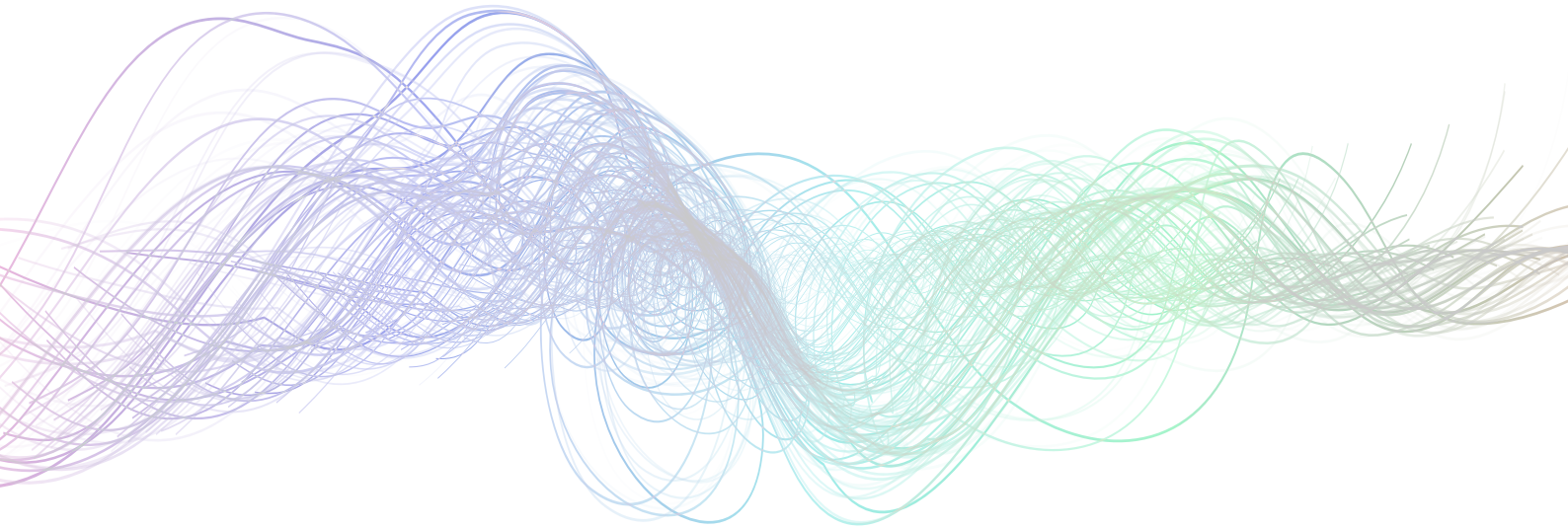


# SARLA PERFORMANCE FIBERS LIMITED



## Redefining Value A Journey of Threading Excellence



ANNUAL REPORT  
2022-23

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Forward-looking Statement

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

# CORPORATE DETAILS

## Board of Directors

Mr. Krishnakumar Jhunjhunwala  
*Chairman and Managing Director*

Mr. Parantap Dave  
*Non - Executive Independent Director*

Mrs. Shreya Desai  
*Non - Executive Independent Director*

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

Ms. Neha Jhunjhunwala  
*Executive Director*

Mr. Kanav Jhunjhunwala  
*Executive Director*

Mr. Sachin Abhyankar  
*Non-Executive Director (w.e.f. August 10, 2023)*

Mr. Bharat K. Jhamvar  
*Non-Executive Independent Director (w.e.f. August 10, 2023)*

## Chief Financial Officer

Mr. Mukesh Deopura

## Company Secretary

Ms. Neha Somani

## Auditors

**Statutory Auditors**  
C N K & Associates LLP,  
Chartered Accountants, Mumbai

**Secretarial Auditors**  
M/s. Mayank Arora & Co.  
Practising Company Secretaries

## Registrars & Transfer agents

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

## Bankers

Standard Chartered Bank  
Citibank N.A.  
DBS Bank India Ltd.  
HDFC Bank Ltd.  
IndusInd Bank Ltd.  
P T Bank Maybank Indonesia  
Bank of Bahrain & Kuwait, B.S.C.

## Registered office

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

## Corporate office

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

## Plants

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



MADHUSUDAN JHUNJHUNWALA  
1941 - 2021

As we mark the second year since Mr. Madhusudan Jhunjhunwala's (founder and ex-chairman) passing, we find solace in the memories we shared, the lessons we learned, and the vision he instilled within us over last 28 years. He departed from this world on July 19, 2021. We reflect on the profound impact he had on our lives, on our organisation, and on the legacy he left behind.

In his role as the foundation stone of our company, he laid the groundwork for growth, innovation, and transformation. His visionary leadership, his wisdom, and his commitment were instrumental in guiding us through a journey of change and progress. His thought process and insights have become an integral part of each employee, illuminating our path and shaping our collective mindset. We remember how his ideas and values inspired us to transcend the boundaries of tradition, propelling us from humble yarn producers to a renowned name in the yarn manufacturing industry. His legacy lives on in every thread of innovation, in every milestone achieved, and in the unity of purpose that binds us as a team. May his legacy forever remain a beacon of inspiration, reminding us that with determination, vision, and passion, we can achieve greatness. We carry his memory in our hearts as we honor his contributions to our company and our lives.

*In a world that seeks the short cut,  
he advocated integrity and perseverance.  
In a world that champions aggressive growth,  
he recommended a blend of speed and caution.  
In a world that trusts safety and convention,  
he inspired us to think different and embrace change.*



## Redefining Value

### A Journey of Threading Excellence

Amidst the dynamic tapestry of India's textile industry, where competition is relentless and consumer expectations ever evolving, our voyage to redefine value stands as a beacon. This narrative encapsulates our transformative journey - an odyssey marked by innovation, strategic realignment, and an unwavering commitment to unwrapping the highest levels of excellence. As we chart uncharted waters, innovation becomes our guiding light, promoting pioneering products and strategies that challenge the norm and elevate our industry stance.

Through strategic evolution, we carve a distinct identity, embracing diversification and intensified customer engagement. Operational finesse ensures flawless execution, while our customer-centric approach weaves purpose into our endeavours. Sustainability and ethical responsibility shape our narrative, stitching a fabric of responsibility for the industry's future. As our voyage progresses, tangible successes unfold - market expansion, revenue augmentation, and industry acclaim - all testament to our dedication to redefine value.

## Performance highlights

Revenue from operations - ₹38,740.0 lakhs

EBITDA - ₹6,670.6 lakhs

PAT - ₹2,138.2 lakhs

EPS - ₹3.45 per share



### Fostering Comprehensive Value Creation Across the Organization

At Sarla, we create value using a well-rounded approach that includes strong efforts to transform our business. We're firmly dedicated to achieving excellence in everything we do. Our strong commitment to steering our entire business is clear from our proactive drive for innovation and our smooth adoption of new technologies. A core part of our mission is to offer complete solutions to our valued clients.



### Our Mission: Providing Tailored Solutions and Unique Products with Client-Centric Focus

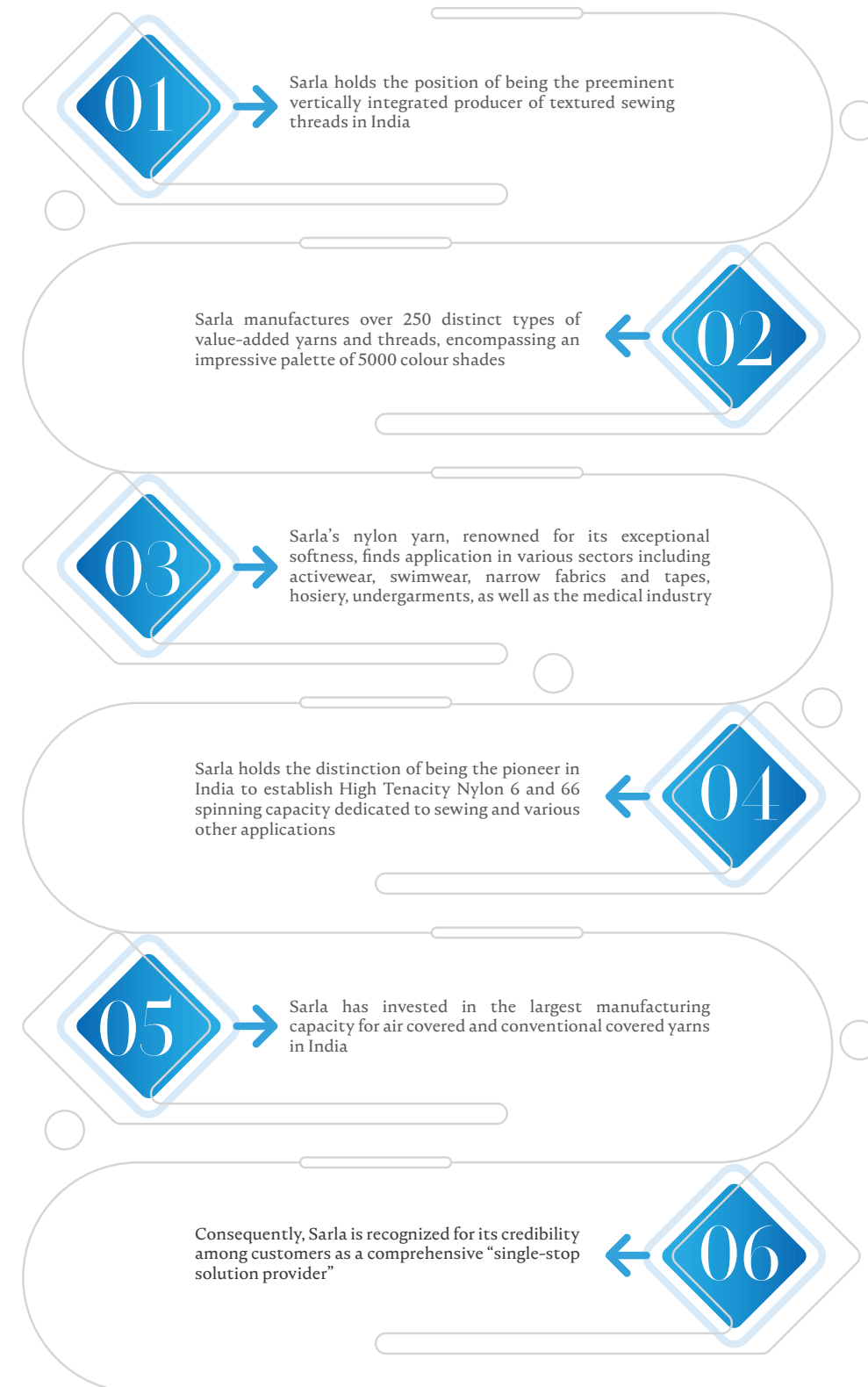
At Sarla, our mission is to uphold the essence of purity in all that we do. With unwavering dedication, we strive to deliver the finest 100% Nylon and Polyester filament yarns and threads, empowered by cutting-edge technologies and a spirit of collaboration. Our operations are grounded in a deeply embedded culture of quality and authenticity, reflecting our commitment to excellence at every step. Through consistent communication and a distinctive brand identity, we aim to stand apart as a beacon of integrity and innovation in the industry.



### Our Vision: Embarking on Excellence:

Our vision at Sarla is to be the beacon of purity and excellence in the global textile industry. We aspire to set new benchmarks by continuously pushing the boundaries of innovation, creating yarns and threads that not only meet but surpass customer expectations. We envision a future where our commitment to quality, ethical practices, and collaborative spirit propels us to be the preferred growth partner for businesses seeking exceptional textile solutions. By upholding our values, we strive to inspire trust, foster growth, and redefine industry standards.

## Distinguishing Ourselves through Unparalleled Innovation Commitment



## Embracing Our Core Competencies for Unrivalled Impact

### Marketing Excellence

- Developing and executing effective marketing strategies.
- Building brand awareness and customer engagement.
- Creating targeted campaigns to reach niche markets.

### Product Customisation Mastery

- Tailoring products to meet individual customer needs.
- Adapting offerings to match unique preferences.
- Delivering personalised solutions that add value.

### Relationship Building Proficiency

- Nurturing strong and lasting customer relationships.
- Enhancing customer satisfaction through personalized interactions.
- Establishing trust and loyalty for repeat business.

### Operational Efficiency

- Optimising resource allocation and utilization.
- Streamlining processes to reduce waste and costs.
- Ensuring smooth operations with minimal disruptions.

### Strategic Agility

- Adapting to changing market dynamics and trends.
- Identifying new opportunities and adjusting strategies accordingly.
- Swiftly responding to competitive challenges and industry shifts.

### Innovation and Creativity

- Continuously developing novel solutions and ideas.
- Fostering a culture of innovation within the organization.
- Introducing unique products, services, and approaches.

### Financial Acumen

- Managing finances with a focus on profitability and growth.
- Making informed financial decisions to maximize returns.
- Achieving strong financial performance and stability.

### Market Insight and Analysis

- Understanding market trends, customer behaviours, and preferences.
- Conducting thorough market research to make informed decisions.
- Using data driven insights to anticipate market changes.

### Team Collaboration

- Fostering a collaborative work environment.
- Leveraging diverse skills and talents for collective success.
- Encouraging open communication and knowledge sharing.

## Chairman's Speech

With immense pleasure I present to you our Company's 30<sup>th</sup> Annual report. This report encapsulates the performance of our Company throughout the fiscal year 2022-2023. A year that brought both challenges and opportunities, and a year that truly tested our resilience and determination.

In a dynamic and ever-evolving business landscape, we navigated through various challenges that impacted our industry. From geopolitical tensions to rising energy costs, inflationary pressures, and disruptions in global supply chains, we encountered numerous obstacles. Despite these hurdles, I am proud to announce that our company emerged stronger and more resilient. The past fiscal year demanded solid commitment and a steadfast approach. Our team exhibited unparalleled dedication, enabling us not only to weather the storm but also to thrive amidst challenges.

When evaluating the performance of fiscal year 2022-2023, it is crucial to consider it in the context of the preceding fiscal year, 2021-2022. The latter period witnessed substantial revenue growth due to unique circumstances following the aftermath of COVID-19 restrictions. This growth resulted from increased sales volume due to pent up demand from the market and precautionary stockpiling by buyers. The subsequent stabilisation coupled with escalating energy costs in the global market, notably in Europe, led to a slowdown in sales and destocking of inventory in the global textile market.

In this fiscal year, our Company experienced a 10% decrease in revenue, totalling INR 387 Crore, owing to lower realisation on the back of correction in key raw material prices. The EBITDA margin also contracted from 21% to 17%, mainly due to high-cost inventory affecting our profitability. Despite the aforementioned challenges, it's noteworthy that our company managed to deliver industry leading margins. Our company remains committed to deliver operating margins exceeding 20%, driven by higher share of value added products, which currently stands at 50%. Our financial resilience is evident in our prudent approach to capital allocation. In the past year, our

debt-to-equity ratio decreased to 0.24 from 0.31 in FY21-22. As a net cash company, we are dedicated to achieving the status of a gross debt-free entity in the years to come. Moreover, our Company has achieved a remarkable feat by maintaining a 100% customer retention rate, and even successfully acquiring new customers throughout the year. This impressive accomplishment can be largely attributed to our company's strong dedication to a customer-centric philosophy, which has enabled us to build strong relationships and ensure satisfaction among our clientele.

Our Company executed its expansion strategy within the existing facility, enhancing high tenancy yarn capacity. Noteworthy advancements include increasing Nylon 66 capacity from 1 TPD to 3 TPD and Nylon 6 capacity from 3 TPD to 8 TPD. A total of INR 57 Crore was strategically invested in capacity expansion and plant modernisation. These strategic investments in high-demand product categories are anticipated to increase sales volumes, realisations, and margins, consequently driving revenue to surpass INR 600 Crore in peak utilisation. These product categories, in high demand and requiring reliable supply chains, feature our Company as a trusted brand in this field. We anticipate minimal or negligible gestation period between the commissioning of these expanded capacities and their attainment of rated capacity utilisation. Notably, the funding for these strategic investments will be derived from internal accruals. We anticipate this approach will facilitate favorable margins, thereby rendering the investment proposition quite appealing. This cyclical process is envisioned to establish a sustainable and perpetuating cycle of value generation for our Company.

Our outlook for the future is characterised by a strong sense of optimism, bolstered by the ongoing encouraging trends in our product inquiries. Even though buyers preferred purchasing product volumes in line with demand quantities rather than stockpiling, our Company has seen continued interest in its products throughout the year. The support from our customers has boosted our confidence, especially as we look ahead to a strong recovery



in the latter part of FY24. It's worth noting that both our domestic and export markets are experiencing favorable traction, indicating a rising demand for our products. We are also committed to enhancing our brand visibility through active participation in various events and exhibitions. These efforts aim to increase awareness and recognition of our products in the broader market. A significant focus is on the changing trends in the Indian market. We have strategically realigned our focus to adapt to these shifts, which is expected to open up substantial growth opportunities within the domestic market. This strategic shift is poised to act as a catalyst for our overall growth trajectory. As we look forward, optimism courses through our veins. The challenges we have overcome have not only fortified us but also illuminated the path forward. Our commitment to excellence, combined with our ability to adapt swiftly, will continue to be our guiding stars. Our focus remains firmly fixed on seizing emerging opportunities, harnessing technological advancements, and aligning with sustainable practices.

I would like to extend my heartfelt gratitude to our stakeholders i.e. our valued investors, loyal customers, dedicated employees, and supportive partners. Your consistent trust in our vision and mission has been the cornerstone of our achievements. This journey wouldn't have been possible without your continuous support. Thank you for being an integral part of our success. I eagerly anticipate another year of collaboration, growth, and accomplishments together.

**- KRISHNA JHUNJHUALA**  
Chairman & Managing Director



## COMPANY AT A GLANCE



An ISO 9001:2015 certified company, Sarla Performance Fibers Limited stands as a pinnacle in the textile domain. Being a dedicated 100% export-oriented unit, we specialise in the production and global export of polyester and nylon textured, twisted, and dyed yarns, along with covered yarns, high tenacity yarns, and sewing thread. Our inception as a manufacturer of basic yarns has evolved into a strategic shift, establishing us as a supplier of intricate, high-value yarns. Our forte lies in tailoring products to meet each customer's unique requirements, epitomizing customization at its finest.

**Promoter**

Founded on the ethos of a closely-knit family-run enterprise, our operations are infused with a professional outlook across all business facets. This ethos is further bolstered by our enduring market presence and the profound expertise of our promoters. Sarla not only embodies credibility and sustainability but also thrives in the realm of continuous growth. At Present, Mr. Krishna Jhunjunwala is holding the position of Chairman and Managing Director.

**Manufacturing Facilities and Process**

Benefitting from our cutting-edge infrastructure, we possess the capability to fulfil tailored orders spanning from hundreds to thousands of kilograms. Operating our corporate headquarters from Mumbai, India's commercial hub, our manufacturing prowess thrives at strategically situated facilities in Silvassa, Dadra, and Vapi - situated approximately 160 km north of Mumbai. Silvassa houses our prime manufacturing units, positioned in close proximity, with a supplementary unit in Dadra, just 10 km away. These vertically integrated facilities span the spectrum from spinning to advanced technology for high bulk high stretch polyester and nylon muffs and hanks. Our in-house bonding and kingspool winding amplify our prowess, yielding an impressive array of over 250 distinct value-added yarns and threads - tailored to niche and individual customer needs.

Today, Sarla boasts India's most extensive capacity in air covering, single and double conventional covering. Our revamped dyeing

facilities in Vapi, within the Gujarat Industrial Development Corporation, are armed with state-of-the-art technology capable of dyeing any fiber, from stretch nylon to textured sewing thread and high tenacity yarns. Boasting a Colour Bank comprising over 5000 shades, our laboratory conjures an average of 8 new colours daily. Digital colour matching, guided by certified technicians, ensures precise shade replication.

Our automated dyeing vessels and systems, accommodating batch sizes of 1 kg to 500 kgs, guarantee consistent execution, promising the perfect shade in every order. Each of our facilities bears ISO 9001:2015 certification, underlining our meticulous management standards. At Sarla, we uphold a creed of constant innovation and technological advancement. With an average machine age under 5 years, one of the industry's shortest, we deliver quality products at competitive prices - a testament to our commitment to excellence.

**Product Portfolio**

**Yarn products:** Continuous filament yarns, high tenacity yarns and threads, dyed yarns covered spandex and lycra yarns

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

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

**Global Presence**

The Company's main office is situated in Mumbai, India. Its manufacturing plants are positioned in Silvassa, Dadra, and Vapi, approximately 160 kms away from the headquarters. Additionally, the Company has a step-down subsidiary named Sarla Europe, LDA, based in Portugal, which serves the European and South American markets.

Throughout our journey, Sarla has expanded its footprint through enhancing existing facilities in India and venturing into new overseas installations. This expansionary drive serves our core aim - to be close to our customers, ensuring swift and efficient service delivery. Our global presence spans across key international destinations, bolstered by a robust clientele hailing from major countries worldwide.

**Credentials**

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



## Awards and accolades

2018

**Business Excellence Award**

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

2015

**Business Excellence Award**

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

2015

**Best Export Oriented Unit**

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

2014

**Best Global Business Award**

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

2012

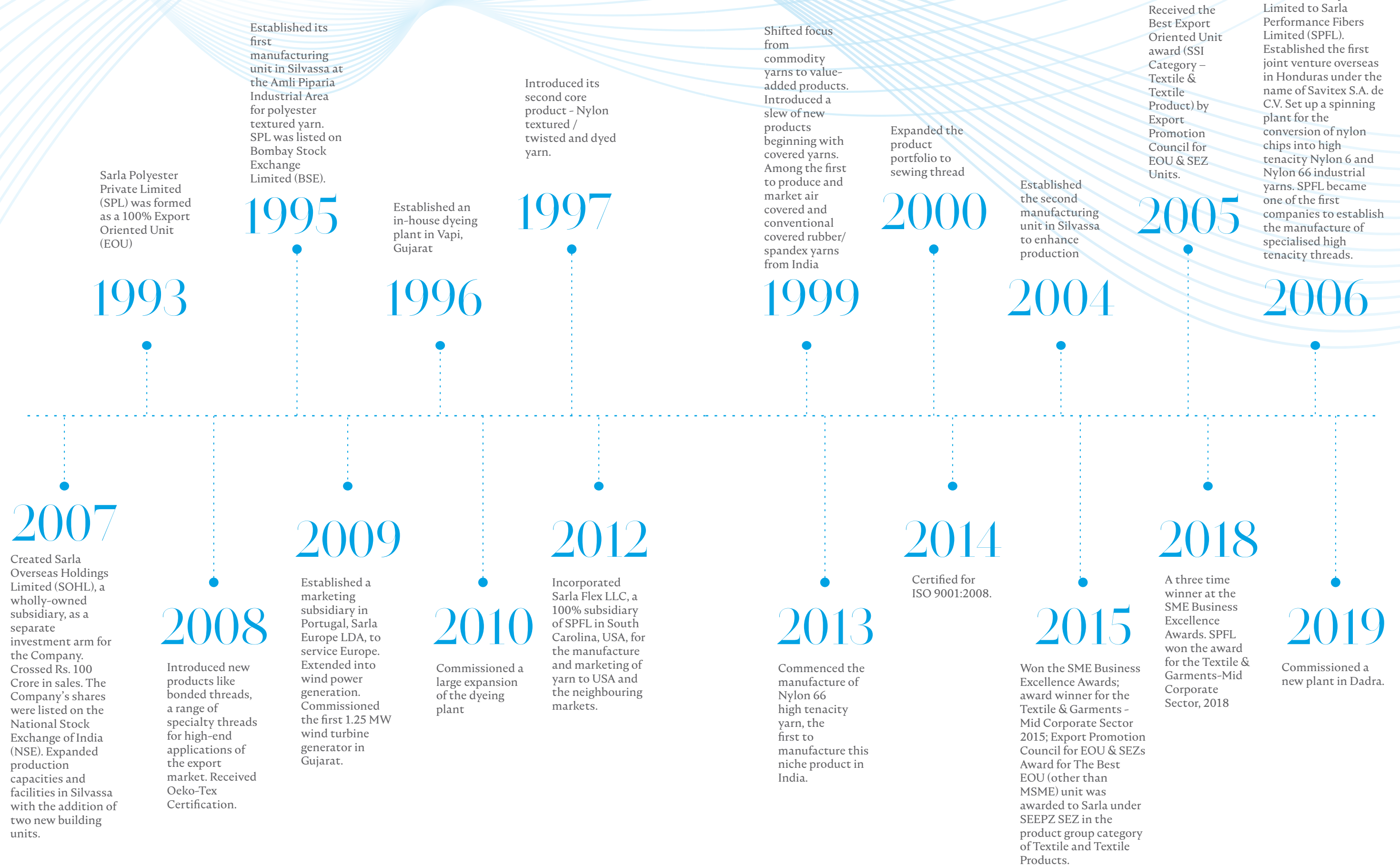
**Best Export Oriented Unit**

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



## OUR JOURNEY OF TRANSFORMATION

## AND EXCELLENCE





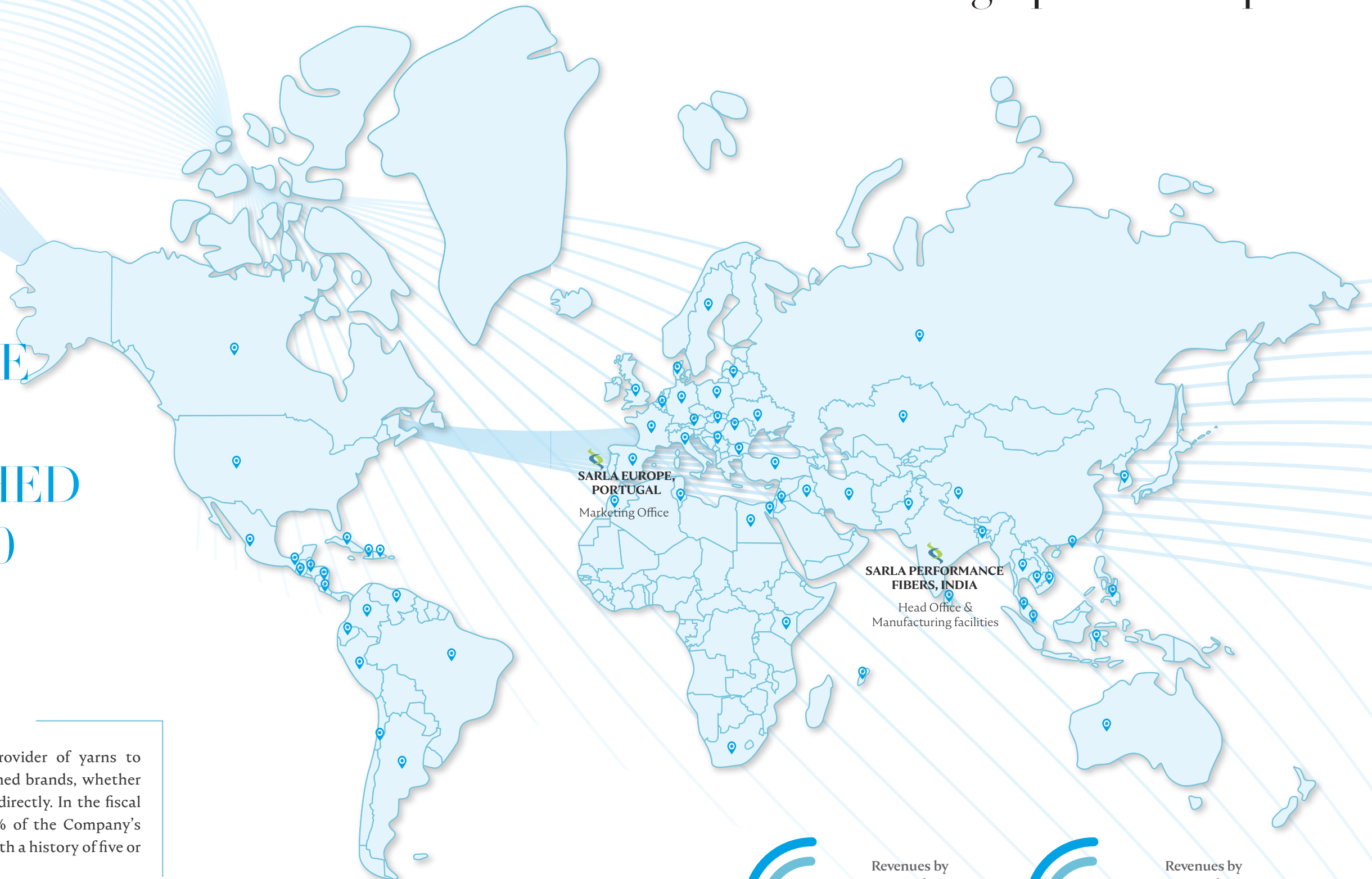
# Geographical Footprint

## SARLA A RELIABLE BRAND ESTABLISHED IN OVER 60 NATIONS

The Company is a reputable provider of yarns to some of the world's most renowned brands, whether through direct transactions or indirectly. In the fiscal year 2022-23, approximately 65% of the Company's revenue originated from clients with a history of five or more years.

The Company predominantly promotes its yarns directly and also employs trade intermediaries.

The Sarla brand is highly regarded for its reliability, consistent results, and an excellent balance of price and value.



📍 Represents customers



Revenues by geography

48.27% Domestic

51.73% International



Revenues by geography

47.38% Domestic

51.62% International





# The Colourful Threads of Our Yarn

# Intertwine with and Touch Everyone's Life



With towel in hand, your face you dry,  
A snug brief snugly finds its place,  
An alluring T-shirt, colors interlace,  
Socks embrace warmth, under sky's high.

Gloves guard against the cold's harsh sting  
In athleisure's grace, freedom's wing  
Shoes adorned, adventures unfold  
In the car's embrace, adventure's fling.  
Seat belt's embrace, safety's strong tether  
On mattress soft, dreams dance together  
Beneath quilt's cocoon, you gently weather  
A face mask shields, pandemic's feather

Bandage wraps, a healing grace,  
From medical touch to warm embrace.  
And as you mop, each floor's new face.  
Life's tapestry woven, in every space



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

## NYLON



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

### Characteristics

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

### Applications

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

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

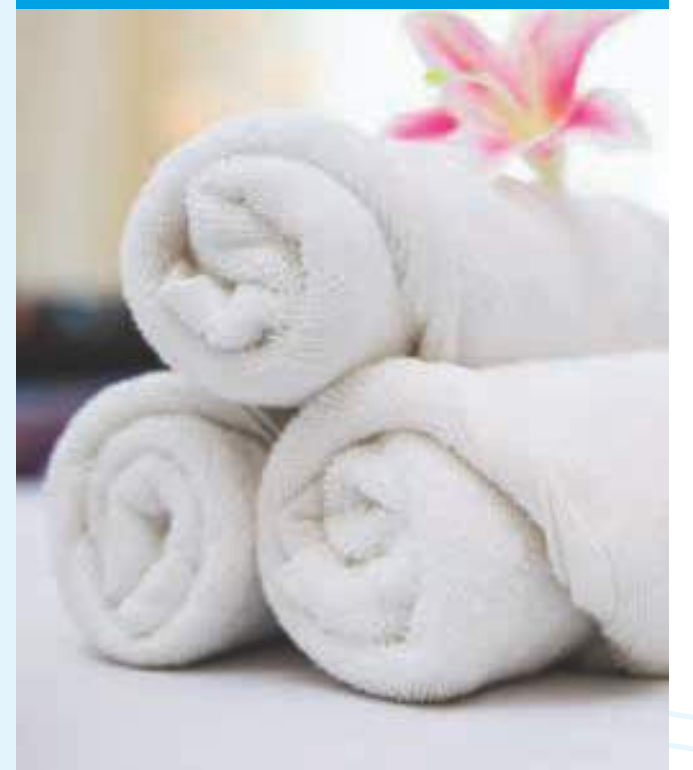
### Characteristics

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

### Applications

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

## TEXTURED POLYESTER



## TEXTURED SEWING THREAD



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

### Characteristics

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

### Applications

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