from financing activities			
Proceeds from issue of equity shares (net of share issue expenses)	13&14	37,257	-
Cash credit facilities and short term borrowings availed / (repaid) (net)		9,591	(150)
Long-term borrowings availed	15	93,753	16,645
Repayment of long-term borrowings	15	(32,940)	(6,737)
Payment of interest		(1,796)	(2,311)
Net cash generated from financing activities (C)		1,05,865	7,447
Net increase in cash and cash equivalents (A+B+C)		106	2,091
Cash and cash equivalents at the beginning of the year		2,993	902
Cash and cash equivalents at the end of the year		3,099	2,993
Notes to consolidated statement of cash flows:			
Cash and cash equivalents at the end of the year comprise of :			
Balances with banks in current accounts	11	3,096	2,990
Cash on hand	11	3	3
		3,099	2,993

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

The accompanying notes to the consolidated financial statements including material accounting policy information and other explanatory information are an integral part of these consolidated financial statements.

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

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No. : 001076N/N500013

Rajni Mundra

Partner

Membership No. 058644

For and on behalf of the Board of Directors

Paresh Dattani

Chairman and Managing Director

DIN : 00163591

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Joint Managing Director

DIN : 00163739

Jude D'souza

Company Secretary and

Compliance Officer

Membership No. 44812

Place: Mumbai

Date: May 26, 2025

Place: Mumbai

Date: May 26, 2025

Summary statement of material accounting policy information and other explanatory information to the consolidated financial statements

as at and for the year ended 31 March 2025

1. Corporate information

Sanathan Textiles Limited ('Sanathan' or the 'Holding Company') is a company domiciled in India under the provisions of the erstwhile Companies Act, 1956. The equity shares of the Holding Company are listed on the National Stock Exchange of India limited and BSE Limited. The Holding Company's registered office is located at SRV No. 187/4/1/2, Near Surangi Bridge, Surangi, Dadra and Nagar Haveli (District), Dadra and Nagar Haveli, India - 396230.

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

On 20 April 2021, Sanathan incorporated a wholly owned subsidiary company, Sanathan Polycot Private Limited ('SPPL') which is in the business of manufacture and sale of polyester, texturized and cotton yarn and related textile products.

Further on 26 September 2021, Sanathan acquired 100% equity shares of Universal Texturisers Private Limited ('UTPL'). UTPL is also in the business of manufacture and sale polyester, texturised and cotton yarn and related textile products.

2. Basis of preparation and presentation

2.1 General information and statement of compliance:

The consolidated financial statements comprise of the consolidated balance sheet as at March 31, 2025, consolidated statement of profit and loss (including other comprehensive income), consolidated statement of cash flows and consolidated changes in equity for year then ended and notes to the consolidated financial statements including material accounting policy information and other explanatory information (hereinafter collectively referred to as 'consolidated financial statements').

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

The consolidated financial statements have been prepared on a going concern basis using the accrual basis of accounting and the accounting policies have been consistently applied unless otherwise.

All amounts included in the consolidated financial statements are reported in Indian Rupees ('INR'/'₹') in lakhs unless otherwise stated and "0" denotes amounts less than fifty thousand rupees.

2.2 Basis of measurement:

The consolidated financial statements have been prepared on historical cost basis except for the following material items that have been measured at fair value:

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

2.3 Principles of consolidation

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The consolidated financial statements have been prepared in accordance with Ind AS 110 'Consolidated Financial Statements' and on the basis of separate audited financial statements of the Holding Company and the subsidiaries.

The consolidated financial statements of the Group are combined on a line by line basis by adding together book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or loss in accordance with Ind AS 110.

All the consolidated subsidiaries have a consistent reporting date of the balance sheet of the Holding Company.

Non-controlling interests, if any, in the results and equity of subsidiary companies are shown separately in the consolidated statement of profit and loss, the consolidated statement of changes in equity and the Consolidated balance sheet.

Summary statement of material accounting policy information and other explanatory information to the consolidated financial statements

as at and for the year ended 31 March 2025

List of subsidiary companies included in the consolidated financial statements:

Name of the subsidiary company	Country of incorporation	% holding as at March 31, 2025	% holding as at March 31, 2024
Sanathan Polycot Private Limited	India	100%	100%
Universal Texturisers Private Limited	India	100%	100%

* Principal business activity of both the subsidiary companies is 'Textile manufacturing'

2.4 Use of estimates and judgements:

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

- a) **Recognition of deferred tax assets** - The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the respective entity's future taxable income (supported by reliable evidence) against which the deferred tax assets can be utilised.
- b) **Evaluation of indicators for impairment of assets** - The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.
- c) **Contingent liabilities** - At each balance sheet date, basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.
- d) **Impairment of trade receivables** - The impairment provisions for trade receivable are based on expected credit loss method. The judgement is used in making the assumptions in calculating the default rate required for identifying the provision as per the expected credit loss method at the end of each reporting period.
- e) **Impairment of financial assets** - At each balance sheet date, based on historical default rates observed over expected life, existing market conditions as well as forward looking estimates, the Group assesses the expected credit losses on outstanding receivables. Further, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with industry and country in which the customer operates.
- f) **Defined benefit obligation ('DBO')** - The Group's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the defined benefit expenses of the reporting period.
- g) **Useful lives of property, plant and equipment and intangible assets** - The Group reviews its estimate of the useful lives of property, plant and equipment and intangible assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utilisation of assets.
- h) **Government grants** - Grants receivable are based on estimates for utilisation of the grant as per the regulations as well as analysing actual outcomes on a regular basis and compliance with stipulated conditions. Changes in estimates or non-compliance of stipulated conditions could lead to significant changes in grant income and are accounted for prospectively over the balance obligation period.
- i) **Fair value measurements** - The Group applies valuation techniques to determine fair value of equity shares (where active market quotes are not available). This involves developing estimates and assumptions around volatility, dividend yield which may affect the value of equity shares.

Summary statement of material accounting policy information and other explanatory information to the consolidated financial statements

as at and for the year ended 31 March 2025

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

k) Provision for write down of inventories - The Group writes down inventories to net realisable value based on an estimate of the realisability of inventories. Write downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of estimates of net selling prices of the down-graded inventories. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

l) Provisions - Provisions are recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding defined benefit plan) are not discounted to their present value and are determined based on best estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

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

m) Share-based payments - The grant date fair value of the option granted to employees is recognised as employee expense, with corresponding increase in equity, over the period that the employee become unconditionally entitled to the option. The increase in equity recognised in connection with share-based payment transaction is presented as a separate component in equity under 'Employee stock options outstanding reserve'. The amount recognised as expense is adjusted to reflect

the impact of the revision estimated based on number of options that are expected to vest, in the consolidated statement of profit and loss with a corresponding adjustment to equity.

2.5 Summary of material accounting policies:

(i) Functional and presentation currency

Items included in the consolidated financial statements of the Group is measured using the currency of the primary economic environment in which the Group operates i.e., the 'functional currency'. The consolidated financial statements are presented in ₹, which is the functional and presentation currency of the Group.

(ii) Foreign currency transactions and translations

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

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

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

(iii) Financial instruments

a. Initial recognition and measurement

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

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

Summary statement of material accounting policy information and other explanatory information to the consolidated financial statements

as at and for the year ended 31 March 2025

Financial liabilities are classified as measured at amortised cost or FVTPL. The fair value of a financial liability at initial recognition is normally the transaction price. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

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

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

b. Subsequent measurement

Non-derivative financial instruments

(a) Financial assets carried at amortised cost

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

(b) Financial assets at fair value through other comprehensive income ('FVOCI')

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

(c) Financial assets at FVTPL

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(d) Financial liabilities

The measurement of financial liabilities depends on their classification.

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

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

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

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

(e) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because

Summary statement of material accounting policy information and other explanatory information to the consolidated financial statements

as at and for the year ended 31 March 2025

a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts liabilities, if any, issued by the Holding Company to its subsidiary companies, are measured initially at their fair values and recognised as income in the Statement of Profit and Loss over the period of guarantee.

Where guarantees in relation to loans or other payables of group companies are provided for no compensation, the fair value are accounted for as contributions and recognised as part of cost of investment.

The effect of above recognition and measurement is eliminated in preparation and presentation of consolidated financial statements as these are intra-group balances and transactions.

(f) Derivative financial instruments

Derivative financial instruments such as forward contracts, to hedge foreign currency risks are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the consolidated statement of profit and loss in the period when they arise.

c. De-recognition of financial instruments

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

d. Offsetting financial instruments

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

(iv) Current versus non-current classification

(i) An asset is considered as current when it is:

- a. Expected to be realised or intended to be sold or consumed in the normal operating cycle; or
- b. Held primarily for the purpose of trading; or
- c. Expected to be realised within twelve months after the reporting period; or
- d. Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

(ii) Liability is considered as current when it is:

- a. Expected to be settled in the normal operating cycle; or
- b. Held primarily for the purpose of trading; or
- c. Due to be settled within twelve months after the reporting period; or
- d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

All assets and liabilities have been classified as current or non-current as per the Group's operating cycle and other criteria set out

Summary statement of material accounting policy information and other explanatory information to the consolidated financial statements

as at and for the year ended 31 March 2025

in Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as not exceeding twelve months for the purpose of current and non-current classification of assets and liabilities.

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

Recognition and initial measurement

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

Subsequent costs and disposal

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repair and maintenance costs are recognised in the consolidated statement of profit and loss as incurred.

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

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

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

Subsequent measurement (depreciation and useful lives)

Freehold land is carried at historical cost (after adjustment of fair value at the time of transition to Ind AS) and is a non-depreciable asset. All

other items of PPE are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on PPE is provided on a straight-line basis, computed on the basis of useful lives (as set out below) prescribed in Schedule II to the Act, except for plant and equipment wherein based on the technical evaluation, useful life has been estimated to be 8 to 25 years.

The estimated useful lives of different classes of PPE are as follows:

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

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

(vi) Intangible asset under development

Intangible asset under development ('IAUD') includes intangible assets which are not ready for intended use as on balance sheet date.

(vii) Intangible assets

Recognition and initial measurement

Intangible assets are recognised when it is possible that the future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably.

Subsequent measurement (amortisation and useful lives)

Intangible assets are stated at original costs, if any, less accumulated amortisation and cumulative impairment, if any.

Intangible assets are amortised over their useful life, as determined by the management. Amortisation on addition to intangible assets or on disposal of intangible assets is calculated pro-rata from the month of such addition or

Summary statement of material accounting policy information and other explanatory information to the consolidated financial statements

as at and for the year ended 31 March 2025

up to the month of such disposal as the case may be. The estimated useful life of the Group's intangible asset is as follows:

Class of intangible asset	Useful life
Computer software	3 years

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment at each reporting date, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

(viii) Leases

Group as a lessee - Right of use ('ROU') assets and lease liabilities

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

Classification of leases

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

Recognition and initial measurement of ROU assets

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

Subsequent measurement of ROU assets

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

Lease liabilities

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

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

The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income is recognised on accrual basis.

(ix) Impairment of assets

(a) Non-financial assets

Assessment is done at each balance sheet date as to whether there is any indication that an asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down

Summary statement of material accounting policy information and other explanatory information to the consolidated financial statements

as at and for the year ended 31 March 2025

to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

(b) Financial assets

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

Trade receivables

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

Other financial assets

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

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of

significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

(x) Employee benefits

(a) Long-term employee benefits

(i) Defined contribution plan

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

(ii) Defined benefit plan

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

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

Actuarial gains or losses are recognised in other comprehensive income ('OCI'). Interest expense recognised in the consolidated statement of profit

Summary statement of material accounting policy information and other explanatory information to the consolidated financial statements

as at and for the year ended 31 March 2025

and loss is calculated by applying the discount rate used to measure the defined benefit obligation to the defined benefit liability.

(b) Short-term employee benefits

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

(c) Share-based payments

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

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

Total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the Group modifies the terms or conditions of the equity instruments granted in a manner is not otherwise beneficial to the employee, the Group continues to account for the services received as consideration for the equity instruments granted as if that modification had not occurred.

(xi) Provisions, contingent liabilities and contingent assets

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

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

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

Contingent asset is not recognised in the consolidated financial statements. However, it is recognised only when an inflow of economic benefits is probable.

(xii) Borrowing costs

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

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

Summary statement of material accounting policy information and other explanatory information to the consolidated financial statements

as at and for the year ended 31 March 2025

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

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

(xiii) Inventories

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

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

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

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

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

Net realisable value is the estimated selling price in the ordinary course of business less

the estimated costs of completion and the estimated costs necessary to make the sale.

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

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

(xiv) Income recognition

(a) Revenue recognition

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. Revenue is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products. Revenue is measured net of rebates, discounts and taxes. A receivable is recognised by the Group when control is transferred as this is the point in time where consideration is unconditional because only the passage of time is required for the payment to be received.

No element of financing is deemed to be present since the Group does not provide significant period of credit to its customers.

The Group applies the revenue recognition criteria to each component of the revenue transaction as set out below:

Sale of products

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

Summary statement of material accounting policy information and other explanatory information to the consolidated financial statements

as at and for the year ended 31 March 2025

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Group as part of the contract.

Revenue (other than sale of products)

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

(b) Other operating revenue

Other operating revenue includes export incentives. Export incentives constituting duty drawback, incentives under Remission of Duties and Taxes on Exported Products (RODTEP) and Duty-drawback Scheme which are accounted for on accrual basis where there is reasonable assurance that the Group will comply with the conditions attached to them and the export benefits will be received. Export incentives in the nature of government grants under Export Promotion Capital Goods (EPCG), are notified by Government of India and are accounted for in the period of exports and discharging other conditions attached to the grant, and when there is no uncertainty in its recognition.

(c) Interest income

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

(d) Dividend

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

(e) Other income

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

(xv) Taxes

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in

consolidated statement of profit and loss except to the extent that it relates to items recognised directly in equity or OCI.

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

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

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

(xvi) Earnings per share

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

For the purpose of calculating diluted earnings per share, the consolidated net profit or loss for the period attributable to equity shareholders and the weighted average number of shares of

Summary statement of material accounting policy information and other explanatory information to the consolidated financial statements

as at and for the year ended 31 March 2025

the Holding Company outstanding during the period, are adjusted for the effects of all dilutive potential equity shares.

(xvii) Cash and cash equivalents

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

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

(xviii) Initial Public Offer ('IPO') related transaction costs

The expenses pertaining to IPO includes expenses pertaining to fresh issue of equity shares, offer for sale by selling shareholders and listing of equity shares and is accounted for as follows:

- Incremental costs that are directly attributable to issuing new shares were deferred until successful consummation of IPO upon which they have been deducted from equity;
- Incremental costs that are not directly attributable to issuing new shares or offer for sale by selling shareholders, have been recorded as an expense in the consolidated statement of profit and loss as and when incurred; and

Costs that relate to fresh issue of equity shares and offer for sale by selling shareholders have been allocated between those functions on a rational and consistent basis as per agreed terms.

(xix) Government grants

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

Government grants related to or used for assets are included in the balance sheet as deferred government grant and recognised as income in

the consolidated statement of profit and loss in the proportion of export obligations that have been discharged.

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

(xx) Investments

Investments in equity instruments of subsidiaries is carried at cost in accordance with Ind AS 27 'Separate Financial Statements'.

All investments in other equity instruments falling under scope of Ind AS 109 'Financial Instruments' are measured at fair value. The debt portion of investment in preference shares in measured at amortised cost.

Mutual funds which are held for trading are classified as at FVTPL with all changes recognised in the consolidated statement of profit and loss. The mutual funds are valued using closing net asset value (NAV).

For all other equity investments, the Group makes an irrevocable election to present in OCI, the subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends and impairment loss, are recognised in OCI. There is no recycling of the amounts from the OCI to the consolidated statement of profit and loss, even on sale of the investment. However, the Group may transfer the cumulative gain or loss within categories of equity.

(xxi) Business combination

The Group accounts for each business combination by applying the acquisition method. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power

Summary statement of material accounting policy information and other explanatory information to the consolidated financial statements

as at and for the year ended 31 March 2025

over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

The Group measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities (including contingent liabilities in case such a liability represents a present obligation and arises from a past event and its fair value can be measured reliably) assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to settlement of pre-existing relationships.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the consolidated statement of profit and loss.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any goodwill that arises on account of such business combination is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders. The difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

(xxii) Operating segments

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

(xxiii) Exceptional items

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

(xxiv) Events after the reporting date

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

2.6 Recent accounting pronouncements:

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year

Summary statement of material accounting policy information and other explanatory information to the consolidated financial statements

as at and for the year ended 31 March 2025

ended March 31, 2025, MCA has notified Ind AS 117, 'Insurance Contracts' and amendments to Ind AS 116, 'Leases', relating to sale and leaseback transactions, applicable with effect from 1 April 2024. The Group has reviewed the new pronouncements and based on its evaluation has determined that it does not have any impact in its consolidated financial statements.

2.7 New and amended standards issued but not effective

Amendments to Ind AS 21, 'The Effects of Changes in Foreign Exchange Rates'

The amendments to Ind AS 21 specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate

when exchangeability is lacking. The amendments also require disclosure of information that enables users of financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 01 April 2025. When applying the amendments, an entity cannot restate comparative information.

The Group does not expect any material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

as at and for the year ended 31 March 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 3A : Property, plant and equipment ('PPE')

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Electrical installations and equipment	Office equipment	Factory equipment	Laboratory equipment	Computers	Total
Gross block											
As at 1 April 2023	19,108	29,498	1,10,982	255	1,786	5,822	153	2,231	785	772	1,71,392
Additions	-	91	670	1	818	13	23	553	4	117	2,290
Deletions	65	-	29	-	124	-	-	2	-	-	220
As at March 31, 2024	19,043	29,589	1,11,623	256	2,480	5,835	176	2,782	789	889	1,73,462
Additions	39	91	4,065	3	63	78	13	493	67	29	4,941
Deletions	-	-	18	-	66	-	-	-	-	13	97
As at March 31, 2025	19,082	29,680	1,15,670	259	2,477	5,913	189	3,275	856	905	1,78,306
Accumulated depreciation											
As at 1 April 2023	-	827	2,655	15	235	371	16	155	48	54	
Charge for the year	-	827	61,892	192	653	3,790	101	765	549	627	76,556
Reversal on deletions	-	-	22	-	95	-	-	-	-	-	117
As at March 31, 2024	-	8,814	64,525	207	793	4,161	117	920	597	681	80,815
Charge for the year	-	830	2,766	7	280	292	17	191	40	65	4,488
Reversal on deletions	-	-	12	-	60	-	-	-	-	12	84
As at March 31, 2025	-	9,644	67,279	214	1,013	4,453	134	1,111	637	734	85,219
Net block											
As at March 31, 2024	19,043	20,775	47,098	49	1,687	1,674	59	1,862	192	208	92,647
As at March 31, 2025	19,082	20,036	48,391	45	1,464	1,460	55	2,164	219	171	93,087

(i) All the title deeds of immovable properties are held in the name of the respective companies.

(ii) Refer note 15 for information on PPE provided as collateral or security for borrowings or finance facilities availed by the Group.

(iii) Refer note 35(ii) for capital commitments.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 3B: Capital work-in-progress ('CWIP')

Particulars	As at March 31, 2025	As at March 31, 2024
CWIP	1,58,695	14,051
Total	1,58,695	14,051

Disclosure for movement in CWIP:

Particulars	As at March 31, 2025	As at March 31, 2024
Balance at the beginning of the year	14,051	1,880
Additions during the year	1,49,546	14,461
Capitalised during the year	(4,902)	(2,290)
Balance at the end of the year	1,58,695	14,051

CWIP ageing schedule

As at March 31, 2025

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	1,45,811	11,598	1,286	-	1,58,695
Projects temporarily suspended	-	-	-	-	-

As at March 31, 2024

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	12,736	1,315	-	-	14,051
Projects temporarily suspended	-	-	-	-	-

Notes:

- There is no CWIP, completion of which is overdue or has exceeded its cost compared to its original plan in any of the above reported years.
- During the year, the Group has capitalised indirect expenses amounting to ₹11,828 lakhs (March 31, 2024: ₹2,948 lakhs)

Note 4A : Intangible assets

Particulars	Software	Total
Gross block		
As at 1 April 2023	-	-
Additions	310	310
Deletions	-	-
As at March 31, 2024	310	310
Additions	-	-
Deletions	-	-
As at March 31, 2025	310	310

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 4A : Intangible assets (Contd..)

Particulars	Software	Total
Accumulated amortisation		
April 1, 2023	-	-
Charge for the year	63	63
Reversal on deletions	-	-
As at March 31, 2024	63	63
Charge for the year	98	98
Reversal on deletions	-	-
As at March 31, 2025	161	161
Net block		
As at March 31, 2024	247	247
As at March 31, 2025	149	149

Note 4B : Goodwill

Goodwill on consolidation	Total
As at April 1, 2023	191
Addition during the year	-
As at March 31, 2024	191
Addition during the year	-
As at March 31, 2025	191

The Group assesses at each balance sheet date whether there is any indication that goodwill may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the consolidated statement of profit and loss. No impairment was required to be provided in any of the aforementioned reporting years as per evaluation done by the management.

Note 5 : Other financial assets

particulars	As at March 31, 2025		As at March 31, 2024	
	Non-current	Current	Non-current	Current
Unsecured, considered good				
Security deposits	778	7	776	4
Bank deposits with maturity of more than twelve months*	202	-	777	-
Other receivables				
Insurance receivable	-	111	-	130
Others	1	4	-	4
Total	981	122	1,553	138

* entire amount is held as lien against bank guarantees, letter of credit issued by bank and with the sales tax department.

There are no repatriation restrictions with regard to bank deposits as at the reporting dates.

Refer note 33A for information on credit risk.

Refer note 15 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Group.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 6 : Income-tax assets (net)

Particulars	As at March 31, 2025		As at March 31, 2024	
	Non-current	Current	Non-current	Current
Advance tax (net of provision for tax)	534	-	-	-
Total	534	-	-	-

Note 7 : Other assets

Particulars	As at March 31, 2025		As at March 31, 2024	
	Non-current	Current	Non-current	Current
Capital advance	11,945	-	17,877	-
Advances other than capital advances				
Advance to suppliers	-	1,166	-	3,000
Advance to employees	-	-	-	4
Balances with government authorities	1,394	16,908	2,779	8,653
Prepaid expenses	97	1,357	90	5,075
Share issue expenses	-	-	-	89
Total	13,436	19,431	20,746	16,821

There are no advances to directors or other officers of the Group, or any of them either severally or jointly with any other persons, or advances to firms or private companies respectively in which any director is a partner or a director or a member.

Refer note 15 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Group.

Note 8 : Inventories

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

	As at March 31, 2025	As at March 31, 2024
Raw materials*	20,583	23,162
Work-in-progress	746	750
Finished goods ##	8,466	9,131
Intermediate products#	3,052	2,885
Stores and packing materials*	4,627	4,621
Total	37,474	40,549
* includes goods in transit:		
- Raw materials	5,682	8,664
- Stores and packing materials	6	14
Write down of inventories to net realisable value**	317	180
** The impact is considered in "Changes in inventories of finished goods, work-in-progress and stock-in-trade"		
# Intermediate products are manufactured components which are sold either after further processing or directly without further processing		
** Includes carrying values of inventories valued at fair value less cost to sell	3,429	619

Refer note 15 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Group.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 9 : Investments - Current

	As at March 31, 2025	As at March 31, 2024
1) Investments measured at FVTPL		
Investments in mutual fund		
Quoted		
Nil units of Aditya Birla Sun Life Money Manager Fund - Growth (March 31, 2024: 3,57,467 units)	-	1,205
Nil units of Aditya Birla Sun Life Liquid Fund - Growth (March 31, 2024: 3,90,796 units)	-	1,507
Nil units of HDFC Money Market Fund - Direct Plan - Growth (March 31, 2024: 61,982 units)	-	3,228
Nil units of Kotak Liquid Fund - Direct Plan - Growth (March 31, 2024: 41,880 units)	-	2,043
Nil units of Union Liquid Fund - Direct Plan - Growth (March 31, 2024: 1,16,447 units)	-	2,712
Total	-	10,695
Aggregate carrying value of quoted investments	-	10,695
Aggregate market value of quoted investments	-	10,695
Aggregate carrying value of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

Refer note 33A for information on market risk.

Refer note 15 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Group.

Note 10 : Trade receivables

	As at March 31, 2025	As at March 31, 2024
Unsecured		
Considered good	14,916	12,701
Less: Allowance for expected credit loss	(58)	(133)
	14,858	12,568
Credit impaired	54	54
Less: Allowance for expected credit loss	(54)	(54)
Total	14,858	12,568
i. Dues from directors or other officers of the Group	-	-
ii. Dues from firms or private companies in which any director is a partner or a director or a member	-	-

Movement in the allowance for expected credit loss

	Amount
As at April 1, 2023	243
Reversal during the year (net)	(56)
As at March 31, 2024	187
Reversal during the year (net)	(75)
As at March 31, 2025	112

Notes:

(i) Trade receivables are generally non-interest bearing, immediately due and are generally collected within a period of 30 days.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 10 : Trade receivables (Contd..)

(ii) Refer note 33A for information on credit risk and market risk.

(iii) Refer note 15 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Group.

Trade receivables ageing schedule

As at March 31, 2025

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables - considered good	13,992	21	20	883	-	14,916
(ii) Undisputed trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivable - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	54	54

As at March 31, 2024

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables - considered good	11,281	332	1,088	-	-	12,701
(ii) Undisputed trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivable - credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables - considered good	-	-	-	-	-	-
(v) Disputed trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	54	54

There are no unbilled dues as at the reporting date.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 11 : Cash and cash equivalents

	As at March 31, 2025	As at March 31, 2024
Balances with banks in current accounts	3,096	2,990
Cash on hand	3	3
Total	3,099	2,993

Refer note 33A for information on credit risk and market risk.

Refer note 15 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Group.

There are no repatriation restrictions with regard to cash and cash equivalents as at the reporting date.

Note 12 : Bank balances other than cash and cash equivalents

	As at March 31, 2025	As at March 31, 2024
Bank deposits with original maturity of more than three months and less than twelve months*	6,210	2,063
Bank deposits having remaining maturity of less than twelve months*	4,289	5,061
Balances with banks in current accounts#	251	45
Total	10,750	7,169

* entire amount is held as lien against bank guarantees and letter of credit issued by bank.

#the amount is earmarked against corporate social responsibility expenditure in the scheduled bank as required under section 135 of the Act.

There are no repatriation restrictions with regard to bank balances other than cash and cash equivalents as at the reporting date.

Refer note 33A for information on credit risk.

Refer note 15 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Group.

Note 13 : Equity share capital

	Number of shares	Amount
Authorised share capital		
Equity shares of ₹ 10 each		
Balance as at March 31, 2024	9,00,00,000	9,000
Balance as at March 31, 2025	9,00,00,000	9,000
Issued, subscribed and fully paid-up share capital		
Equity shares of ₹ 10 each		
As at April 1 2023	7,19,43,000	7,194
Issued during the year	-	-
As at March 31, 2024	7,19,43,000	7,194
Issued during the year (refer note 44)	1,24,61,059	1,246
As at March 31, 2025	8,44,04,059	8,440

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 13 : Equity share capital (Contd..)

a. Terms and rights attached to the equity shares:

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

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

Name of shareholder	As at March 31, 2025		As at March 31, 2024	
	Number of shares	% of Holding	Number of shares	% of Holding
Equity shares of ₹ 10 each, fully paid-up				
Nimbus Trust	1,04,75,000	12.41%	1,04,75,000	14.56%
P&B Family Trust	1,04,75,000	12.41%	1,04,75,000	14.56%
D&G Family Trust	1,04,75,000	12.41%	1,04,75,000	14.56%
A&J Family Trust	1,04,75,000	12.41%	1,04,75,000	14.56%
Ajay Kumar V. Dattani	62,47,432	7.40%	73,27,650	10.19%
Dinesh Kumar V. Dattani	57,13,195	6.77%	71,12,800	9.89%
Paresh Kumar V. Dattani	60,48,831	7.17%	70,12,600	9.75%
Anil Kumar V. Dattani	55,82,050	6.61%	68,19,700	9.48%

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

c. Shareholding of promoters of Holding Company:

As at March 31, 2025

Name of promoter	Shares held by promoters at the end of the year		% change during the year
	Number of shares	% of total shares	
Equity shares of ₹ 10 each, fully paid-up			
Nimbus Trust	1,04,75,000	12.41%	(2.15%)
P&B Family Trust	1,04,75,000	12.41%	(2.15%)
D&G Family Trust	1,04,75,000	12.41%	(2.15%)
A&J Family Trust	1,04,75,000	12.41%	(2.15%)
Ajay Kumar V. Dattani	62,47,432	7.40%	(2.79%)
Dinesh Kumar V. Dattani	57,13,195	6.77%	(3.12%)
Paresh Kumar V. Dattani	60,48,831	7.17%	(2.58%)
Anil Kumar V. Dattani	55,82,050	6.61%	(2.87%)

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 13 : Equity share capital (Contd..)

As at March 31, 2024

Name of promoter	Shares held by promoters at the end of the year		% change during the year
	Number of shares	% of total shares	
Equity shares of ₹ 10 each, fully paid-up			
Nimbus Trust	1,04,75,000	14.56%	Nil
P&B Family Trust	1,04,75,000	14.56%	Nil
D&G Family Trust	1,04,75,000	14.56%	Nil
A&J Family Trust	1,04,75,000	14.56%	Nil
Ajay Kumar V. Dattani	73,27,650	10.19%	Nil
Dinesh Kumar V. Dattani	71,12,800	9.89%	Nil
Paresh Kumar V. Dattani	70,12,600	9.75%	Nil
Anil Kumar V. Dattani	68,19,700	9.48%	Nil

d. The Holding Company has not issued any bonus shares, neither the Holding Company has bought back any of its shares, nor any shares have been issued pursuant to contract without payment been received in cash during the five years immediately preeceding March 31, 2025.

e. Shares reserved for issue under options

Information relating to the Employee Stock Option Plan, 2021 ('ESOP 2021') of the Holding Company, including details of options issued, exercised and lapsed during the year and the options outstanding at the end of the reporting year, is set out under note 41.

Date of conversion in equity shares:

Particulars	Date of conversion
	30 June 2026
ESOP 2021	30 June 2027
	30 June 2028

Note 14 : Other equity

Particulars	As at March 31, 2025	As at March 31, 2024
Retained earnings	1,12,877	96,858
Securities premium	36,010	-
General reserve	23,239	23,239
Employee stock options outstanding reserve	235	206
Total	1,72,361	1,20,303

Nature and purpose of reserves:

i) Retained earnings

Retained earnings represent the profits earned by the Group till date less any transfers to general reserves, dividends or other distributions to the shareholders.

ii) Securities premium

Securities premium is credited when the shares are issued at premium and is utilised in accordance with provisions of the Act.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 14 : Other equity (Contd..)

iii) General reserve

This represents appropriation of profit by the Group.

iv) Employee stock options outstanding reserve

This represents the fair value of the stock options granted by the Holding Company, accumulated over the vesting period. The reserve will be utilised on exercise of the options.

Note 15 : Borrowings

Particulars	As at March 31, 2025		As at March 31, 2024	
	Non-current	Current	Non-current	Current
Secured				
Term loans (refer notes (A)(i) and (B)(i) below)				
Rupee loans	54,151	-	24,620	-
Foreign currency loans	39,623	-	8,602	-
Vehicle loans (refer note A(ii) and B(ii) below)	46	-	498	-
Sub-total (A)	93,820	-	33,720	-
Current maturities of long term borrowings				
Term loans (refer notes (A)(i) and (B)(i) below)				
Rupee loans	-	-	-	2,494
Foreign currency loans	-	4,853	-	1,658
Vehicle loans (refer note A(ii) and B(ii) below)	-	153	-	116
Sub-total (B)	-	5,006	-	4,268
Cash credit facilities from banks (refer notes (A)(iii) and (B)(iii) below)		5,991		
Working capital demand loans	-	3,600	-	-
Sub-total (C)	-	9,591	-	-
Total (A+B+C)	93,820	14,597	33,720	4,268

Refer note 33A for information on liquidity risk and market risk.

The Group has used the borrowings for the specific purpose for which it was availed.

There are no defaults in the repayment of borrowings and interest as at and during the respective reporting dates.

Cash flow changes in liabilities arising from financing activities:

Particulars	As at March 31, 2025	As at March 31, 2024
Opening	37,988	28,100
a) Long-term borrowings availed	93,753	16,645
b) Repayment of long-term borrowings	(32,940)	(6,737)
c) Availment / (repayment) of cash credit facilities and short-term borrowings (net)	9,591	(150)
d) Interest paid	(1,796)	(2,311)
Cash flows (net) (a+b+c+d)	68,607	7,447
Interest expense during the year	1,796	2,308
Change in accrued interest	-	3
Impact of foreign currency translation loss	26	130
Closing	1,08,417	37,988

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 15 : Borrowings (Contd..)

A) Details of interest rates terms and securities

i) Term loans

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

For the year ended	Number of loans	Rate of interest
March 31, 2025	5	Interest rates range from 1 year Minimum Cost of Funds Based Lending Rate ('MCLR')+0.50% per annum ('p.a.') to 1 year MCLR+1.50% p.a and Alternate Reference Rate ('ARR') + 425 basis point ('bps')
March 31, 2025	1	1 year MCLR + 0.40%
March 31, 2025	1	1 year MCLR + 0.70%
March 31, 2024	7	Interest rates range from 1 year MCLR+0.50% p.a. to 1 year MCLR+1.95% p.a, 6 month London Interbank Offer Rate ('LIBOR')+3.60% p.a., 6 months Euro London Interbank Offer Rate ('EURO-LIBOR')+4.25% p.a.
March 31, 2024	1	1 year MCLR + 0.70%
March 31, 2024	1	1 year MCLR + 0.65%

The various term loans are secured by :

- First charge on pari-passu basis on hypothecation of PPE of the Holding Company.
- First charge on pari-passu basis on equitable mortgage of factory, land and building of the Holding Company.
- First charge on equitable mortgage of office premises on pari-passu basis of the Holding Company.
- First charge on equitable mortgage of immovable property of one of the directors (common charge for cash credit facilities and Rupee term loans) of the Holding Company.
- Charge on pari-passu basis for all current assets, both present and future of the Holding Company.
- Personal guarantees by directors and relatives of directors of the Holding Company.
- First charge on pari-passu charge by way of equitable mortgage of factory land and building of the subsidiary company.
- First charge on pari-passu by way of hypothecation of plant and equipments, other movable and PPE (excluding machineries charged with Standard Chartered Bank for certain foreign currency loan) of the subsidiary company.
- Second pari-passu charge on current assets of the subsidiary company.
- Personal guarantees of the directors of the subsidiary company (refer note 31).
- Corporate guarantee given by the Holding Company for loans taken by the subsidiary company.

Following are the amounts of foreign currency loans within India secured by way of aforementioned charges:

	As at March 31, 2025		As at March 31, 2024	
	Non-current	Current	Non-current	Current
Foreign currency loans - within India	800	-	5,293	1,290
	800	-	5,293	1,290

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 15 : Borrowings (Contd..)

(b) Foreign currency loan from banks outside India

For the year ended	Number of loans	Rate of interest
March 31, 2025	1	Euro Interbank Offer Rate + 0.875%
March 31, 2024	1	Euro Interbank Offer Rate + 0.875%

The foreign currency term loans from banks outside India were secured by :

- Exclusive charge on the machinery financed by the lenders of the subsidiary company.
- Corporate guarantee from the Holding Company for term loans taken by the subsidiary company.
- These loans are secured by first and exclusive charge on the Barmag made partially oriented yarn and fully drawn yarn plants and packing automation of the subsidiary company.

Following are the amounts of foreign currency loans outside India secured by way of aforementioned charges:

	As at March 31, 2025		As at March 31, 2024	
	Non-current	Current	Non-current	Current
Foreign currency loans - outside India	38,823	4,853	3,309	368
	38,823	4,853	3,309	368

ii) Vehicle loans

For the year ended	Number of loans	Rate of interest
March 31, 2025	4	Interest rate ranging from 8.70% p.a. to 8.75% p.a.
March 31, 2024	4	Interest rate ranging from 8.70% p.a. to 8.75% p.a.

All the aforementioned vehicle loans were secured against hypothecation of the respective vehicles.

iii) Cash credit facilities and working capital demand loans

For the year ended	Rate of interest
March 31, 2025	Interest rates range from 1 year MCLR+0.50% p.a.+ Strategic Premium ('SP') to 1 year MCLR+1.25% p.a.
March 31, 2024	Interest rates range from 1 year MCLR+0.50% p.a.+SP to 1 year MCLR+1.80% p.a.

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

B) Details of repayment terms

i) Term loans

As at March 31, 2025

Particulars	Number of instalments outstanding as at March 31, 2025	Amount*
Rupee term loans	2 quarterly instalments	683
Rupee term loans	3 quarterly instalments	1,581
Rupee term loans	5 quarterly instalments	129
Rupee term loans	26 quarterly instalments	31,455
Rupee term loans	26 quarterly instalments	23,938
Foreign currency term loans	18 semi-annual instalments	43,676
Foreign currency term loans	2 quarterly instalments	800

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 15 : Borrowings (Contd..)

As at March 31, 2024

	Number of instalments outstanding as at March 31, 2024	Amount*
Rupee term loans	18 quarterly instalments	1,152
Rupee term loans	4 quarterly instalments	190
Rupee term loans	1 quarterly instalment	99
Rupee term loans	27 quarterly instalments	682
Rupee term loans	28 quarterly instalments	12,646
Rupee term loans	32 quarterly instalments	12,430
Foreign currency term loans	18 quarterly instalments	6,583
Foreign currency term loans	20 semi-annual instalments	3,677

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

ii) Vehicle loans

Vehicle loans are repayable in 12 to 18 monthly instalments (March 31, 2024: 56 to 59 monthly instalments).

iii) Cash credit facilities and working capital demand loans

Cash credit facilities and working capital demand loans are repayable on demand.

C) Details related to borrowings secured against current assets

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

For the year ended March 31, 2025

Quarter ended	Particulars	Amount as per books of account of holding company	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
March 31, 2025	Trade receivables	14,923	14,223	700	<p>The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', pertaining to period end transactions, incorporated by the Holding Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers.</p> <p>For calculating drawing power for book debts, revenue cut off adjustment and receivables aged more the 90 days are not considered as mentioned in the sanction letter. Hence the difference between trade receivables as per books and amount as reported in the quarterly return/statement are on account of revenue cut-off adjustments and receivables aged more than 90 days.</p>

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 15 : Borrowings (Contd..)

Quarter ended	Particulars	Amount as per books of account of holding company	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
	Inventories	35,790	35,579	211	No significant variation.
	Other current assets	16,914	11,299	5,615	Other current assets, inter alia, including bank deposits, advance to suppliers, balances with government authorities etc have not been considered while reporting to the bank.
31 December 2024	Trade receivables	13,914	13,076	838	The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', pertaining to period end transactions, incorporated by the Holding Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers. For calculating drawing power for book debts, revenue cut off adjustment and receivables aged more the 90 days are not considered as mentioned in the sanction letter. Hence the difference between trade receivables as per books and amount as reported in the quarterly return/statement are on account of revenue cut-off adjustments and receivables aged more than 90 days.
	Inventories	36,588	33,411	3,177	The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', and purchased inventory goods in transit based on terms of delivery, both pertaining to period end transactions, incorporated by the Holding Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers.
	Other current assets	58,883	16,519	42,364	Further, Inventories include Yarn wastage stock and stores and spares stock have not been considered while reporting to the bank. Other current assets, inter alia, including bank deposits, advance to suppliers, balances with government authorities etc have not been considered while reporting to the bank.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 15 : Borrowings (Contd..)

Quarter ended	Particulars	Amount as per books of account of holding company	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
30 September 2024	Trade receivables	15,654	13,350	2,304	<p>The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', pertaining to period end transactions, incorporated by the Holding Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers.</p> <p>For calculating drawing power for book debts, revenue cut off adjustment and receivables aged more the 90 days are not considered as mentioned in the sanction letter. Hence the difference between trade receivables as per books and amount as reported in the quarterly return/statement are on account of revenue cut-off adjustments and receivables aged more than 90 days.</p>
	Inventories	37,951	38,596	(645)	<p>The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', and purchased inventory goods in transit based on terms of delivery, both pertaining to period end transactions, incorporated by the Holding Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers.</p> <p>Further, Inventories include Yarn wastage stock and stores and spares stock have not been considered while reporting to the bank.</p>
	Other current assets	27,720	10,633	17,087	<p>Other current assets, inter alia, including bank deposits, advance to suppliers, balances with government authorities etc have not been considered while reporting to the bank.</p>

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 15 : Borrowings (Contd..)

Quarter ended	Particulars	Amount as per books of account of holding company	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
30 June 2024	Trade receivables	15,806	14,273	1,533	The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', pertaining to period end transactions, incorporated by the Holding Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers. For calculating drawing power for book debts, revenue cut off adjustment and receivables aged more the 90 days are not considered as mentioned in the sanction letter. Hence the difference between trade receivables as per books and amount as reported in the quarterly return/statement are on account of revenue cut-off adjustments and receivables aged more than 90 days.
	Inventories	39,038	38,701	337	The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', and purchased inventory goods in transit based on terms of delivery, both pertaining to period end transactions, incorporated by the Holding Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers. Further, Inventories include Yarn wastage stock and stores and spares stock have not been considered while reporting to the bank.
	Other current assets	33,376	14,273	19,103	Other current assets, inter alia, including bank deposits, advance to suppliers, balances with government authorities etc have not been considered while reporting to the bank.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 15 : Borrowings (Contd..)

For the year ended March 31, 2024

Quarter ended	Particulars	Amount as per books of account of the holding company	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
March 31, 2024	Trade receivables	12,726	11,377	1,349	The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', pertaining to period end transactions, incorporated by the Holding Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers. For calculating drawing power for book debts, revenue cut off adjustment and receivables aged more the 90 days are not considered as mentioned in sanction letter. Hence the difference between trade receivables as per books and amount as reported in the quarterly return/statement are on account of revenue cut-off adjustments and receivables aged more than 90 days.
	Inventories	38,929	38,752	177	No significant variation.
	Other current assets	32,378	12,910	19,468	The current assets reported included only balance with banks in current account. Current financial assets comprising of bank deposits, security deposits, derivative financial assets and other receivables (including insurance claim receivables), current non-financial assets comprising of balance with government authorities and advance to suppliers, and other bank balances were not considered while making submissions to the bank as per the sanction terms, resulting in the variation.
31 December 2023	Trade receivables	14,657	11,643	3,014	The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', pertaining to period end transactions, incorporated by the Holding Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 15 : Borrowings (Contd..)

Quarter ended	Particulars	Amount as per books of account of the holding company	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
					For calculating drawing power for book debts, revenue cut off adjustment and receivables aged more the 90 days are not considered as mentioned in sanction letter. Hence the difference between trade receivables as per books and amount as reported in the quarterly return/ statement are on account of revenue cut-off adjustments and receivables aged more than 90 days.
	Inventories	40,910	40,655	255	No significant variation.
	Other current assets	24,202	15,970	8,232	The current assets reported included only balance with banks in current account. Current financial assets comprising of bank deposits, security deposits, derivative financial assets and other receivables (including insurance claim receivables), current non-financial assets comprising of balance with government authorities and advance to suppliers, and other bank balances were not considered while making submissions to the bank as per the sanction terms, resulting in the variation.
30 September 2023	Trade receivables	17,406	13,142	4,264	The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', pertaining to period end transactions, incorporated by the Holding Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers.
					For calculating drawing power for book debts, revenue cut off adjustment and receivables aged more the 90 days are not considered as mentioned in sanction letter. Hence the difference between trade receivables as per books and amount as reported in the quarterly return/ statement are on account of revenue cut-off adjustments and receivables aged more than 90 days.
	Inventories	42,744	42,806	(62)	No significant variation.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 15 : Borrowings (Contd..)

Quarter ended	Particulars	Amount as per books of account of the holding company	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
	Other current assets	15,578	11,457	4,121	The current assets reported included only balance with banks in current account. Current financial assets comprising of bank deposits, security deposits, derivative financial assets and other receivables (including insurance claim receivables), current non-financial assets comprising of balance with government authorities and advance to suppliers, and other bank balances were not considered while making submissions to the bank as per the sanction terms, resulting in the variation.
30 June 2023	Trade receivables	14,255	11,925	2,330	The primary reason for variance is owing to adjustment made on account of timing of revenue recognition as per recognition and measurement principles of Ind AS 115, 'Revenue from Contracts with Customers', pertaining to period end transactions, incorporated by the Holding Company while finalising the books of accounts for the period end. Such adjustments were not considered while making submissions to the bankers. For calculating drawing power for book debts, revenue cut off adjustment and receivables aged more the 90 days are not considered as mentioned in sanction letter. Hence the difference between trade receivables as per books and amount as reported in the quarterly return/ statement are on account of revenue cut-off adjustments and receivables aged more than 90 days.
	Inventories	39,871	39,632	239	No significant variation.
	Other current assets	16,180	12,753	3,427	The current assets reported included only balance with banks in current account. Current financial assets comprising of bank deposits, security deposits, derivative financial assets and other receivables (including insurance claim receivables), current non-financial assets comprising of balance with government authorities and advance to suppliers, and other bank balances were not considered while making submissions to the bank as per the sanction terms, resulting in the variation.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 16 : Provisions

Particulars	As at March 31, 2025		As at March 31, 2024	
	Non-current	Current	Non-current	Current
Provision for employee benefits				
Provision for gratuity (refer note 30 (a))	898	272	762	250
Provision for compensated absences	-	33	-	26
Total	898	305	762	276

Disclosure for movement in provision for compensated absences:

Particulars	March 31, 2025	March 31, 2024
Provision at the beginning of the year	26	23
Created during the year (net)	50	40
Paid during the year	(43)	(37)
Provision at the end of the year	33	26

Note 17 : Deferred tax liabilities (net)

Particulars	As at March 31, 2025	As at March 31, 2024
Deferred tax liabilities arising on account of		
On timing difference between depreciation as per books and as per the Income-tax Act, 1961	8,598	8,085
Others	15	38
	8,613	8,123
Deferred tax assets arising on account of		
Unabsorbed depreciation	7	-
Unused Tax Loss	52	-
Provisions for employee benefits	334	297
Deferred government grants	99	26
Allowance for expected credit loss	28	47
	520	370
Deferred tax liabilities (net)	8,093	7,753

Movement in deferred tax assets and deferred tax liabilities :

Particulars	As at 1 April 2023	Recognised in profit or loss	Recognised in other comprehensive income	Recognised through other items of balance sheet	As at March 31, 2024
Deferred tax liabilities arising on account of					
On timing difference between depreciation as per books and as per the Income-tax Act, 1961	7,434	651	-	-	8,085
Others	28	10	-	-	38
	7,462	661	-	-	8,123
Deferred tax assets arising on account of					
Provision for employee benefits	266	40	(9)	-	297
Deferred government grants	14	12	-	-	26
Allowance for expected credit loss	61	(14)	-	-	47
	341	38	(9)	-	370
Total deferred tax liabilities (net)	7,121	623	9	-	7,753

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 17 : Deferred tax liabilities (net) (Contd..)

Particulars	As at April 1, 2024	Recognised in profit or loss	Recognised in other comprehensive income	Recognised through other items of balance sheet	As at March 31, 2025
Deferred tax liabilities arising on account of					
On timing difference between depreciation as per books and as per the Income-tax Act, 1961	8,085	513	-	-	8,598
Others	38	(23)	-	-	15
	8,123	490	-	-	8,613
Deferred tax assets arising on account of					
Unabsorbed depreciation	-	7	-	-	7
Unused Tax Loss	-	52	-	-	52
Provisions for employee benefits	297	28	9	-	334
Deferred government grants	26	73	-	-	99
Allowance for expected credit loss	47	(19)	-	-	28
	370	141	9	-	520
Total deferred tax liabilities (net)	7,753	349	(9)	-	8,093

Note 18 : Other liabilities

Particulars	As at March 31, 2025		As at March 31, 2024	
	Non-current	Current	Non-current	Current
Deferred government grants (refer note 36)	1,787	-	101	3
Contract liabilities (Revenue received in advance) (refer note 38)	-	739	-	685
Statutory dues payable	-	387	-	347
Other liabilities*	-	730	-	463
Total	1,787	1,856	101	1,498

* Other liabilities pertain to provision for corporate social responsibility.

Note 19 : Trade payables

Particulars	As at March 31, 2025	As at March 31, 2024
Total outstanding dues of		
micro enterprises and small enterprises	2,627	1,272
creditors other than micro enterprises and small enterprises *	46,200	42,422
Total	48,827	43,694

*Includes ₹ 18,193 lakhs (March 31, 2024: ₹ 37,515 lakhs) being amount payable to vendors secured against letter of credit.

Refer note 33A for information on liquidity risk and market risk.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 19 : Trade payables

Disclosure in respect of Micro, Small and Medium Enterprises ('MSME')

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

Trade payable ageing schedule:

As at March 31, 2025

Particulars	Outstanding for following periods from date of invoice				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	2,627	-	-	-	2,627
(ii) Others	35,678	203	-	-	35,881
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Sub-total	38,305	203	-	-	38,508
Add: Unbilled dues (undisputed and related to creditors other than micro enterprises and small enterprises)					10,319
Total					48,827

As at March 31, 2024

Particulars	Outstanding for following periods from date of invoice				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	1,272	-	-	-	1,272
(ii) Others	41,397	57	6	-	41,460
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Sub-total	42,669	57	6	-	42,732
Add: Unbilled dues (undisputed and related to creditors other than micro enterprises and small enterprises)					962
Total					43,694

Note 20 : Other current financial liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
Interest accrued on borrowings	791	11
Employee related payables *	966	723
Derivative financial liability (designated as derivative instrument)	66	-
Total	1,823	734

*Includes amount payable to related parties (refer note 31(c))

Refer note 33A for information on liquidity risk and market risk.

Refer note 33B for information on derivative financial instruments.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 21 : Revenue from operations

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Sale of products	2,92,766	2,88,931
Sale of stock-in-trade	643	55
	2,93,409	2,88,986
Other operating revenue		
Export incentives	331	268
Sale of scrap	6,121	6,496
Total	2,99,861	2,95,750

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

Reconciliation of gross revenue with the revenue from operations

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Revenue as per contract price	2,95,051	2,90,525
Less: Discounts and rate differences	(1,642)	(1,539)
Net revenue recognised from operations	2,93,409	2,88,986

Refer note 38 on disclosures in accordance with Ind AS 115, 'Revenue from Contracts with Customers'.

Note 22 : Other income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest income on financial assets at amortised cost		
Bank deposits	482	328
Income-tax refund	1	-
Others	238	286
Fair value gain on investments measured at FVTPL	-	65
Other non-operating income		
Profit on sale of units of mutual funds	518	169
Interest income on subsidy	-	250
Insurance claims	61	36
Liabilities / provisions no longer required, written back	51	21
Gain on disposal of property, plant and equipment (net)	11	180
Reversal of allowance for expected credit loss(net)	75	56
Net gain on foreign currency transactions and translations	312	839
Total	1,749	2,230

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 23 : Changes in inventories of finished goods, stock-in-trade and work-in-progress

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Inventories at the end of the year		
Finished goods*	8,466	9,131
Intermediate products	3,052	2,885
Work-in-progress	746	750
	12,264	12,766
Inventories at the beginning of the year		
Finished goods*	9,131	10,080
Intermediate products	2,885	2,410
Stock-in-trade	-	1
Work-in-progress	750	269
	12,766	12,760
Changes in inventories	502	(6)
*inter-alia, includes changes in inventories of waste and scrap	2	(58)

Note 24 : Employee benefits expense

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Salaries and wages (refer note 30(a))	9,357	8,460
Contribution to provident fund and other funds (refer note 30(b))	317	264
Share-based payments to employees (refer note 41)	29	76
Staff welfare expenses	271	260
Total	9,974	9,060

Note 25 : Finance costs

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Interest expense		
On financial liabilities measured at amortised cost		
on term loans	1,524	2,079
on cash credit facilities	113	22
on others	157	207
Other borrowing costs	2	-
Total	1,796	2,308

Note 26 : Depreciation and amortisation expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Depreciation on PPE (refer note 3A)	4,488	4,376
Amortisation of intangible assets (refer note 4A)	98	63
Total	4,586	4,439

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 27 : Other expenses

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
(A) Manufacturing expenses		
Consumption of stores and packing materials	12,343	11,616
Repairs and maintenance		
Buildings	55	132
Plant and equipment	374	367
Other repairs and maintenance	117	91
Contract labour charges	6,939	7,212
Power and fuel	24,275	23,916
Other manufacturing expenses	417	374
Total manufacturing expenses (A)	44,521	43,708
(B) Selling expenses		
Commission expenses	1,127	1,525
Advertisement and sales promotion	-	6
Clearing and forwarding charges	169	136
Freight expenses	1,839	1,610
Other selling expenses	104	118
Total selling expenses (B)	3,239	3,395
(C) Administrative and other expenses		
Rates and taxes	170	287
Legal and professional charges	302	360
Electricity expenses	43	46
Insurance	366	465
Payment to auditors	71	48
Security charges	309	225
Bank charges	702	688
Printing and stationery	10	13
Communication expenses	33	19
Travelling and conveyance	532	551
Effluent treatment plant and greenbelt environmental expenses	56	72
Rent (refer note 40)	80	43
Software charges	72	102
Contribution towards corporate social responsibility	578	626
Directors' sitting fees (refer note 31(b))	48	26
Office repairs and maintenance	4	4
Miscellaneous expenses	356	126
Total administrative and other expenses (C)	3,732	3,701
Total other expenses (A + B + C)	51,492	50,804

Note 28 : Tax expense

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current tax:		
Current tax on profit for the year	5,251	4,214
Current tax for earlier year(s)	-	(81)
	5,251	4,133
Deferred tax charge	349	623
Total tax expense	5,600	4,756

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 28 : Tax expense

(b) Income-tax on other comprehensive income

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Deferred tax (credit) / charge in respect of current year origination and reversal of temporary differences	(9)	9
	(9)	9

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Accounting profit before income-tax	21,645	18,141
Applicable Indian statutory income-tax rate (in %)	25.168%	25.168%
Computed expected tax expense	5,448	4,566
Tax effect of amount which are not deductible in calculating taxable income	152	271
Prior years' tax adjustments	-	(81)
Income-tax expenses through the consolidated statement of profit and loss	5,600	4,756

Note 29 : Earnings per share ('EPS')

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Net profit attributable to equity shareholders	16,045	13,385
Weighted average number of shares		
Considered for calculating basic EPS (Number in lakhs)	753	719
Add : Effect of dilutive potential equity shares arising from outstanding stock options (refer note below)	-	-
Considered for calculating diluted EPS (Number in lakhs)	753	719
Nominal value of each share (in Rupees)	10.00	10.00
EPS		
Basic (in Rupees)	21.30	18.60
Diluted (in Rupees)	21.30	18.60

Note:

The effect of 260,922 potential equity shares outstanding arising from ESOP 2021 outstanding as at March 31, 2025 (March 31, 2024: 278,501) is anti-dilutive and thus these shares are not considered in determining diluted EPS.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 30 : Employee benefits

a) Defined benefit plan - gratuity

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

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

Particulars	As at March 31, 2025	As at March 31, 2024
Present value of the defined benefit obligation at the end of the year		
Non-current	898	762
Current	272	250
	1,170	1,012

Particulars	March 31, 2025	March 31, 2024
Change in the present value of the defined benefit obligation:		
Defined benefit obligation at the beginning of the year	1,012	928
Interest cost	73	70
Current service cost	130	106
Current service cost capitalised	-	4
Benefits paid	(80)	(60)
Actuarial loss / (gain) on obligation		
Actuarial loss / (gain) from changes in financial assumptions	29	(36)
Experience adjustments	6	-
Defined benefit obligation at the end of the year	1,170	1,012
Amount recognised in the consolidated balance sheet:		
Present value of defined benefit obligation at the end of the year	1,170	1,012
Expense recognised in consolidated statement of profit and loss:		
Current service cost	130	106
Interest cost	73	70
Net expense recognised in consolidated statement of profit and loss:	203	176
Expense recognised in the consolidated other comprehensive income:		
Actuarial loss / (gain) on defined benefit obligation	35	(36)
	35	(36)
Actuarial assumptions used		
Discount rate (% per annum)	6.75%	7.25%
Salary growth rate (% per annum)	5.00%	5.00%
Demographic assumptions used		
Mortality rate	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)
Retirement age (in years)	60 years	60 years
Attrition rate (% per annum)	5%-13.69%	5%-13.69%
Average future service (in years)	22.90 years - 26.60 years	22.00 years - 22.80 years

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 30 : Employee benefits (Contd..)

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

Risk

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

Sensitivity analysis

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

Particulars	As at March 31, 2025		As at March 31, 2024	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Discount rate				
Change in the defined benefit obligation	(53)	60	(45)	50
Salary growth rate				
Change in the defined benefit obligation	60	(55)	44	(40)
Attrition rate				
Change in the defined benefit obligation	2	(3)	4	(5)

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

Maturity analysis of defined benefit obligation (discounted):

Particulars	As at March 31, 2025	As at March 31, 2024
Projected benefits payable in future years from the date of reporting		
One year	272	249
Two to five years	331	284
Five years and above	567	478
The weighted average duration of the defined benefit obligation at the end of the year	13 years - 15 years	8 years - 15 years

The Group expects to make a contribution of ₹ 168 lakhs (March 31, 2024: ₹ 136 lakhs) to the defined benefit plan during the next financial year.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 30 : Employee benefits (Contd..)

b) Defined contribution plan

The Group has recognised following expenses in the consolidated statement of profit and loss in respect of the defined contribution plans (refer note 24):

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Employer's contribution to provident fund	316	263
Employer's contribution to Employees' State Insurance Scheme	1	1

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

Note 31: Related party disclosures

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

a) List of related parties and nature of relationships:

Nature of relationship	Name of the related party
Key managerial personnel ('KMP')	Paresh Dattani V. Dattani, Chairman and Managing Director
	Ajaykumar V. Dattani , Joint Managing Director
	Anil Kumar V. Dattani, Executive Director
	Sammir Dattani (up to 13 June 2024)
	Dinesh Dattani, Executive Director (with effect from 13 June 2024)
Relatives of KMP	Mikesh Dattani
	Aakash Dattani
	Sammir Dattani (with effect from 13 June 2024)
	Varun Dattani
	Beena Dattani
Independent directors	Debabrata Sarkar
	Khurshed Thanawalla
	Vinay Aggarwal
	Rupal Vora
Enterprise over which KMP are able to exercise significant influence	Nimbus Trust
	P&B Family Trust
	D&G Family Trust
	A&J Family Trust
	Dattani Foundation

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

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 31: Related party disclosures (Contd..)

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

Name of related parties	Nature of transactions	For the year ended March 31, 2025	For the year ended March 31, 2024
(i) KMP			
Ajay Kumar V. Dattani	Salaries, wages and bonus	400	400
Anil Kumar V. Dattani	Salaries, wages and bonus	400	400
Paresh Kumar V. Dattani	Salaries, wages and bonus	400	400
Sammir Dattani	Salaries, wages and bonus	90	400
Dinesh Dattani	Salaries, wages and bonus	160	-
(ii) Independent directors			
Debabrata Sarkar	Directors' sitting fees	12	7
Khurshed Thanawalla	Directors' sitting fees	12	7
Vinay Aggarwal	Directors' sitting fees	12	6
Rupal Vora	Directors' sitting fees	12	6
(iii) Relative of KMP			
Varun Dattani	Salaries, wages and bonus	100	100
Aakash Ajay Dattani	Salaries, wages and bonus	2	-
Sammir Dattani	Salaries, wages and bonus	150	-
Mikesh Dattani	Salaries, wages and bonus	100	100
Beena Dattani	Salaries, wages and bonus	8	1

c) Balances outstanding at the year end:

Name of related parties	Nature of transactions	As at March 31, 2025	As at March 31, 2024
(i) KMP			
Ajay Kumar V. Dattani	Employee related payables	19	21
Anil Kumar V. Dattani	Employee related payables	20	20
Paresh Kumar V. Dattani	Employee related payables	20	20
Sammir Dattani	Employee related payables	-	20
Dinesh Dattani	Employee related payables	11	-
(ii) Relatives of KMP			
Varun Dattani	Employee related payables	6	6
Mikesh Dattani	Employee related payables	6	6
Sammir Dattani	Employee related payables	10	-
Aakash Ajay Dattani	Employee related payables	2	-
Beena Dattani	Employee related payables	1	1

d) Additional disclosure in respect of compensation to KMP

Particulars	As at March 31, 2025	As at March 31, 2024
(i) Short-term employee benefits	1,450	1,600
(ii) Post-employment benefits	-	-
(iii) Other long-term benefits (refer note 1 below)	-	-
(iv) Termination benefits	-	-
(v) Share-based payment	-	-

Notes:

- The remuneration to the KMP and relatives of KMP does not include the provision made for gratuity, as gratuity for the Group is determined on an actuarial basis for the each respective Company as a whole of the Group.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 31: Related party disclosures (Contd..)

2. For personal guarantees and securities given by related parties, refer note 15.
3. All the related party transactions are made on terms equivalent to those that prevail in an arm's length transactions.
4. Employee related payables are unsecured and due to be paid over next 12 months in cash.
5. There are no commitments with any related party, during the year and as at year end.

Note 32 : Financial instruments

i) Fair values hierarchy

The following explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under Ind AS 113, 'Fair Value Measurements'.

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

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

Level 3: Inputs for the assets or liabilities that are based on observable market data (unobservable inputs).

Financial assets measured at fair value - recurring fair value measurements

Particulars	Level 1	Level 2	Level 3	Total
March 31, 2025				
Financial liabilities				
Measured at FVTPL				
Foreign exchange forward contracts (designated as derivative instruments)	-	66	-	66
March 31, 2024				
Financial assets				
Measured at FVTPL				
Investments in mutual funds*	10,695	-	-	10,695

*Mutual funds are quoted and are valued at their Net Asset Value as at the reporting date.

ii) Valuation techniques used to determine fair value

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

- Other non-current financial assets and liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate their fair value.
- Trade receivables, cash and cash equivalents, other bank balances, other current financial assets, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Borrowings taken by the Group are as per the Group's credit and liquidity risk assessment and there is no comparable instrument having the similar terms and conditions with related security being pledged and hence the carrying value of the borrowings represents the best estimate of its fair value.
- Derivative financial assets and liabilities: The Group enters into derivative contracts with various counterparties, principally financial institutions with investment grade credit ratings. Forward foreign currency contracts are determined using forward exchange rates at the reporting date.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 32 : Financial instruments (Contd..)

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

Particulars	As at March 31, 2025		As at March 31, 2024	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Trade receivables	14,858	14,858	12,568	12,568
Cash and cash equivalents	3,099	3,099	2,993	2,993
Other bank balances	10,750	10,750	7,169	7,169
Other financial assets	1,103	1,103	1,691	1,691
Financial liabilities				
Borrowings	1,08,417	1,08,417	37,988	37,988
Trade payables	48,827	48,827	43,694	43,694
Other financial liabilities	1,757	1,757	734	734

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

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

Note 33 : Financial risk management

A) Financial risk management

i) Financial instruments by category

Particulars	As at March 31, 2025		As at March 31, 2024	
	FVTPL	Amortised cost	FVTPL	Amortised cost
Financial assets				
Investments in mutual funds	-	-	10,695	-
Trade receivables	-	14,858	-	12,568
Cash and cash equivalents	-	3,099	-	2,993
Other bank balances	-	10,750	-	7,169
Other financial assets	-	1,103	-	1,691
Total	-	29,810	10,695	24,422
Financial liabilities				
Borrowings	-	1,08,417	-	37,988
Trade payables	-	48,827	-	43,694
Derivative financial liability (designated as derivative instrument)	66	-	-	-
Other financial liabilities	-	1,757	-	734
Total	66	1,59,001	-	82,416

Notes:

- The carrying value of trade receivables, cash and cash equivalents, other bank balances and other financial assets recorded at amortised cost, is considered to be a reasonable approximation of fair value.
- The carrying value of borrowings, trade payables and other financial liabilities recorded at amortised cost is considered to be a reasonable approximation of their respective fair value.
- All financial assets and financial liabilities are categorised under level 3 of fair value hierarchy except current investments and derivative financial assets / liabilities.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 33 : Financial risk management(Contd..)

ii) Financial risk management

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

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

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

a) Credit risk

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

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits, continuously monitoring the credit worthiness of customers. Also, forward-looking information is also incorporated into expected of expected credit losses, including the use of macroeconomic information.

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

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 33 : Financial risk management(Contd..)

The credit risk on liquid funds such as balance in current and deposit accounts with banks is limited because the counterparties are banks with high credit-ratings.

Credit risk exposure

i) Expected credit loss on trade receivables under simplified approach

As at March 31, 2025	0-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
Trade receivables	11,876	1,679	223	1,192	14,970
Allowance for expected credit loss	29	1	2	80	112
Carrying amount of trade receivables	11,847	1,678	221	1,112	14,858
Expected credit loss rate	0.24%	0.07%	0.89%	6.69%	0.75%

As at March 31, 2024	0-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
Trade receivables	10,248	824	98	1,585	12,755
Allowance for expected credit loss	45	3	3	136	187
Carrying amount of trade receivables	10,203	821	95	1,449	12,568
Expected credit loss rate	0.44%	0.34%	2.55%	8.59%	1.46%

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

ii) Expected credit loss for other financial assets

As at March 31, 2025

Particulars	Estimated gross carrying amount at default	Expected credit loss	Carrying amount net of impairment provision
Cash and cash equivalents	3,099	-	3,099
Other bank balances	10,750	-	10,750
Other financial assets	1,103	-	1,103

As at March 31, 2024

Particulars	Estimated gross carrying amount at default	Expected credit loss	Carrying amount net of impairment provision
Investment	10,695	-	10,695
Cash and cash equivalents	2,993	-	2,993
Other bank balances	7,169	-	7,169
Other financial assets	1,691	-	1,691

Financial Guarantees

The Holding Company has issued financial guarantee to banks on behalf of and in respect of loan facilities availed by one of its subsidiaries. The exposure towards financial guarantee amounts to ₹ 99,069 lakhs (March 31, 2024: 16,441 lakhs). The Group does not expect any loss allowance on such financial guarantee contracts.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 33 : Financial risk management(Contd..)

b) Liquidity risk

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

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

The tables below provides details regarding the contractual maturities of financial liabilities into relevant maturity groupings:

As at March 31, 2025	On demand	Up to one year	One to five years	More than five years	Total
Non-derivatives					
Borrowings	9,591	5,006	44,128	49,692	1,08,417
Trade payables*	-	48,827	-	-	48,827
Other financial liabilities	-	1,757	-	-	1,757
Total non-derivative financial liabilities	9,591	55,590	44,128	49,692	1,59,001

As at March 31, 2024	On demand	Up to one year	One to five years	More than five years	Total
Non-derivatives					
Borrowings	-	4,268	13,812	19,908	37,988
Trade payables*	-	43,694	-	-	43,694
Other financial liabilities	-	734	-	-	734
Total non-derivative financial liabilities	-	48,696	13,812	19,908	82,416

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

c) Market risk

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

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 33 : Financial risk management(Contd..)

(i) Foreign exchange risk

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

The following tables sets forth information relating to foreign currency exposure

	As at March 31, 2025		As at March 31, 2024	
	Foreign currency (in units)	Rupees (in lakhs)	Foreign currency (in units)	Rupees (in lakhs)
Liabilities				
Borrowings *				
- EURO ('EUR')	4,51,86,326	41,718	1,13,72,472	10,260
Trade payables				
- United States Dollar ('USD')	79,07,290	6,767	2,37,76,955	19,824
- EURO ('EUR')	42,76,931	3,949	8,10,540	731
- Japanese Yen ('JPY')	6,75,24,000	394	4,31,20,000	238
Assets				
Trade receivables				
- United States Dollar ('USD')	15,33,122	1,312	23,88,803	1,992
Bank Balance				
- United States Dollar ('USD')	1,97,992	169	-	-

The abovementioned exposure is unhedged

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

Foreign currency sensitivity analysis:

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

Particulars	Impact on consolidated statement of profit and loss for the year ended March 31, 2025		Impact on consolidated statement of profit and loss for year ended March 31, 2024	
	Strengthening of foreign currency	Weakening of foreign currency	Strengthening of foreign currency	Weakening of foreign currency
5% movement				
On foreign currency assets and liabilities				
- United States Dollar ('USD')	(264)	264	(892)	892
- EURO ('EUR')	(2,283)	2,283	(550)	550
- Japanese Yen ('JPY')	(20)	20	(12)	12

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 33 : Financial risk management(Contd..)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group's investments in bank deposits are for short durations, and therefore do not expose the Group to significant interest rates risk.

a. Interest rate risk exposure

The exposure of Group's borrowing to interest rate changes at the end of the reporting year are as follows:

	As at March 31, 2025	As at March 31, 2024
Floating rate instruments:		
Borrowings	1,08,417	37,988

b. Interest rate sensitivity:

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

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

	Impact on profit before tax	
	For the year ended March 31, 2025	For the year ended March 31, 2024
Floating rate instruments:		
50 basis points increase	(542)	(190)
50 basis points decrease	542	190

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

(iii) Price risk

The Group is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. The Group has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in mutual funds. However, the Group did not have any such investments as at March 31, 2025.

	As at March 31, 2025	As at March 31, 2024
Investments in mutual funds	-	10,695

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 33 : Financial risk management(Contd..)

Particulars	Impact on profit before tax	
	For the year ended March 31, 2025	For the year ended March 31, 2024
Price change by :		
100 basis points increase	-	107
100 basis points decrease	-	(107)

B) Derivative financial instruments (designated as derivative instrument):

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

The following tables give details in respect of outstanding foreign exchange forward contracts:

Particulars	Buy / sell	As at March 31, 2025	
		Foreign currency (in units)	Fair value (in Rupee lakhs)
Foreign currency forward contracts in - United States Dollar ('USD')	Buy	63,43,922	5,429

Particulars	Buy / sell	As at March 31, 2024	
		Foreign currency (in units)	Fair value (in Rupee lakhs)
Foreign currency forward contracts in - United States Dollar ('USD')	N.A.	-	-

Note 34 : Capital management

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

The management assesses the Group's capital requirements in order to maintain an efficient overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in the economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Group is not subject to externally imposed capital requirements. The Group has complied with debt covenants as per the terms of the borrowing facility arrangements. The Group manages its capital requirements by overseeing the gearing ratio.

Particulars	As at March 31, 2025	As at March 31, 2024
Debt (excluding accrued interest)#	1,08,417	37,988
Total equity	1,80,801	1,27,497
Gearing ratio (in %)	59.96%	29.80%

#Debt includes non-current borrowings and current borrowings.

No changes were made in the objectives, policies or processes for managing capital in aforementioned years.

The Group has complied with debt covenants as per the terms of the borrowing facility arrangements.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 35 : Contingent liabilities and commitments

i) Contingent liabilities

Particulars	As at March 31, 2025	As at March 31, 2024
a) Central excise matters	508	508
b) Income-tax matters (refer note 4 below)	238	240
c) Goods and service tax matters	47	-
d) Sales tax matters	22	22
e) Others (refer note 5 below)	7,347	-

Notes:

- It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.
- The amounts disclosed above represent the best possible estimates arrived at on the basis of available information and does not include penalty, if any.
- The Group is contesting all of the above demands in respect of income-tax, central excise, service tax, goods and service tax and sales tax and the management believes that its positions are likely to be upheld at the appellate stage. No expense has been accrued in the consolidated financial statements for the aforesaid demands. The management believes that the ultimate outcome of these proceedings are not expected to have a material effect on the Group's books of accounts and hence no provision has been made in this regard.
- An amount of ₹ 16 lakhs (March 31, 2024: ₹ 16 lakhs) has been paid under protest towards income-tax matters.
- As at March 31, 2025, one of the subsidiary companies has contingent liability towards customs duty amounting to ₹ 7,347 lakhs (March 31, 2024: Nil) towards capital goods imported under 'Manufacturing and Other Operations in Warehouse (MOOWR)' Scheme.

ii) Commitments

Commitments as at the reporting date amounts ₹ 38,529 lakhs (March 31, 2024: ₹ 1,08,490 lakhs), in addition to the commitment towards export obligation stated in note 36, 'Government grants'.

Note 36 : Government grants

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

Particulars	March 31, 2025	March 31, 2024
Deferred government grants at the beginning of the year	104	54
Government grant received during the year	1,843	115
Government grant offered to consolidated statement of profit and loss during the year	(160)	(65)
Deferred government grants as at the end of the year	1,787	104
Current	-	3
Non-current	1,787	101

Notes:

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

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

Pending export obligations attached to above grant as at the year end is ₹ 10,723 lakhs (March 31, 2024: ₹ 619 lakhs).

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 37 : Segment reporting

(a) Operating segment

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

(b) Geographical segment

(i) Revenue from operations disaggregated based on geography

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
India	2,88,993	2,82,777
Outside India	10,868	12,973
Revenue from operations	2,99,861	2,95,750

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

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

Particulars	As at March 31, 2025	As at March 31, 2024
India	2,63,820	1,17,124
Outside India	2,517	11,534
Segment assets	2,66,337	1,28,658
Unallocable	736	777
Total non-current assets	2,67,073	1,29,435

Note 38 : Revenue from operations

(a) Performance obligation

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

Revenue from sale of products and stock-in-trade

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

(b) Revenue from contract with customers

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Sale of products	2,92,766	2,88,931
Sale of stock-in-trade	643	55

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 38 : Revenue from operations

(c) The following is an break up of the Group's revenue (including other operating revenue) from its products

Product	For the year ended March 31, 2025	For the year ended March 31, 2024
Polyester yarn products	2,30,563	2,28,449
Cotton yarn products	56,806	54,891
Industrial and technical textile yarns	12,492	12,410

(d) Trade receivables

The outstanding balance of trade receivables after considering allowance for expected credit loss is presented in note 10.

(e) Contract balances

The information about contract liabilities from contract with customers is presented in note 18.

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

Contract liabilities - Revenue received in advance

Particulars	March 31, 2025	March 31, 2024
Balance at the beginning of the year	685	1,355
Add: Addition during the year	739	719
Less: Amount of revenue recognised during the year	(685)	(1,389)
Balance at the end of the year	739	685

The aggregate amount of transaction price allocated to the performance obligations (yet to complete) for the year ended March 31, 2025 is ₹ 739 lakhs (March 31, 2024: ₹ 685 lakhs). This balance represents the advance received from customers (gross) against sale of products. The management expects to further bill and collect the remaining balance of total consideration within next 12 months. These balances will be recognised as revenue in subsequent year as per the policy of the Group.

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

(h) Refer note 37(b) for geographical disaggregation of revenue.

(i) The Group does not have any significant obligations for returns or refunds.

Note 39: Additional information pursuant to schedule III of the Act of the entities consolidated within the Group:

As at and for the year ended March 31, 2025				
Name of the entity in the Group	Net assets (total assets minus total liabilities)	Share in profit or loss (after tax)	Share in other comprehensive income	Share in total comprehensive income
Parent				
Sanathan Textiles Limited				
% of the consolidated amounts	101.39%	108.74%	84.62%	108.78%
Amount*	1,83,313	17,447	(22)	17,425
Subsidiary companies (group's share)				
Sanathan Polycot Private Limited				
% of the consolidated amounts	33.82%	(8.87)%	17.42%	(8.91)%
Amount*	61,145	(1,423)	(5)	(1,428)

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 39: Additional information pursuant to schedule III of the Act of the entities consolidated within the Group: (Contd..)

As at and for the year ended March 31, 2025				
Name of the entity in the Group	Net assets (total assets minus total liabilities)	Share in profit or loss (after tax)	Share in other comprehensive income	Share in total comprehensive income
Universal Texturisers Private Limited				
% of the consolidated amounts	0.43%	0.18%	0.00%	0.18%
Amount*	779	29	-	29
Inter-company eliminations				
% of the consolidated amounts	(35.64)%	(0.05)%	(2.04)%	(0.05)%
Amount	(64,436)	(8)	1	(7)
Total (%)	100.00%	100.00%	100.00%	100.00%
Total (Amount)	1,80,801	16,045	(26)	16,019

As at and for the year ended March 31, 2024				
Name of the entity in the Group	Net assets (total assets minus total liabilities)	Share in profit or loss (after tax)	Share in other comprehensive income	Share in total comprehensive income
Parent				
Sanathan Textiles Limited				
% of the consolidated amounts	100.87%	105.58%	116.54%	105.61%
Amount*	1,28,603	14,132	31	14,163
Subsidiary companies (group's share)				
Sanathan Polycot Private Limited				
% of the consolidated amounts	15.85%	(5.66)%	(15.41)%	(5.68)%
Amount*	20,206	(757)	(4)	(761)
Universal Texturisers Private Limited				
% of the consolidated amounts	0.59%	0.07%	-	0.07%
Amount*	750	10	-	10
Inter-company eliminations				
% of the consolidated amounts	(17.31)%	0.01%	(1.13)%	0.00%
Amount	(22,062)	1	(0)	0
Total (%)	100.00%	100.00%	100.00%	100.00%
Total (Amount)	1,27,497	13,385	27	13,412

*Before eliminating inter-group transactions and inter-group balances.

Note 40 : Leases

The Group's leased assets primarily consists of leases for staff quarters and offices, having varied lease terms, with non-cancellable period not exceeding twelve months. Therefore, the lease payments related to such arrangements are charged to the consolidated statement of profit and loss under the head 'Rent' included in other expenses.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 41 : Share-based payments

Equity settled share-based payments

The members of the Holding Company had approved the ESOP 2021 at the Annual General Meeting held on 25 November 2021. The plan envisaged the grant of options to eligible employees. The holder of each option is eligible for one fully paid up share of the Holding Company. According to the scheme, the employees selected by the Remuneration Committee from time to time are entitled to options, subject to satisfaction of the prescribed vesting conditions.

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

Grant date	10 December 2021
Number of options granted	322,000
Vesting period (in years)	Over the period of 4 years
Vesting 1	15 % of the options will vest from the end of 1.5 years from date of grant (i.e. 30 June 2024)
Vesting 2	20 % of the options will vest from the end of 2.5 years from date of grant (i.e. 30 June 2025)
Vesting 3	25 % of the options will vest from the end of 3.5 years from date of grant (i.e. 30 June 2026)
Vesting 4	40 % of the options will vest from the end of 4.5 years from date of grant (i.e. 30 June 2027)
Exercise period (in years)	2 years from the date of vesting
Exercise price per option (₹)	550

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

Particulars	Year ended March 31, 2025		Year ended March 31, 2024	
	No. of options	* WAEP (₹)	No. of options	* WAEP (₹)
Outstanding at the beginning of the year	2,75,000	550	2,86,500	550
Granted during the year	-	-	-	-
Forfeited during the year	31,741	550	11,500	550
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,43,259	550	2,75,000	550
Exercisable at the end of the year	36,489	550	-	-

* WAEP denotes weighted average exercise price of the option

The weighted average fair value of options outstanding as at the year end is ₹ 113.90 (March 31, 2024: ₹ 133.37) for each option. The weighted average of remaining contractual life of options outstanding is 3.15 years (March 31, 2024: 4.15 years).

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

Particulars	Amounts
Risk-free interest rate (% per annum)	
Vesting 1	4.98%
Vesting 2	5.66%
Vesting 3	5.99%
Vesting 4	6.07%
Expected life of options (in years)	2.5 years to 5.5 years

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 41 : Share-based payments

Particulars	Amounts
Expected volatility (% per annum)	
Vesting 1	50%
Vesting 2	45%
Vesting 3	42%
Vesting 4	47%
Expected dividends yield (% per annum)	0%
Weighted average share price (₹)	363
Exercise price (₹)	550

Volatility : Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during the year.

Risk free rate : The risk free rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on zero coupon yield curve for government securities.

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

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

Note 42 : Audit trail

The Ministry of Corporate Affairs (MCA) has prescribed a requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules, 2021 requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

The Group has used an accounting software for maintaining all accounting records which has a feature of recording audit trail (edit log) facility and such feature was enabled at the application level. The database of the said software is operated by a third-party software service provider and the availability of audit trail (edit logs) are not covered in the 'Independent Service Auditor's Assurance Report on the design and operation of controls' ('Type 2 report' issued in accordance with ISAE 3402, Assurance Reports on Controls at a Service Organisation) at database level.

The audit trail has been preserved by the Group as per the statutory requirements for record retention other than the period from 1 July 2023 to March 31, 2024.

Note 43 : Other statutory information

A The Holding Company or its subsidiary companies have not advanced or loaned or invested funds to any person or any entity, 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 a or on behalf of the Group (Ultimate Beneficiaries); or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 43 : Other statutory information (Contd..)

- B The Holding Company or its subsidiary companies have not received any fund from any person or any entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the respective companies shall:
- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by a or on behalf of the Funding Party (Ultimate Beneficiaries); or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- C The Holding Company and its subsidiary companies do not have any transactions and outstanding balances during the current year with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- D Neither the Holding Company nor any of its subsidiary companies to whom Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder applies is holding any benami property under the aforementioned act and rules. Further, no proceedings have been initiated or pending against the abovementioned companies for holding any benami property under the act and rules mentioned above.
- E The Group has not been declared wilful defaulter by any bank or financial institution or government institution or any government authority.
- F The Group does not have any transaction which is not recorded in the books of account 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).
- G The Group has not traded or invested in crypto currency or virtual currency during the current year and previous year.
- H The Holding Company and subsidiary companies covered under the Act have complied with the number of layers prescribed under section 2(87) of the Act.
- I The Group has not revalued its PPE and intangible assets during the current year and previous year.
- J The Holding Company and its subsidiary companies covered under the Act have not entered into any scheme of arrangement in terms of section 230 to 237 of the Act for the current year and previous year.
- K The Group has not granted any loan or advance in the nature of loan, during the current year, to promoters, directors, KMPs or other related parties, either severally or jointly with any other person, that is repayable on demand or without specifying any terms or period of repayment. Also, no such loan or advance in nature of loan is outstanding as at the reporting date.
- L There are no charges or satisfaction which are yet to be registered with Registrar of Companies beyond the statutory periods as at reporting date.

Notes to the Consolidated Financial Statements

as at and for the year ended March 31, 2025

(All amounts in Rupees Lakhs, unless otherwise stated)

Note 44 : Initial public offer of the Holding Company

During the year ended March 31, 2025, the Holding Company has completed the Initial Public Offering ('IPO') of 17,133,956 equity shares of face value of ₹10 each at an issue price of ₹ 321 per equity share (including share premium of ₹ 311 per equity share), comprising of offer for sale of 4,672,897 equity shares by selling shareholders and fresh issue of 12,461,059 equity shares. The equity shares of the Holding Company were listed both on the National Stock Exchange of India Limited and BSE Limited on 27 December 2024.

The utilisation of the IPO proceeds has been tabulated below:

Objects of the issue as per prospectus	Utilisation planned per prospectus*	Utilised up to March 31, 2025	Unutilised amount as on March 31, 2025
Repayment and/ or pre-payment, in full or in part, of borrowings of the Holding Company	16,000	16,000	-
Investment in subsidiary for repayment and/ or pre-payment, in full or part, of borrowings availed by the subsidiary	14,000	14,000	-
General corporate purposes	7,095	7,095	-
Total	37,095	37,095	-

* net of share issue expenses of ₹ 2,905 lakhs

Note 45 : Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year classifications / disclosures. However, the impact of such regroupings / reclassifications is not material to the consolidated financial statements.

This is the notes to the consolidated financial statements including material accounting policy information and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No. : 001076N/N500013

Rajni Mundra

Partner

Membership No. 058644

For and on behalf of the Board of Directors

Paresh Dattani

Chairman and Managing Director

DIN : 00163591

Sanjay Shah

Chief Financial Officer

Ajaykumar Dattani

Joint Managing Director

DIN : 00163739

Jude D'souza

Company Secretary and

Compliance Officer

Membership No. 44812

Place: Mumbai

Date: May 26, 2025

Place: Mumbai

Date: May 26, 2025

Notice

Notice is hereby given that the 20th Annual General Meeting (“AGM”) of Sanathan Textiles Limited (‘the Company’/‘STL’) will be held on Monday, August 04, 2025, at 04:00 P.M. IST through Video Conference /Other Audio Visual Means (“VC/OAVM”) and the registered office of the Company shall be deemed to be the venue of the AGM to transact the following businesses: -

ORDINARY BUSINESSES:

Item No. 1 - To adopt Standalone Financial Statement:

To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2025, together with Report of Board of Directors and Auditors thereon.

Item No. 2 - To adopt Consolidated Financial Statement:

To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2025, together with the Report of the Auditors thereon.

Item No. 3 - To appoint Mr. Anilkumar Dattani (DIN:00164175) as an Executive Director, who retires by rotation and being eligible, offers himself for re-appointment.

To appoint an Executive Director in place of Mr. Anilkumar Dattani (DIN: 00164175), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESSES:

Item No. 4- To approve the appointment of Mr. Sammir Dattani (DIN: 07060573) as an Executive Director.

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

“**RESOLVED THAT** pursuant to the provision of sections 149, 152 196, 197, 198 and 203 read with Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 17 including Regulation 17(6) (e) and any other applicable regulations of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 (including any statutory modification (s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to approve the appointment and payment of remuneration to Mr. Sammir Dattani (DIN: 07060573) as an Executive Director of the Company for a period of 5 years with effect from May 26, 2025 upon the terms and conditions as mentioned in Explanatory Statement.

RESOLVED FURTHER THAT he is appointed as an Executive Director on Board liable to retire by rotation.

RESOLVED FURTHER THAT the Board of Directors or the Company Secretary and Compliance Officer of the

Company be and are hereby severally authorized to do and perform or cause to be done and performed, all such acts and deeds necessary to give effect to the foregoing resolution”.

Item No. 5 - To ratify the remuneration of Cost Auditor:

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

“**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s Saroj K Babu & Co is appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year 2025-26, on such terms & conditions, including remuneration and out-of-pocket expenses amounting to ₹ 1,70,000/- (Rupees one lakh seventy thousand only) as determined by the Board of Directors be and is hereby ratified.”

Item No. 6- To approve the appointment of Secretarial Auditor and fix their remuneration:

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

“**RESOLVED THAT** pursuant to the provisions of Regulation 24A & other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) read with Circulars issued thereunder from time to time and Section 204 and other applicable provisions of the Companies Act, 2013, if any read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (“the Act”), M/s DVD & Associates, Practicing Company Secretaries be and is hereby appointed as Secretarial Auditor of the Company for a period of 5 consecutive years commencing from April 1, 2025 till March 31, 2030 (“the Term”), on such terms & conditions, including remuneration as determined by the Board.

RESOLVED FURTHER THAT approval of the Members is hereby accorded to the Board to avail or obtain from the Secretarial Auditor, such other services or certificates or reports which the Secretarial Auditor may be eligible to provide or issue under the applicable laws at a remuneration to be determined by the Board.”

BY ORDER OF THE BOARD OF DIRECTORS
For **Sanathan Textiles Limited**

Sd/-

Jude Dsouza

Company Secretary and Compliance Officer

Membership No: A44812

Date: May 26, 2025

Place: Mumbai

NOTES:

1. The Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") in respect of Item Nos. 4, 5 and 6 of the accompanying Notice, is annexed hereto. Further, disclosures in relation to Item Nos. 3, 4 & 6 of the Notice, as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard 2 on General Meetings issued by the Institute of Company Secretaries of India ("SS-2") forms an integral part of this Notice.

2. Ministry of Corporate Affairs ("MCA") vide its General Circular No. 09/2024 dated September 19, 2024 read with circulars issued earlier on the subject ("MCA Circulars") and SEBI vide its Circular No. SEBI/HO/CFD/CFD-PoD2/P/CIR/2024/133 dated October 3, 2024 read with the circulars issued earlier on the subject ("SEBI Circulars"), have permitted to conduct the AGM virtually, without physical presence of Members at a common venue. In compliance with the MCA Circulars and SEBI Circulars, the provisions of the Act and the SEBI Listing Regulations, the 20th AGM of the Company is being held virtually. The Registered Office of the Company shall be deemed to be the venue for the AGM.

The Notice along with the Annual Report for FY2024-25 is being sent by electronic mode to those Members whose e-mail address is registered with the Company/Depositories, unless a Member has specifically requested for a physical copy of the same. Members may kindly note that the Notice convening this AGM for FY 2024-25 will also be available on the Company's website www.sanathan.com/investor-relations, website of the Stock Exchanges i.e. BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) at www.bseindia.com and www.nseindia.com respectively and on the website of National Securities Depository Limited (NSDL) at <https://www.evoting.nsdl.com>. The Company will also publish an advertisement in the newspapers containing details of the AGM and other relevant information for Members viz. manner of registering e-mail Id., Cut-off date for e-voting etc.

3. Since this AGM is held through Video Conference/ Other Audio Visual Means ("VC/OAVM"), (a) route map to the venue is not required and therefore, the same is not annexed to this Notice (b) Members will not be able to appoint proxies for the meeting, and hence, proxy form is not annexed to this Notice.

4. Corporate Members/ Institution Shareholders are requested to send a scanned certified copy of the Board Resolution authorising their representative to attend this AGM, pursuant to Section 113 of the Act, through e-mail at investors@sanathan.com or by post to the Corporate Office of the company situated

at D-15, Trade World, Kamala Mills Compound, Lower Parel, Mumbai - 400013.

5. Members attending the meeting through VC/OAVM shall be reckoned for the purpose of quorum under Section 103 of the Act. Members holding Equity Shares as on July 28, 2025 ("Cut-off date") may join the AGM anytime 30 minutes before the scheduled time by following the procedure outlined in the Notice. A person who is a Member as on the Cut-off date shall be eligible to attend and vote on resolutions proposed at the AGM. Any person who is not a Member as on the Cut-off date shall treat this Notice for informational purpose only.

6. Attendance through VC/OAVM is restricted and hence, Members shall be eligible to join the meeting on first-come-first-serve basis. However, attendance of Members holding more than 2% of the paid-up Equity Share Capital, Institutional Investors, Directors, Key Managerial Personnel, and Auditors will not be restricted on first-come-first-serve basis.

7. Since the AGM is being held through VC/OAVM in accordance with the MCA Circulars, physical attendance of Members has been dispensed accordingly. Attendance Slip is not annexed to this Notice.

8. The Board of Directors has appointed Mr. Devendra V Deshpande of M/s. DVD & Associates, Practising Company Secretary (FCS No. 6099 and COP no. 6515) as the Scrutinizer for scrutinizing the remote E-voting process as well as E-voting at the AGM in fair and transparent manner.

9. Pursuant to the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) the SS-2 issued by the ICSI and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs from time to time the Company is providing facility of remote e-Voting to its Members in respect of the businesses to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote E-voting system as well as E-voting on the date of the AGM will be provided by NSDL.

10. Voting rights of a member / beneficial owner shall be in proportion to his / her / its shareholding in the paid-up Equity Share Capital of the Company as on the Cut-off date.

11. Members whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the Cut-off

date, shall be entitled to avail the facility of remote E-voting or E-voting at the AGM.

12. The procedure for E-voting on the day of the AGM is identical to Remote E-voting instructions as outlined in this Notice.
13. Any person who becomes a Member of the Company after dispatch of the Notice and holds equity shares as on the Cut-off date can vote by following the procedure for E-voting, as outlined in the Notice.
14. If you have already registered with NSDL for remote E-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” or “Physical User Reset Password” option available on www.evoting.nsdl.com or 022 - 4886 7000 or send a request to Mrs. Veena Suvarna at evoting@nsdl.com
15. In case of Shareholders holding securities in demat mode who acquire shares and become Member after the notice is sent through e-mail and holding shares as of the Cut-off date may follow steps mentioned in the Notice.
16. Members present at the 20th AGM and who have not cast their vote on resolutions set out in the Notice convening the AGM through remote E-voting and who are not otherwise barred from doing so, shall be allowed to cast their vote through E-voting facility during the AGM.
17. However, Members who have exercised their right to vote during the Remote E-voting period may attend the AGM but shall not be entitled to cast their vote again.
18. Once the vote on a resolution is cast, Member shall not be allowed to change the same subsequently or cast vote again.
19. Members can opt for only one mode of voting i.e. either through Remote e-voting or e-voting at the AGM. If a member cast votes by both modes, then voting done through Remote e-voting shall prevail.
20. In the case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company as on the cut-off date will be entitled to vote during the AGM.
21. The statutory registers maintained under Section 170 and Section 189 of the Act and other documents referred in the Notice convening this AGM shall be made available for inspection by Members during the remote e-voting period and during the proceedings of the 20th AGM. Members may seek inspection of documents, on request raised to NSDL e-voting platform at <https://www.evoting.nsdl.com> during the aforementioned period.
22. Members who would like to express their views or ask questions with respect to the agenda item(s) of the meeting may register themselves as a speaker by sending an e-mail to investors@sanathan.com from their registered e-mail address, mentioning their name, DP ID & Client ID / folio number and mobile number. Only those Members who have registered themselves as speaker from Monday July 28, 2025 9:00 A.M (IST) to Wednesday July 30, 2025 05:00 P.M (IST) will be able to express their views / ask questions / seek clarifications at the meeting. The Company reserves the right to restrict the number of questions and / or number of speakers, depending upon availability of time, for smooth conduct of the AGM.
23. After conclusion of the meeting, the Scrutinizer will submit the report on votes cast in favour or against and invalid votes, if any, to the Chairman or any other person authorized by him, who shall countersign the same, and the result of the voting will be declared within the time stipulated under the applicable laws.
24. The voting results along with the Scrutinizer’s report, will be hosted on the Company’s website www.sanathan.com websites of the Stock Exchanges, i.e., BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL at <https://www.evoting.nsdl.com/>.

INSTRUCTIONS

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING ANNUAL GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on Thursday July 31, 2025, at 9:00 A.M. (IST) and ends on Sunday August 3, 2025, at 05:00 P.M. (IST). The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the cut-off date i.e. July 28, 2025, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up Equity Share Capital of the Company as on the cut-off date.

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

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

Step 1: Access to NSDL e-Voting system

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

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

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

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID, 8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email id/mobile number and click on login. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsdl.com either on a Personal Computer or on a mobile. On the e-Services home page click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS Portal” or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.

NSDL Mobile App is available on



Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing my easi username & password. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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

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

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.com 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 a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800-21-09911

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

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

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

4. Your User ID details are given below :

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

5. Password details for shareholders other than Individual shareholders are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
 6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on **"Forgot User Details/ Password?"**(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.com mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
 7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
 8. Now, you will have to click on "Login" button.
 9. After you click on the "Login" button, Home page of e-Voting will open.
- Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.**
- How to cast your vote electronically and join General Meeting on NSDL e-Voting system?**
1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
 2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
 3. Now you are ready for e-Voting as the Voting page opens.
 4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
 5. Upon confirmation, the message "Vote cast successfully" will be displayed.
 6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
 7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
- General Guidelines for Shareholders**
1. Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to devendracs@gmail.com with a copy marked to evoting@nsdl.com. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.
 2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

- In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on.: 022 - 4886 7000 or send a request to Mrs. Veena Suvarna at evoting@nsdl.com

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

- In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investors@sanathan.com.
- In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investors@sanathan.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at step **1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
- Alternatively shareholder/members may send a request to evoting@nsdl.com for procuring user id and password for e-voting by providing above mentioned documents.
- In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

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

- The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and

have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

- Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH

VC/OAVM ARE AS UNDER:

- Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM" placed under "**Join meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/ Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
- Members are encouraged to join the Meeting through Laptops for better experience.
- Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- Shareholders who would like to express their views/ have questions may send their questions in advance mentioning their name demat account number/ folio number, email id, mobile number at investors@sanathan.com. The same will be replied by the company suitably.

EXPLANATORY STATEMENT

Pursuant to Section 102(1) of the Companies Act, 2013 ('Act') the following Explanatory Statement sets out material facts relating to business mentioned under Item Nos. 4 to 6 of the accompanying Notice.

Item No. 4



Mr. Sammir Dattani holds a Bachelor of Commerce degree with a specialization in Business Management from Mumbai University. With over 15 years of extensive experience in the textile industry, he brings deep expertise across multiple verticals, from raw material procurement to strategic leadership. Further, he looks at the raw material procurement for Polyester Filament Yarn and Fully Drawn Yarn. Mr. Sammir Dattani also looks at Information Technology and Automation at Sanathan Textiles. As the official spokesperson of Sanathan Textiles Limited, Mr. Sammir Dattani represents the Company across industry forums, stakeholder meetings, and public platforms. His holistic approach and leadership acumen continue to shape Sanathan Textile's positioning as a forward-looking and resilient player in the Indian textile landscape.

Mr. Sammir Dattani was on the Board of Sanathan Textiles, prior to the Initial Public Offer, but had to vacate the position due to an internal restructuring to ensure a balanced representation of Promoter Group members on the Board.

Further, on receipt of the consent from Mr. Sammir Dattani, that he is not disqualified to act as a Director and that he has not been debarred by any regulatory body in India or Overseas, the Board in their meeting held on May 26, 2025, based on the recommendation of the Nomination and Remuneration Committee appointed Mr. Sammir Dattani as an (Additional) Executive Director of the Company for a period of 5 years from May 26, 2025, subject to approval by the shareholders of the Company under Schedule V of the Companies Act, 2013. The

Board has approved the following, subject to approval of the Shareholders:

1. Name of the Appointee: Mr. Sammir Dattani
2. Designation: Executive Director
3. Tenure: Five (5) years from May 26, 2025
4. Remuneration: Not exceeding ₹ 400 Lakhs p.a.
5. The Director shall not be having any other perquisites.

In addition to the remuneration payable to Mr. Sammir Dattani, he is also entitled to:

- a. Profit based commission of up to 1.25% of the net profits of audited financial statement, subject to recommendation of Nomination and Remuneration Committee and approval of the Board of Directors; and
- b. Shall be eligible for an Annual Increment but not exceeding more than 10% of the remuneration.

This remuneration payable to Mr. Sammir Dattani is well within the industry norms for Executive Directors of mid-cap manufacturing companies with comparable turnover, particularly in the textile and broader manufacturing sectors. Remuneration disclosures of listed entities indicate that executive compensation in companies with a turnover in the range of ₹ 2,500-₹ 3,500 crore typically falls between ₹ 300-₹ 800 lakhs per annum, depending on factors such as profitability, promoter involvement, and strategic responsibilities. Mr. Sammir Dattani's remuneration of ₹ 400 lakhs per annum

reflects a measured and balanced approach that aligns with prevailing market benchmarks. It also takes into consideration the Company's scale of operations, the complexity of the business, and his active role in driving growth, innovation, and governance.

The rationale for seeking shareholders' approval by way of a special resolution is in accordance with Regulation 17 (6) (e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board has ensured that the remuneration payable to Mr. Sammir Dattani is within the permissible limits prescribed under the Companies Act, 2013 and the applicable SEBI Regulations. Further, the Board is of the view that the remuneration is reasonable, performance-linked, and structured to align the interests of the Executive Director with those of the shareholders. Further, the Board is of the view that the remuneration is reasonable, performance-linked, and structured to align the interests of the Executive Director with those of the shareholders.

Apart from the details of remuneration specified above, there are no additional terms or conditions relating to Mr. Sammir Dattani's remuneration that form part of any employment agreement. Furthermore, Mr. Sammir Dattani has not entered into any agreement with the Company that imposes any obligation on the Company to make payments to him for services rendered in his capacity as Executive Director or member of Promoter Group.

As on date, Mr. Sammir Dattani directly holds 3.63 Lakhs shares of the Company and holds one share each of Sanathan Polycot Private Limited and Universal Texturisers Private Limited, which are the Wholly Owned Subsidiary of the Company, as a nominee of Sanathan Textiles. He is completely dedicated towards the Company and is not on any other Listed / Unlisted Board. Further Mr. Sammir Dattani as an Executive Director will be liable to retire by rotation.

The above-mentioned explanatory statement read together with the resolutions specified under item no. 4 of the Notice convening the Annual General Meeting may be considered as an abstract, under section 102 of the Companies Act, 2013.

Memorandum of Interest

Mr. Sammir Dattani is a member of the Promoter Group and is related to Mr. Dineshkumar Dattani, Promoter of the Company.

Basis the rationale and justification provided above; the Board recommends Special Resolution under Item No. 4 of the accompanying Notice for approval of Members.

Item No. 5

The Company has in place internal controls for better cost optimisation which aids the Company is managing Cost records. Further, as Cost Audit is applicable to the

Company, the Company has received consent and the confirmation from M/s. Saroj K Babu & Co that the firm is not disqualified to act as a Cost Auditor. M/s Saroj K Babu & Co is a Kolkata-based firm specialized in cost and management accounting, tax consultancy, and auditing services.

The firm maintains professionalism and independence in its work, conducting biannual visits to the facility to ensure that records are accurately maintained and updated. The remuneration paid to the Cost Auditor is commensurate with the defined scope of work and is aligned with the industry standards followed by other companies in the same sector.

The Audit Committee in their meeting held on May 26, 2025 considered the re-appointment of M/s. Saroj K Babu & Co, as Cost Auditors of the Company to conduct Cost Audit for FY 2025-26. Accordingly, consent of the Members is solicited for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of payment of remuneration and out-of-pocket expenses amounting to ₹ 1,70,000/- (Rupees one Lakh seventy thousand only) to the Cost Auditor for the FY 2025-26.

Memorandum of Interest:

None of the Directors/ Key Managerial Personnel of the Company/ their relatives are concerned or interested, financially or otherwise in the interest in the proposed resolution.

Basis the rationale and justification provided above; the Board recommends Ordinary Resolution under Item No. 5 of the accompanying Notice for approval of Members.

Item No. 6:

M/s. DVD & Associates is a peer reviewed and a well-established firm of Practicing Company Secretaries, registered with the Institute of Company Secretaries of India, New Delhi. The Firm has expertise and experience in transactions like corporate advisory, transactional services, litigation, advocacy, and legal due diligence as well. M/s. DVD & Associates has been associated with the Company since last 2 years and had provided the required certifications during the Initial Public Offer, under the Companies Act, 2013 and the SEBI Regulations, which were applicable to the Company.

M/s. DVD & Associates were the Secretarial Auditors of the Company for the FY 2024-25 and the report issued by the Secretarial Auditors forms part of this Annual Report. The Secretarial Audit Report has no qualifications or reservations and hence no comments are made by the Directors pertaining to the Secretarial Audit in their Directors Report.

As per the recent amendment to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which is effective from April 01, 2025, the Company has to appoint a Secretarial Auditor for

a period of 5 consecutive years which shall commence from April 01, 2025.

While recommending M/s. DVD & Associates for appointment, the Board and the Audit Committee evaluated various factors, including the firm's capability to handle a diverse and complex business environment, its existing experience in the Company's business segments, its industry standing, the clientele it serves, and its technical expertise. M/s. DVD & Associates was found to be well-equipped to manage the scale, diversity, and complexity associated with the Secretarial Audit of the Company. Further, M/s. DVD & Associates is eligible and not disqualified to act as a Secretarial Auditor and the required consent has been received and the proposed appointment, if made, will be in compliance with the provisions of the Companies Act and the SEBI Listing Regulations.

Accordingly, based on the recommendation of the Audit Committee, the Board of Directors has approved the appointment of M/s. DVD & Associates, Practicing Company Secretary (FCS No. 6099 and COP No. 6515), as the Secretarial Auditor of the Company for a period of five years, commencing from April 01, 2025, to March 31, 2030. The appointment is subject to shareholders' approval at the Annual General Meeting.

The terms of appointment of M/s. DVD & Associates as Secretarial Auditor shall be for a period of five years, commencing from April 1, 2025, and concluding on March

31, 2030. The proposed remuneration is ₹ 3,50,000/- per annum (Rupees Three Lakhs Fifty Thousand only), excluding applicable taxes and out-of-pocket expenses. Further, any increase in remuneration for the period shall not exceed 5% of the fees paid in the immediately preceding financial year and shall be subject to the recommendation of the Audit Committee and approval of the Board. The Board is of the view that the proposed remuneration is commensurate with the scale of the Company's operations and the complexity involved in its compliance and governance functions.

Additional fees for statutory certifications, reports or other eligible services, if obtained, shall be in line with the SEBI (LODR) Regulations, 2015 read with SEBI Circular SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185 dated December 31, 2024 and FAQs issued thereon on April 23, 2025 which will be determined separately by the management, in consultation with Mr. Devendra V Deshpande, , Proprietor of M/s. DVD & Associates.

Memorandum of Interest:

None of the Directors, Key Managerial Personnel (KMP), or their relatives have any financial or other interested, financially or otherwise in the interest in the proposed resolution.

Basis the rationale and justification provided above; the Board recommends Ordinary Resolution under Item No. 6 of the accompanying Notice for approval of Members.

Information pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SS-2 on General Meetings issued by Institute of Company Secretaries of India, regarding directors proposed to be appointed or re-appointed:

Name of Director	Mr. Anilkumar Dattani	Mr. Sammir Dattani
Date of Birth	April 20, 1958	January 27, 1982
Designation	Executive Director	Executive Director
DIN	00164175	07060573
Age	67 years	43 years
Date of first Appointment	October 10, 2005	May 26, 2025
Current term	Five years with effect from December 1, 2021.	Five years with effect from May 26, 2025.
Expertise in specific functional area / Brief resume	Mr. Anilkumar Dattani is an Executive Director of our Company. He has been on the Board of our Company since October 10, 2005 and his responsibilities include overseeing various functions of our Company inter alia Corporate Social Responsibility and administration in the Company. He has passed the examination for Bachelor's degree in commerce from University of Bombay. He has several years of experience in the textile industry.	Refer to Explanatory Statement- Item No. 4
Experience	46 years	15 years
Qualification	Graduate	Graduate
Terms of Appointment	Mr. Anilkumar Dattani is an Executive Director of the Company, liable to retire by rotation.	Mr. Sammir Dattani is an Executive Director of the Company, liable to retire by rotation.
Details of remuneration sought to be paid	Amount already approved by the Shareholders. No new remuneration approval has been sought at this point.	Remuneration payable is shared in the Explanatory Statement.
Shareholding in Sanathan Textiles Limited	Mr. Anilkumar Dattani holds individually 6.61% of the total paid up capital of the Company. Mr. Anilkumar Dattani is also the promoter of the Company.	Mr. Sammir Dattani directly holds individually 0.43% of the total paid up capital of the Company. Mr. Sammir Dattani is a member of the promoter group.
Relationship with other Directors and Key Managerial Personnel	Mr. Anilkumar Dattani is also the promoter of the Company.	Mr. Sammir Dattani is a member of the Promoter Group and is related to Mr. Dineshkumar Dattani.
Last Remuneration drawn	Please refer section "Remuneration paid to Directors" of Corporate Governance Report for details pertaining to remuneration paid during FY 2024-25	During the FY 2024-25, an amount of ₹ 240 Lakhs was paid as remuneration to Mr. Sammir Dattani in the capacity as an employee.
Name of Listed entities resigned in last 3 years	Nil	Nil
Directorships in other Listed Companies as on March 31, 2025	Nil	Nil
Chairman/Member of Committees of other Listed Companies as on March 31, 2025	Nil	Nil
Number of Meetings attended	Mr. Anilkumar Dattani attended all the Board and Committee Meetings of which he is a member, held during the FY 2024 - 2025.	Not Applicable
Notice period	6 months	6 months



D-15, Trade World Building Kamala
Mills, Compound, Senapati Bapat
Marg Lower Parel, Mumbai -
400013, Maharashtra, India, Email:
investors@sanathan.com, Tel: + 91
22 6634 3312/3/4/5/6