

INDEPENDENT AUDITOR'S REPORT

To the Members of
Sarla Overseas Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of Sarla Overseas Holdings Limited ("the Holding Company") and its subsidiary listed in Annexure (the Holding Company and Subsidiary together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31st March 2020, the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of Changes in Equity and the consolidated Cash Flows statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs (consolidated financial position) of the Group as at 31st March, 2020, of the consolidated profit and consolidated total comprehensive income (consolidated financial performance), consolidated changes in equity and its consolidated cash flows for the year ended on that date. The financial statements are in all material respects compatible with Ind AS and same is fit for consolidation.

Basis for Qualified Opinion

As on 31st March, 2020, the Company has an exposure to its fellow Subsidiary 'Saralflex, Inc.' of Rs.6,739 lakhs towards unsecured loan. Saralflex, Inc. has suspended manufacturing operations since December, 2017 and has a negative net worth as on 31st March 2020. These conditions raise substantial doubt about its ability to continue as a going concern.



In the absence of any impairment testing by management during the year, we are unable to comment on the impact, if any, on the carrying cost of investments, loans, total comprehensive income and retained earnings in the consolidated financial statements (refer note 5 of consolidated financial statements).

Our report for the previous year was also qualified in respect of above matter.

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

Emphasis of Matter

We draw attention to note no. 29 of the Consolidated Financial Statements, wherein it is mentioned that three Joint Ventures are not consolidated on account of non-resolution of disputes, or non-receipt of financial statements for the year ended 31st March, 2020. Though these investments have been tested for impairment and necessary provisions have been made in FY 2017-18 on transition to Ind AS, we are unable to comment about impact of the same on the Consolidated Statement of Profit and Loss.

Our opinion is not qualified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Except for the matter described in the Basis for Qualified Opinion and Emphasis of Matters, we have determined that there are no other key audit matters to communicate in our report.

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Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's Board's Report including Annexures to Board's Report but does not include the consolidated financial statements and our auditor's report thereon. The above reports are 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 do not express any form of assurance conclusion thereon.

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

If we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The Holding Company's Board of Directors are responsible for the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total Comprehensive Income, consolidated changes in equity and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of the adequate accounting records for safeguarding of 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 consolidated 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 Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related

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to going concern and using the going concern basis of accounting, unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in Group are also responsible for overseeing the financial reporting process of each company.

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

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and also to express an opinion whether they are fit for consolidation as per Indian Accounting Standards ('Ind AS').

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the

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Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the consolidated financial statements, of which we are independent auditors. For other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in

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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 Matters

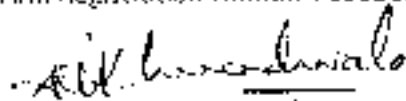
We did not audit the financial statements of Sarlu Europe Ltd (subsidiary), whose financial statements reflect total assets of Rs. 248 lakhs, total liabilities of Rs.284 lakhs as at 31st March, 2020, total revenues of Rs. 282 lakhs and total comprehensive loss of Rs. 58 lakhs for the year ended on that date, as considered in the consolidated financial statements. This financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our qualified opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

This subsidiary is located outside India whose financial statements and other financial information has been prepared in accordance with accounting principles generally accepted in its country and which have been audited by other auditor under generally accepted auditing standards applicable in its country. The Company's management has converted the financial statements of such subsidiary located outside India from accounting principles generally accepted in its country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion, in so far as it relates to the balances and affairs of such subsidiary is based on the report of other auditor and conversion adjustments prepared by the management of the Company and audited by us.

For C N K & Associates LLP

Chartered Accountants

Firm Registration Number: 101961W/W 100036



H. Manshu Kishnadwala

Partner

Membership No.: 37391

UDIN: 20037391AAAAQN9653



Place: Mumbai

Date: 27th July, 2020

Annexure to the Audit Report:

Subsidiary (held directly)

- a. Sarla Europe, Lda

Joint Ventures (held directly)

- a. Savitex SA De C. V. Honduras;
- b. MRK SA De C. V. Honduras;
- c. Sarla Tekstil Filament Sanayi Ticaret A.Ş.



1. CORPORATE INFORMATION:

Sarla Overseas Holdings Limited ('SOHL' or 'the Company') is a Company incorporated and domiciled in British Virgin Island and has its registered office at P. O. Box 3321, Drake Chambers, Road Town, Tortola, British Virgin Islands.

The Company and its subsidiaries (collectively the 'Group') is engaged primarily in trading and commission agent of polyester and nylon yarns. The Company has a global presence with key subsidiaries in Europe engaged in the manufacture/trade and sale of yarn.

2. BASIS OF COMPLIANCE, BASIS OF PREPARATION, CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS AND SIGNIFICANT ACCOUNTING POLICIES:

2.1. Basis of compliance:

The Consolidated Financial Statements (CFS) comply in all material aspects with Indian Accounting Standards ('Ind AS').

2.2. Basis of preparation and presentation:

The CFS of the Group have been prepared under historical cost convention using the accrual method of accounting basis, except for certain financial instruments that are measured at fair values at the end of each reporting period as explained in the significant accounting policies below.

Current and Non – Current Classification

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

2.3. Use of Judgements and Estimates:

The preparation of the CFS requires management to make estimates, assumptions and judgments that affect the reported balances of assets and liabilities and disclosures as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

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The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Impact on account of revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below:

- a. Estimates of useful lives and residual value of property, plant and equipment and intangible assets;
- b. Measurement of defined benefit obligations;
- c. Measurement and likelihood of occurrence of provisions and contingencies;
- d. Impairment of investments;
- e. Recognition of deferred tax assets; and
- f. Measurement of recoverable amounts of cash-generating units.

2.4. Basis of Consolidation:

The CFS comprise the financial statements of the Company, its subsidiaries and the Group's interest in joint ventures as at the reporting date.

2.4.1. Subsidiaries:

Subsidiaries include all the entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to variable returns through its involvement in the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are consolidated from the date on which Group attains control and are deconsolidated from the date that control ceases to exist.

2.4.2. Joint Venture:

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Interests in joint venture are accounted for using the equity method of accounting.

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2.4.3. The CFS have been prepared on the following basis:

- a. The financial statements of the Company and its subsidiary companies have been consolidated on a line by line basis by adding together of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions and resulting unrealised profit or losses, unless cost cannot be recovered, as per the applicable Accounting Standard in India. Accounting policies of the respective subsidiaries are aligned wherever necessary, so as to ensure consistency with the accounting policies that are adopted by the Group under Ind AS.
- b. The Financial Statements of the Subsidiaries used in preparation of the CFS are drawn up to the same reporting date as that of the Company, i.e. 31st March, 2020.
- c. The results of subsidiaries acquired or disposed off during the year are included in the CFS from the effective date of acquisition and up to the effective date of disposal, as appropriate.
- d. Refer note no. 29 of the consolidated financial statements for not consolidating the share of profit / loss of the joint ventures as per the 'equity method'.
- e. CFS are presented, to the extent applicable, in accordance with the requirements as applicable to the Company's separate financial statements.
- f. Non-controlling interests in the net assets of the subsidiaries that are consolidated consists of the amount of equity attributable to non-controlling shareholders at the date of acquisition and subsequent addition of their share of changes in equity.

Profit or loss and each component of OCI are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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2.4.4. The percentage of ownership interest of the Company in the Subsidiary Company as on 31st March, 2020 are as under:

Particulars	Country of Incorporation	Percentage of actual ownership interest as on	
		31 st March, 2020	31 st March, 2019
Subsidiary			
Sarla Europe, LDA	Europe	60%	60%

2.5. Property, plant and equipment:

2.5.1. Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any:

2.5.2. The initial cost of an asset comprises its purchase price (including import duties and non-refundable taxes), any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use);

2.5.3. Machinery spares that meet the definition of property, plant and equipment are capitalised;

2.5.4. Property, plant and equipment which are not ready for intended use as on date of Balance Sheet are disclosed as "Capital work in progress";

2.5.5. Government grants relating to property, plant and equipment are reduced from the cost of the assets;

2.5.6. 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. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred,

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- 2.5.7. An item of property, plant and equipment and any significant part initially recognised separately as part of property, plant and equipment is derecognised upon disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised;
- 2.5.8. Depreciation is provided on a pro rata basis on the straight line method based on estimated useful life prescribed under Schedule I to the Act, except for assets costing Rs. 5,000/- or less are fully depreciated or fully written off in the year of purchase;
- 2.5.9. Components of the main asset that are significant in value and have different useful lives as compared to the main asset are depreciated over their estimated useful life. Useful life of such components has been assessed based on historical experience and internal technical assessment;
- 2.5.10. Depreciation on spare parts specific to an item of property, plant and equipment is based on life of the related property, plant and equipment. In other cases, the spare parts are depreciated over their estimated useful life based on the technical assessment;
- 2.5.11. Leasehold land is amortised over the primary lease period;
- 2.5.12. Freehold land is not depreciated;
- 2.5.13. The residual values and useful lives of property, plant and equipment are reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates;

2.6. Impairment of Non-financial Assets:

- 2.6.1. Non-financial assets other than inventories, deferred tax assets and non-current assets classified as held for sale are reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any indication of such impairment exists, the recoverable amount of such assets / cash generating unit is estimated and in case the carrying amount of these assets exceeds their recoverable amount, an impairment is recognised;

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2.6.2. The recoverable amount is the higher of the fair value less cost of disposal and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. Assessment is also done at each Balance Sheet date as to whether there is indication that an impairment loss recognised for an asset in prior accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

2.7. Inventories:

2.7.1. Inventories are valued at lower of cost (on First-In First-Out basis) and net realisable value after providing for obsolescence and other losses, where considered necessary;

2.7.2. Cost includes all charges in bringing the goods to their present location and condition. Work-in-progress and finished goods include direct materials, direct labour costs and proportion of manufacturing overheads based on total manufacturing overheads to raw materials consumed;

2.7.3. 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.

2.8. Fair Value measurement:

2.8.1. The Group measures certain financial instruments at fair value at each reporting date;

2.8.2. Certain accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities;

2.8.3. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability also reflects its non-performance risk.



- 2.8.4. The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.
- 2.8.5. While measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:
- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
 - **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
 - **Level 3:** inputs for the assets or liability that are not based on observable market data (unobservable inputs).
- 2.8.6. When quoted price in active market for an instrument is available, the Group measures the fair value of the instrument using that price. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
- 2.8.7. If there is no quoted prices in an active market, then the Group uses a valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

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2.8.8. The Group regularly reviews significant unobservable inputs and valuation adjustments. If the third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

2.9. Financial Instruments:

2.9.1. Financial Assets:

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognised at fair value, in case of financial assets which are recognised at fair value through profit and loss, its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

Financial assets are subsequently classified as measured at

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Group changes its business model for managing financial assets.

Trade Receivables and Loans:

Trade receivables and loans are initially recognised at fair value. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Debt instruments:

Debt instruments are subsequently measured at amortised cost, FVOCI or FVTPL till de-recognition on the basis of

- the entity's business mode for managing the financial assets and

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- the contractual cash flow characteristics of the financial asset.

Measured at amortised cost

Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any, is recognised in the Statement of Profit and Loss.

Measured at FVOCI:

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at FVOCI. Fair value movements are recognised in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any, are recognised in the Statement of Profit and Loss. On de-recognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

Measured at FVTPL:

A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity Instruments:

All investments in equity instruments classified under financial assets are initially measured at fair value, the Group may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Group makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Group has elected to measure such instrument at FVOCI. Fair value changes

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excluding dividends, on an equity instrument measured at FVOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss.

De-recognition:

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

2.9.2. Financial Liabilities:

Initial recognition and measurement:

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as FVTPL. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

Subsequent measurement:

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at FVTPL are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

De-recognition:

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires;

2.9.3. Financial guarantees:

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per

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impairment requirements of Ind AS 109 and the fair value initially recognised less cumulative amortisation;

2.9.4. Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intent or to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.10. Revenue Recognition:

2.10.1. Sale of goods:

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer which is usually on dispatch / delivery of goods, based on contracts with the customers. Export sales are recognized on the issuance of Bill of Lading / Airway bill by the carrier.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts, price concessions, incentives and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government. Accruals for discounts/incentives and returns are estimated (using the most likely method) based on accumulated experience and underlying schemes and agreements with customers. Due to the short nature of credit period given to customers, there is no financing component in the contract.

Contract Balances

Trade Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

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Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

2.10.2. Rendering of Services

Revenue is recognized from rendering of services when the performance obligation is satisfied and the services are rendered in accordance with the terms of customer contracts. Revenue is measured based on the transaction price, which is the consideration, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

2.10.3. Income from sale of scrap is accounted for on realisation.

2.10.4. Interest income is recognized using the effective interest rate (EIR) method.

2.10.5. Dividend income on investments is recognised when the right to receive dividend is established.

2.10.6. Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.11. Employee Benefits:

2.11.1. Short-term employee benefits:

Short-term employee benefits (including leave) are recognized as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered:

2.11.2. Post-employment benefits:

The Group operates the following post-employment schemes:



- Defined contribution plans such as provident fund, and
Defined benefit plans such as gratuity

Defined Contribution Plans:

Obligations for contributions to defined contribution plans such as provident fund are recognised as an expense in the Statement of Profit and Loss as the related service is provided.

Defined Benefit Plans:

The Group's net obligation in respect of defined benefit plans such as gratuity is calculated by estimating the amount of future benefit that the employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed at each reporting period end by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of the economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

The current service cost of the defined benefit plan, recognized in the Statement of Profit and Loss as part of employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in the Statement of Profit and Loss. The net interest is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This net interest is included in employee benefit expense in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

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2.12. Borrowing costs:

2.12.1. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.12.2. Borrowing costs that are attributable to the acquisition or construction of qualifying assets (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalized as a part of the cost of such assets. All other borrowing costs are charged to the Statement of Profit and Loss.

2.12.3. Investment income earned on the temporary investment of funds of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2.13. Foreign Currency Transactions:

2.13.1. The functional currency of the Company is USD, whereas functional currency of foreign subsidiary. The presentation currency of the group is USD;

2.13.2. Monetary items:

Transactions in foreign currencies are initially recorded at their respective exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing on the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss either as profit or loss on foreign currency transaction and translation or as borrowing costs to the extent regarded as an adjustment to borrowing costs;

2.13.3. Non – Monetary items:

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

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2.13.4. Foreign operations:

For the purpose of consolidation, those operations that have a functional currency different from the Group's presentation currency, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. The net impact of such translation are recognised in OCI and held in Foreign Currency Translation Reserve ("FCTR"), a component of Equity.

2.14. Provisions and Contingent Liabilities:

2.14.1. Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.14.2. The expenses relating to a provision is presented in the Statement of Profit and Loss net of reimbursements, if any;

2.14.3. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost;

2.14.4. Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Group, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

2.14.5. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

2.15. Taxes on Income

2.15.1. Current Tax

Income tax Assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The

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tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the end of reporting period.

Current tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

2.15.2. Deferred tax

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognised in correlation to the underlying transaction either in the Statement of Profit and Loss, other comprehensive income or directly in equity.

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Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax is not recognized for temporary differences related to investments in Subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

2.16. Earnings per share

2.16.1. Basic earnings per share are calculated by dividing the profit or loss for the period attributable to equity shareholders (after deducting preference dividends, if any, and attributable taxes) by the weighted average number of equity shares outstanding during the period;

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

2.17. Cash and Cash equivalents:

Cash and cash equivalents in the Balance Sheet include cash at bank, cash, cheque, draft on hand and demand deposits with an original maturity of less than three months, which are subject to an insignificant risk of changes in value.

For the purpose of Statement of Cash Flows, Cash and cash equivalents include cash at bank, cash, cheque and draft on hand. The Group considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

2.18. Cash Flows:

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash

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flows. The cash flows from operating, investing and financing activities are segregated.

2.19. Dividend:

Final dividend on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the respective Company's Board of Directors.

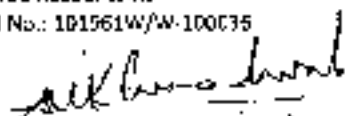


Particulars		Note No.	As at 31st March, 2020	As at 31st March 2019
I	ASSETS			
(1)	Non-current assets			
	(a) Property, Plant and Equipment	3	411,363	90,254
	(b) Investment accounted for using equity method	4		
	(c) <u>Financial Assets</u>			
	Loans	5	677,641,647	593,790,445
	Total Non-Current Assets		678,055,010	593,880,699
(2)	Current assets			
	(a) Inventories	6	23,487,771	72,264,459
	(b) <u>Financial Assets</u>			
	(i) Trade receivables	7	172,238,275	151,300,705
	(ii) Cash and cash equivalents	8	5,852,039	4,404,470
	(iii) Loans	9	10,316,459	9,577,618
	(c) Other current assets	10	812,902	596,353
	Total Current Assets		212,708,946	239,142,855
	Total Assets		890,763,956	833,023,564
II	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity Share capital	11	19,699,149	19,699,149
	(b) Other Equity	12	591,076,212	537,645,902
	Equity attributable to equity share holders		610,769,360	557,345,051
	Non-controlling interests	13	11,422,246	890,280
	Total equity		609,347,114	558,235,331
	Liabilities			
(1)	Non-current liabilities			
	(a) <u>Financial Liabilities</u>			
	(i) Borrowings	14		570,732
	Total Non-current liabilities			570,732
(2)	Current liabilities			
	(a) <u>Financial liabilities</u>			
	(i) Borrowings	15	80,777	197,494
	(ii) Trade payables	16	273,876,831	268,189,326
	(b) Other current liabilities	17	7,459,235	5,835,662
	Total Current liabilities		281,416,842	274,217,501
	Total Equity and Liabilities		890,763,956	833,023,564

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

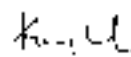
For C N K & ASSOCIATES LLP
Chartered Accountants
ICAI FR No.: 101561W/W-100035



HIMANSHU KISHNADWALA
Partner
Membership No. 37391

Place: Mumbai
Date: 27th July, 2020

For and on behalf of the Board of Directors



KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)



Amounts in INR

Particulars		Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
			IN INR	IN INR
I	Revenue from Operations	18	399,118,002	438,403,061
II	Other Income	19	14,172	100,005
III	TOTAL INCOME (I+II)		399,132,174	438,503,067
IV	Expenses			
a)	Cost of materials consumed	20	3,698,791	7,985,905
b)	Purchases of Stock-in-trade	21	247,986,134	539,041,582
c)	Changes in inventories of finished goods and work-in-progress	22	49,777,285	(9,233,275)
d)	Employee benefits expense	23	6,566,382	7,191,145
e)	Finance costs		-	-
f)	Depreciation and amortisation expense	3	85,758	36,445
g)	Other expenses	24	43,559,459	24,430,791
	TOTAL EXPENSES (a to g)		341,773,690	369,513,393
V	Profit/(Loss) before share of net profits of investment accounted for using equity method and tax (III-IV)		47,408,484	68,989,674
VI	Share of net profit/(loss) of joint venture accounted for using the equity method		-	-
	Tax expense:			
	1) Current tax		1,454,586	951,380
	2) Deferred tax		-	263,454
	Total Tax Expense		1,454,586	1,214,734
VII	Profit (Loss) for the year (V-VI)		45,953,908	67,774,940
VIII	Other Comprehensive Income			
A	Items that will not be reclassified to profit or loss			
	Remeasurement of defined benefit plan		-	-
	Income tax relating to items that will not be reclassified to profit or loss		-	-
	Total (A)			
B	Items that will be reclassified to profit or loss			
	Foreign currency transaction difference		47,685,872	27,647,230
	Income tax relating to items that will be reclassified to profit or loss		-	-
	Total (B)		47,685,872	27,647,230
	Total Other Comprehensive Income (A+B)		47,685,872	27,647,230
IX	Total Comprehensive Income for the year (VII+VIII)		93,639,780	95,422,170
	Profit attributable to:			
	Owners of the Company		48,421,466	66,085,402
	Non-Controlling Interest		(2,467,575)	1,390,447
	Other Comprehensive Income attributable to:			
	Owners of the Company		47,530,823	27,870,086
	Non-Controlling Interest		(155,049)	(32,856)
	Total Comprehensive Income attributable to:			
	Owners of the Company		95,952,309	93,955,388
	Non-Controlling Interest		(2,312,525)	1,357,591
X	Earnings per equity share			
	- Basic and Diluted (face value Re.1)	25	111.31	151.93

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For C N K & ASSOCIATES LLP
Chartered Accountants
ICAI FR No. 103961W/W-100035

HIMANSHU KISHNADWALA
Partner
Membership No. 37391

Place: Mumbai
Date: 22nd July, 2020

For and on behalf of the Board of Directors

KRISHNAKUMAR JHUNIMUNJWALA
Managing Director
(DIN: 00097175)

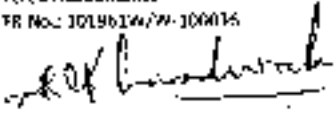


Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
A Cash flow from operating activities		
Profit before tax	47,408,494	68,338,673
Adjustments for:		
Depreciation and amortisation expenses	85,748	36,445
Unrealised Foreign Exchange Gain/Loss (net)	47,625,872	27,837,290
Operating profit before working capital changes	95,120,114	96,663,349
Movements in working capital:		
Adjustments for (decrease)/decrease in operating assets:		
Trade receivables	(20,957,371)	(16,425,257)
Inventories	49,775,185	(8,753,333)
Current loans	(738,463)	(897,894)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	5,637,503	210,678,068
Borrowings	(111,716)	41,748
Other current liabilities	1,267,553	(600,861)
Cash generated from operations	130,122,285	280,695,302
Direct taxes paid (net)	(1,315,436)	(750,423)
Net cash generated from operating activities (A)	128,806,849	279,944,880
B Cash flows from investing activities		
Sale proceeds of property, plant and equipment	(406,847)	(56,555)
Purchase of non-current investments		1,267
Loans repaid	(88,653,202)	(241,077,980)
Net cash (used in) investing activities (B)	(89,060,049)	(241,146,268)
C Cash flow from financing activities		
Proceeds from non-current borrowings	(570,737)	(673,017)
Repayment of borrowings	(42,528,600)	(41,934,000)
Dividend paid		
Net cash (used in) financing activities (C)	(43,099,337)	(42,557,017)
D NET INCREASE IN CASH AND CASH EQUIVALENTS (A) + (B) + (C)	1,448,064	13,752,001
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,339,300	8,021,015
Balances with banks in current accounts, earmarked balances and deposit accounts		
Cash on hand	64,670	80,450
CASH AND CASH EQUIVALENTS AS PER NOTE 8	4,403,970	8,162,375
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5,852,034	4,339,300
Balances with banks in current accounts, earmarked balances and deposit accounts		
Cash on hand	100,493	64,670
CASH AND CASH EQUIVALENTS AS PER NOTE 8	5,852,034	4,403,970
Explanatory notes to Statement of Cash Flows:		
1. Cash flow Statement has been prepared under the indirect method.		
2. In Part A of the Cash Flow Statement, figures in brackets indicate deductions made from the Net Profit for deriving the net cash flow from operating activities. In Part B and Part C, figures in brackets indicate cash outflows.		
3. The net profit / loss arising due to conversion of current assets / current liabilities receivable / payable in foreign currency is furnished under the head "Unrealised Foreign Exchange Gain/Loss (Net)".		

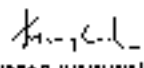
The accompanying notes are an integral part of the financial statements.

As per our attached report of even date.

For C N K B ASSOCIATES LLP
 Chartered Accountants
 ICAI FR No. 101961W/09-100015


 HIMANSHU KRISHNADWALA
 Partner
 Membership No. 37391

For and on behalf of the Board of Directors


 KRISHIN KUMAR JHUNJHUNWALA
 Managing Director
 (DIN: 00097135)



Sara Overseas Holdings Limited
Consolidated Statement of changes in equity for the year ended 31st March, 2020

a. Equity Share Capital (note 11)

Particulars	Amounts in INR
Balance as at 1st April, 2018	19,699,149
Changes in equity share capital during the year 2018-19	-
Balance as at 31st March, 2019	19,699,149
Changes in equity share capital during the year 2019-20	-
Balance as at 31st March, 2020	19,699,149

b. Other Equity (note 12)

Particulars	Reserves and surplus				Total attributable to Owners of the Company	Attributable to (NC)	Total Equity
	Capital reserve	Foreign currency translation reserve	Retained earnings	Other			
As at 1st April, 2018	305,570	(8,354,055)	493,579,809	-	485,531,324	(47,412)	438,094,012
Profit for the year 2018-19	-	-	66,378,452	-	66,378,452	4,206,446	70,584,898
Other comprehensive income for the year 2018-19 (net of tax)	-	27,870,086	-	-	27,870,086	(32,856)	27,837,230
Total comprehensive income for the year	-	27,870,086	66,378,452	-	94,248,538	1,363,590	95,612,128
Dividend	-	-	(41,934,000)	-	(41,934,000)	-	(41,934,000)
As at 31st March, 2019	305,570	19,516,031	518,024,261	-	537,845,862	890,278	538,736,140
Profit for the year 2019-20	-	-	48,921,086	-	48,921,086	(3,407,575)	45,513,511
Other comprehensive income for the year 2019-20 (net of tax)	-	47,530,323	-	-	47,530,323	155,049	47,685,372
Total comprehensive income for the year	-	47,530,323	48,921,086	-	96,451,409	(14,232,576)	82,218,833
Dividend	-	-	(42,528,000)	-	(42,528,000)	-	(42,528,000)
As at 31st March, 2020	305,570	67,046,354	523,917,787	-	591,269,711	(1,422,298)	589,847,413

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For C N K & ASSOCIATES LLP
Chartered accountants
ICAI Reg. No. 101967N/00-300036

(Signature)

HIMANSHU NISHNADWALA
Partner
Membership No. 3739

Place: Mumbai
Date: 22nd July 2020



For and on behalf of the Board of Directors

(Signature)

MR SHAM KUMAR JHUMIHUNWALA
Managing Director
(CIN: OMF07125)

SARLA OVERSEAS HOLDINGS LIMITED

Notes to consolidated financial statements for the year ended 31st March, 2020

Amounts in INR

3	Gross Block	Plant & Equipments	Office Equipments	Total
	Balance as at 1st April, 2018	-	253,194	253,194
	Additions	-	72,707	72,707
	Deletions	-	-	-
	Exchange fluctuations	-	15,329	15,329
	Balance as at March 31, 2019	-	341,230	341,230
	Additions	-	381,795	381,795
	Deletions	-	-	-
	Exchange fluctuations	-	25,052	25,052
	Balance as at March 31, 2020	-	748,077	748,077
	Accumulated Depreciation	Plant & Machinery	Office Equipments	Total
	Balance as at 1st April, 2018	-	196,049	196,049
	Depreciation charge for the year	-	23,133	23,133
	Depreciation on deletion	-	-	-
	Exchange fluctuations	-	31,794	31,794
	Balance as at March 31, 2019	-	250,976	250,976
	Depreciation charge for the year	-	85,738	85,738
	Depreciation on deletion	-	-	-
	Exchange fluctuations	-	-	-
	Balance as at March 31, 2020	-	336,714	336,714
	Net Book Value			
	Balance as at 31st March, 2019	-	90,254	90,254
	Balance as at 31st March, 2020	-	411,363	411,363



4 Investment accounted for using equity method

Particulars	Amounts in INR	
	As at 31st March, 2020	As at 31st March, 2019
Investments measured at cost (fully paid)		
Unquoted		
Investment in joint venture		
16000 (31st March, 2018: 15,000) Shares of Sarbha Uth Di. E. C. Honduras	185,676,114	185,676,114
100 (31st March, 2018: 100) Shares of MKK S.A. De C.V.	12,735,820	12,719,320
1620 (31st March, 2018: 1,620) Shares of Sarla Tekstil Fırıment Sarayı VE Fi Provision for diminution in value of investment	7,496,820 (205,912,354)	7,496,820 (205,912,354)
Total	-	-
Aggregate amount of quoted investments		
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

5 Non-current financial assets - loans

Particulars	Amounts in INR	
	As at 31st March, 2020	As at 31st March, 2019
Other loans and advance	697,333,743	610,351,245
Provision for unrealisable advances	(19,690,096)	(16,500,800)
Total	677,643,647	593,790,445
Breakup		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	-	-
Loans which have significant increase in credit risk (refer Note)	697,113,743	610,351,245
Loans - credit impaired	-	-
Provision for unrealisable advances	(19,690,096)	(16,500,800)
Total	677,643,647	593,790,445

Note

Loan given to Sarbaflex Inc. The management is confident that with the recent trade sanctions being imposed in the US, the operations of the fellow subsidiary (Sarbaflex, Inc) will be profitable. The management is monitoring the situation on a continuous basis and is confident that there would be no need for an impairment at this stage. Accordingly, the financial statements of the fellow subsidiary have been prepared based on 'going concern' assumption.

6 Inventories (at lower of cost and net realisable value)

Particulars	Amounts in INR	
	As at 31st March, 2020	As at 31st March, 2019
Raw Materials	109,705	98,107
Work-in-Progress	-	-
Finished goods	23,359,068	73,166,357
Total	23,468,773	73,264,464

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7 Trade Receivables

Particulars	Amounts in INR	
	As at 31st March, 2020	As at 31st March, 2019
(a) Trade Receivables considered good - Secured	-	-
(b) Trade Receivables considered good - Unsecured	181,765,419	151,300,705
(c) Trade Receivables which have significant increase in credit risk	-	-
(d) Trade Receivables - credit impaired Allowance as per Expected credit loss made	(11,027,219)	-
Total	170,738,275	151,300,705

Note:

(i) No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person.

(ii) Movement in the expected credit loss allowance:

Particulars	Amounts in INR	
	As at 31st March, 2020	As at 31st March, 2019
Balance at the beginning of the year	-	146,716,542
Provision written back/Restatement of Provision	(11,027,219)	46,716,542
Balance at the end of the year	(11,027,219)	-

8 Cash & cash equivalents

Particulars	Amounts in INR	
	As at 31st March, 2020	As at 31st March, 2019
Cash and Cash Equivalents		
Balances with Banks	5,751,546	4,339,300
Cash in hand	100,193	64,670
Total	5,852,039	4,403,970

9 Current Loans

Particulars	Amounts in INR	
	As at 31st March, 2020	As at 31st March, 2019
Others	10,316,459	9,577,578
Total	10,316,459	9,577,578
Breakup		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	10,316,459	9,577,578
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	10,316,459	9,577,578

10 Other Current Assets

Particulars	Amounts in INR	
	As at 31st March, 2020	As at 31st March, 2019
Other receivable	812,502	596,053
Total	812,502	596,053

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Equity

11 Equity Share Capital

Particulars	Amounts in INR	
	As at 31st March, 2020	As at 31st March, 2019
Authorised 4,35,000 (As at 31st March, 2019: 4,35,000) Equity Shares of USD 1 each	19,699,149	19,699,149
Issued, Subscribed and Paid up 4,35,000 (As at 31st March, 2019: 4,35,000) Equity Shares of USD 1 each	19,699,149	19,699,149
Total	19,699,149	19,699,149

Reconciliation of number equity shares:

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Opening Balance	4,35,000	1,96,99,149	4,35,000	1,96,99,149
Changes during the year	-	-	-	-
Closing Balance	4,35,000	1,96,99,149	4,35,000	1,96,99,149

Terms / Rights attached to Equity Shares

The Group has only one class of equity shares having par value of Rs. 1/- each (P.Y. Rs. 1/- each) holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting.

In the event of liquidation of the group, the holders of the equity shares will be entitled to receive remaining assets of the group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the 5 years immediately preceding the balance sheet date, there were no equity shares allotted as fully paid up pursuant to contract without payment being received in cash, no bonus shares were issued and there was no buy-back of equity shares of the Company.

Shares held by shareholders each holding more than 5% of the shares

Shareholders	As at 31st March, 2020	As at 31st March, 2019
Sarla Performance Fibers Limited		
No. of Shares	435,000	435,000
Percentage	100%	100%

12 Other Equity

Particulars	Amounts in INR	
	As at 31st March, 2020	As at 31st March, 2019
Capital reserve	105,570	105,570
Retained Earnings	523,917,787	518,024,201
Foreign Currency Translation Reserve	67,046,854	19,516,032
Total	591,070,211	537,645,802

The movement in other Equity:

12.1 Capital reserve

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance as at beginning of the year	105,570	105,570
Movement during the year	-	-
Balance as at end of the year	105,570	105,570



12.2 Retained earnings

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Balance as at beginning of the year	518,024,301	493,579,809
Profit for the year	48,421,486	65,578,492
Dividend	(42,528,000)	(41,984,399)
Balance as at end of the year	523,917,787	518,024,301

Retained earnings represents surplus/accumulated earnings of the Group and are available for distribution to shareholders.

12.3 Foreign Currency Translation Reserve

Particulars	As at	As at
	31st March, 2020	31st March, 2019
Balance as at beginning of the year	19,516,031	18,194,055
Movement during the year	47,546,843	27,870,066
Balance as at end of the year	67,062,874	46,064,121

Foreign Currency Monetary Item Translation Difference Account represents amounts recognised on account of translation of long term foreign currency denominated borrowings not related to acquisition of depreciable assets. Amounts so recognised are amortised in the Statement of Profit and Loss over the remaining maturity of related borrowings.

13 Non-Controlling Interest

The following table summarises the financial information relating to Sona Europe Ltd that has non-controlling interests (40%):

Particulars	Amounts in INR	
	As at 31st March, 2020	As at 31st March, 2019
Non-current assets	411,363	90,254
Current assets	24,400,372	11,164,465
Non-current liabilities	(5,142,823)	(6,754,083)
Current liabilities	(23,124,470)	(24,173,940)
Net assets	(8,555,615)	2,225,700
Carrying amount of non-controlling interests	(1,422,246)	890,280

14 Non-Current borrowings

Particulars	Amounts in INR	
	As at 31st March, 2020	As at 31st March, 2019
Term Loans:		
Unsecured Loans - From others		570,732
Other loans and advances		
Total	-	570,732

15 Borrowings

Particulars	Amounts in INR	
	As at 31st March, 2020	As at 31st March, 2019
Overdraft account	80,777	192,493
Total	80,777	192,493

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16 Trade payables

Particulars	Amounts in INR	
	As at 31st March, 2020	As at 31st March, 2019
Trade payables		
Total outstanding dues of Micro and small enterprises	-	-
Total outstanding dues of creditors other than Micro and small enterprises	273,876,831	268,199,326
Total	273,876,831	268,199,326

17 Other current liabilities

Particulars	Amounts in INR	
	As at 31st March, 2020	As at 31st March, 2019
Sundry creditors for expenses	1,550,676	176,680
Statutory dues	1,197,703	801,703
Other liabilities	4,750,856	4,752,249
Total	7,499,235	5,830,632

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Sarla Overseas Holdings Limited

Notes to consolidated financial statements for the year ended 31st March, 2020

18 Revenue from operation

Amounts in INR

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Sale of Products/ Services	964,742,189	412,143,153
Other Operating Revenues	24,375,813	76,159,908
Total	389,119,002	488,403,061

19 Other Income

Amounts in INR

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Miscellaneous Income	64,172	100,006
Total	64,172	100,006

20 Cost of material consumed

Amounts in INR

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Inventories at the beginning of the year	98,104	574,051
Purchases	1,700,828	7,510,958
Inventories at the end of the year	(100,201)	(98,104)
Total	3,698,731	7,986,905

21 Purchase of stock-in-trade

Amounts in INR

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Purchase of Varn	247,986,104	359,041,382
Total	247,986,104	359,041,382



22 Changes in inventories of finished goods and work in progress

Particulars	Amounts in INR	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Closing stock Traded Goods	23,389,068	73,166,352
Opening stock Traded Goods	(73,166,352)	63,353,075
Total	49,777,286	(9,833,276)

23 Employee benefits expense

Particulars	Amounts in INR	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries and wages, bonus etc	5,341,731	5,961,791
Contribution to provident and other funds	1,177,446	1,214,193
Staff welfare expenses	147,225	115,221
Total	6,666,382	7,291,145

24 Other expenses

Particulars	Amounts in INR	
	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Labour charges	434,314	714,169
Clearing and forwarding charges	7,905,160	6,787,522
Legal and professional fees	1,961,961	2,416,696
Miscellaneous expenses	1,444,293	1,916,542
Freight and forwarding charges	8,777,504	12,224,492
Bank charges	293,589	269,190
gain or loss on foreign currency transaction and translation (in Payment to auditor	1,596,496	.
- Audit fee	141,760	135,780
Provision for doubtful receivables	11,004,462	.
Total	33,559,439	24,490,791

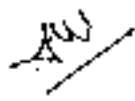
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Sarla Overseas Holdings Limited
Notes Forming Part of Consolidated Financial Statements

25 Earnings per share (EPS)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit for the year	48,421,486	66,089,307
Equity shares outstanding at the beginning and at the end of the year	435,000	435,000
Nominal value of each share in USD1	1	1
Basic and Diluted earning per share	111.31	151.93



26 Related party disclosures

1 Relationships

(a) Parent Company

Sarta Performance Fibers Limited

(b) Joint Ventures (Refer note 29)

Sartex SA De C.V., Honduras

MIR SA De C.V., Honduras

Sarta Tekstil Hizmetleri Sanayi Ticaret A.Ş.

(c) Entities controlled by Key Managerial Personnel

M/s Southam Industries Private Ltd

M/s Hindustan Cotton Co

(d) Key Managerial Personnel

Madhusudan Jha/Prabhakar - Chairman

Kishor Prabhakarwal - Managing Director

2 Details of transactions with above related parties

Nature of Transaction	Amounts in INR					
	Holding Company		Fellow Subsidiary		Key Managerial Personnel	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
(a) Unsecured Loan Given M/s Sartaflex, Inc.		-	240,471,737	112,234,218		
(b) Purchase of Goods M/s Sarta Performance Fibers Limited	455,657,717	289,011,516	-			
(c) Commission Received M/s Sarta Performance Fibers Limited	14,844,194	15,471,749				
(d) Dividend Paid M/s Sarta Performance Fibers Limited	41,934,000	91,556,039				

3 Balances Outstanding

Nature of Transaction	Amounts in INR					
	Holding Company		Fellow Subsidiary		Key Managerial Personnel	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
(a) Unsecured Loan Given M/s Sartaflex, Inc.		-	590,327,737	149,456,418		
(b) Unsecured Loan taken M/s Sartaflex, Inc.			1,456,500	3,151,000		
(c) Trade Payables M/s Sarta Performance Fibers Limited	751,776,445	37,840,431				

Notes:

(a) Sales, purchases and service transactions with related parties are made at arm's length price.

(b) Amounts outstanding are unsecured and will be settled in cash or receipts of goods and services.

(c) No expense has been recognised for the year ended 31st March 2020 and 31st March 2019 for bad or doubtful unsecured loans in respect of amounts owed by related parties.

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27 Financial Instruments
A Capital Management:

The Group manages its capital structure with a view to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as defined in notes 14 and 15) and total equity of the Group.

The Group's management reviews the capital structure of the Group on an annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the end of the reporting period was as follows:

Particulars	Amounts in INR	
	As at 31st March, 2020	As at 31st March, 2019
Non-current borrowings	-	570,137
Current maturities of non-current borrowings	-	-
Current borrowings	80,777	132,493
Total Debt	80,777	702,630
Equity	609,367,114	558,235,771
Net debt to equity ratio	0.000	0.001

For the purpose of computing debt to equity ratio, Equity includes Equity Share Capital and Other Funds and Debt includes Long term borrowings, short term borrowings and current maturities of long term borrowings.

B Financial Instruments-Accounting, Classifications and Fair value measurements (Ind AS 107)

ii Classification of Financial Assets and Liabilities:

Particulars	Amounts in INR	
	As at 31st March, 2020	As at 31st March, 2019
Financial assets		
At Amortised cost		
Trade receivables	1,22,235,275	151,306,705
Cash and cash equivalents	5,857,635	4,403,070
Loans	687,916,106	501,368,121
Total	866,050,420	759,072,798
Financial liabilities		
At Amortised cost		
Borrowings	80,777	763,225
Trade payables	273,876,841	768,139,375
Total	273,957,618	768,952,551

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28 Financial risk management objectives (Ind AS 107)

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The key risks and mitigating actions are also placed before the Audit Committee of the Group.

The Group has exposure to the following risks arising from financial instruments:

- A) Credit risk,
- B) Liquidity risk,
- C) Market risk; and
- D) Interest rate risk

A Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from financial assets such as trade receivables, investments, derivative financial instruments, other balances with banks, loans and other receivables.

Trade and other receivables

Customer credit is managed by each business unit subject to the Group's established policies, procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 0 to 180 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The Group does not hold collateral as security. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

The Group measures the expected credit loss of trade receivables based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

The following table provides information about the exposure to credit risk and Expected Credit Loss Allowance for trade and other receivables:

Particulars	Amounts in INR	
	As at 31st March, 2020	As at 31st March, 2019
0-180 days	183,265,494	151,900,705
181-365 days	-	-
Above 365 days	-	-
Total	183,265,494	151,900,705

Movement in provisions of doubtful debts

Particulars	Amounts in INR	
	As at 31st March, 2020	As at 31st March, 2019
Balance at beginning of the year	-	(46,715,542)
Restatement of Provision	(11,027,219)	46,715,542
Balance at end of the year	(11,027,219)	-

Other financial assets

The Group maintains exposure in cash and cash equivalents, term deposits with banks. The Group has diversified portfolio of investment with various number of counter-parties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience. Credit limits and concentration of exposures are actively monitored by the Management of the Group.



B Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is managed by using effective fund management. The Group's principal sources of liquidity are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Group believes that current cash and cash equivalents, call up borrowings and cash flow that is generated from operations is sufficient to meet requirements accordingly, liquidity risk is perceived to be low.

The following set out the remaining contractual maturities of financial liabilities at the reporting date. Amounts disclosed are the contractual undiscounted cash flows.

Maturity analysis of significant financial liabilities:

Particulars	As at 31st March, 2022			As at 31st March, 2019		
	Carrying amount	Contractual cash flows		Carrying amount	Contractual cash flows	
		Up to 1 year	More than 1 year		Up to 1 year	More than 1 year
Financial liabilities	81,777	81,777	-	162,277	192,491	579,732
Borrowings including Current Maturity of Long Term Debenture Trade and other payables	17,529,891	(17,474,411)	-	368,189,326	(368,189,324)	-
	373,457,508	373,957,888	-	368,452,551	368,383,167	579,732

C Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing market interest rates. The Group's exposure to the risk due to changes in interest rates relates primarily to the Group's borrowings and long term borrowings with floating interest rates. The Group constantly monitors the cash payments and interest to be received on its investments to ensure that its profitability and financing costs.

Interest Rate Exposure

Particulars	Amount in INR	
	For the year ended 31st March, 2022	For the year ended 31st March, 2019
Trade receivables - long term Non-current borrowings		579,732
		579,732

D Credit risk concentration

Sarla Business Holdings Limited has an interest in several entities of various sizes in SA, UK, US, & BPO'S R, US. Reporting for the former being referred to the appropriate judicial authority as required. The management believes that financial performance of both the SA and UK sales is in line with the industry while preparing the consolidated financials for the year 2019-20 & 2020-21. Financial results of Sarla Food have also not been considered since they are not recorded.

