

To,
Board of Directors,
Sarlaflex, Inc.

Report of factual findings in connection with agreed upon procedures in respect of Fit For Consolidation of financial statements as per Indian Accounting Standards ('Ind AS') prescribed under Sec 133 of the Companies Act, 2013 read with The Companies (Indian Accounting Standards) Rules, 2015 (as amended)

We have performed the agreed upon procedures in respect of fit for consolidation of financial statements as per Ind AS for the financial year 2018-19 as required by management of Sarlaflex, Inc. for the purpose of consolidation. The procedures performed with respect to the above for the convergence of the financials prepared as per Generally Accepted Accounting Principles ('GAAP') to Ind AS described below:

1. We conducted the engagement in accordance with Standard on Related Services (SRS) 4400. "Engagement to Perform Agreed-upon Procedures regarding Financial Information", issued by Institute of Chartered Accountants of India.
2. We have reviewed the Balance sheet as at 31st March, 2019 and statement of profit and loss for the year then ended, prepared under GAAP with the lead schedules and workings prepared to arrive at the statement of financial position and items related to statement of comprehensive income compiled in Ind AS.
3. We have reviewed the calculations of adjustments required to be done for conversion of financial statements prepared under GAAP to Ind AS with respect to Assets, Liabilities and Retained earnings, Incomes and Expenses.
4. We report our findings below:
 - i. Sarlaflex Inc. has suspended its manufacturing operations since December, 2017 and has a negative net worth as on 31st March, 2019. These conditions raise substantial doubt about its ability to continue as going concern.

In the absence of any impairment testing by management for these assets during the year, the impact, if any, on the total comprehensive income and retained earnings in the financial statements cannot be determined.

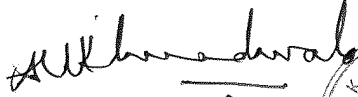
- ii. The accompanying Statement of Financial Position as at March 31, 2019 and the Statement of Comprehensive Income and accompanying notes are in all material respects compatible with Ind AS which are converged from the GAAP and same is fit for consolidation, except for the possible effects of the matter stated in para 4(i) above.



- iii. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with generally accepted auditing standards in India, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose.

For C N K & Associates LLP
Chartered Accountants
Firm Registration no. 101961W/W-100036

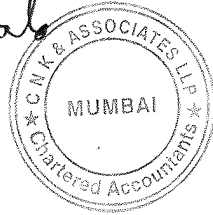


Himanshu Kishnadwala
Partner

Membership No. 37391

Place: Mumbai

Date: 10th May, 2019



Sarlaflex, Inc.
Consolidated Balance Sheet as at 31st March, 2019

		Amount in INR		
	Particulars	Note No	As at 31st March 2019	As at 31st March 2018
I	ASSETS			
(1)	Non-current assets			
	(a) Property, Plant and Equipment	3	479,349,360	521,080,852
	(b) <u>Financial Assets</u>			
	(i) Investments	4	631,101,823	593,420,017
	(ii) Loans	5	47,807,053	56,732,766
	(c) Deferred Tax Assets (net)	6	32,786,580	30,828,960
	(d) Other non-current assets	7	194,337,088	147,927,218
	Total Non-Current Assets		1,385,381,904	1,349,989,813
(2)	Current assets			
	(a) Inventories	8	116,100,662	109,168,527
	(b) <u>Financial Assets</u>			
	(i) Trade receivables	9	-	19,551,169
	(ii) Cash and cash equivalents	10	17,486,226	26,532,629
	(c) Other current assets	11	4,696,075	1,560,827
	Total Current Assets		138,282,963	156,813,152
	Total Assets		1,523,664,867	1,506,802,965
II	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity Share capital	12	59,649,740	59,649,740
	(b) Other Equity	13	(833,908,591)	(710,599,788)
	Equity attributable to equity share holders		(774,258,851)	(650,950,048)
	Non-controlling interests	14	1,665,800	1,272,037
	Total equity		(772,593,051)	(649,678,011)
	Liabilities			
(1)	Non-current liabilities			
	(a) <u>Financial Liabilities</u>			
	(i) Borrowings	15	2,278,073,486	1,936,852,050
	(ii) Other financial liability	16	7,839,244	14,742,401
	Total Non-Current Liabilities		2,285,912,730	1,951,594,451
(2)	Current liabilities			
	(a) <u>Financial Liabilities</u>			
	(i) Borrowings	17	-	130,080,000
	(ii) Trade payables	18	-	11,155,059
	(iii) Other financial liability	19	-	24,363,012
	(b) Other current liabilities	20	10,345,188	39,288,454
	Total Current Liabilities		10,345,188	204,886,525
	Total Equity and Liabilities		1,523,664,867	1,506,802,965

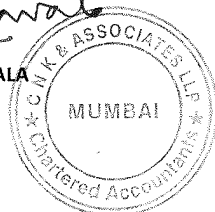
The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For C N K & ASSOCIATES LLP
Chartered Accountants
ICAI FR No.: 101961W/W-100036

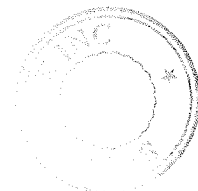
Himanshu Kishnadwala
HIMANSHU KISHNADWALA
Partner
Membership No. 37391

Place: Mumbai
Date: 10th May, 2019



For and on behalf of the Board of Directors

Krishnakumar Jhunjunwala
KRISHNAKUMAR JHUNJUNWALA
Managing Director
(DIN: 00097175)



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Particulars		Note No.	For the year ended 31st March, 2019	For the year ended 31st March, 2018
I	Revenue from Operations	21	-	133,274,112
II	Other Income	22	37,401,893	34,859,827
III	TOTAL INCOME (I+II)		37,401,893	168,133,939
IV	Expenses			
a)	Cost of materials consumed	23	(1,861,651)	50,974,976
b)	Purchases of Stock-in-trade	-	-	-
c)	Changes in inventories of finished goods and work-in-progress	24	(4,434,549)	52,641,839
d)	Employee benefits expense	25	8,153,017	57,483,790
e)	Finance costs	26	8,000,418	11,657,354
f)	Depreciation and amortization expense	27	75,598,615	69,714,276
g)	Other expenses	28	28,160,739	76,875,178
	TOTAL EXPENSES (a to g)		113,616,589	319,347,413
V	Profit/ (Loss) before tax (III - IV)		(76,214,696)	(151,213,474)
VI	Tax expense:			
(1)	Current tax		-	-
(2)	Deferred tax		-	20,366,200
VII	Profit (Loss) for the period from continuing operations (V-VI)		(76,214,696)	(171,579,674)
VIII	Other Comprehensive Income			
A	Items that will not be reclassified to profit or loss			
	Remeasurment 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 translation difference		(46,700,344)	(278,952)
	Income tax relating to items that will be reclassified to profit or loss		-	-
	Total (B)		(46,700,344)	(278,952)
	Total Other Comprehensive Income for the period (A+B)		(46,700,344)	(278,952)
IX	Total Comprehensive Income for the period (VII-VIII)		(122,915,040)	(171,858,626)
X	Profit attributable to:			
	Owners of the Company		(76,532,218)	(171,869,506)
	Non-Controlling Interest		317,522	289,832
XI	Other Comprehensive Income attributable to:			
	Owners of the Company		(46,776,585)	(278,952)
	Non-Controlling Interest		76,241	-
XII	Total Comprehensive Income attributable to:			
	Owners of the Company		(123,308,803)	(172,148,458)
	Non-Controlling Interest		393,763	289,832
XIII	Earnings per equity share			
	- Basic and Diluted (Face value Re. 1)		(77.38)	(173.78)

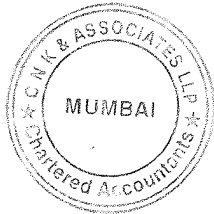
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For C N K & ASSOCIATES LLP
Chartered Accountants
ICAI FR No.: 101961W/W-100036

HIMANSHU KISHNADWALA
Partner
Membership No. 37391

Place: Mumbai
Date: 10th May, 2019



For and on behalf of the Board of Directors

Krishnakumar Jhunjunwala
Managing Director
(DIN: 00097175)



Amount in INR

	Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
A	Cash flow from operating activities		
	Profit before tax	(76,214,696)	(151,213,474)
	Adjustments for:		
	Finance costs	8,000,418	11,657,354
	Depreciation and amortization	75,598,615	69,714,276
	Interest income	-	-
	Unrealised Foreign Exchange Gain/Loss (Net)	(46,700,344)	(278,952)
	Operating profit before working capital changes	(39,316,007)	(70,120,796)
	Movements in working capital:		
	Adjustments for (increase)/decrease in operating assets:		
	Inventories	(6,932,135)	30,043,990
	Trade receivables	19,551,169	63,643,963
	Other current assets	(3,135,249)	(33,665,390)
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	(11,155,059)	(51,926,416)
	Other financial liabilities	(6,903,157)	8,775,370
	Borrowings	(130,080,000)	400,000
	Other current liabilities	(28,943,266)	39,288,454
	Cash generated from operations	(206,913,703)	(13,560,825)
	Direct taxes paid (net)	(1,957,620)	28,440
	Net cash generated from operating activities (A)	(208,871,323)	(13,532,385)
B	Cash flows from investing activities		
	Payment for property, plant and equipment	(33,867,123)	(1,180,484)
	Proceeds from sale of investments	(37,681,806)	(1,824,785)
	Loans Given	8,925,713	(53,486,876)
	Other non-current assets	(46,409,870)	-
	Interest received	-	-
	Non current loans	-	-
	Net cash (used in) investing activities (B)	(109,033,086)	(56,492,145)
C	Cash flow from financing activities		
	Proceeds from borrowings	316,858,423	80,117,489
	Finance Costs	(8,000,418)	(11,657,354)
	Net cash (used in) financing activities (C)	308,858,005	68,460,135
	Exchange rate difference (Net)	-	-
	NET INCREASE IN CASH AND CASH EQUIVALENTS [(A) + (B) + (C)]	(9,046,404)	(1,564,395)
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	Balances with banks in current accounts, earmarked balances and deposit accounts	26,417,010	28,096,506
	Cash on hand	115,619	517
	CASH AND CASH EQUIVALENTS AS PER NOTE 10	26,532,629	28,097,023
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	Balances with banks in current accounts, earmarked balances and deposit accounts	17,360,480	26,417,010
	Cash on hand	125,746	115,619
	CASH AND CASH EQUIVALENTS AS PER NOTE 10	17,486,226	26,532,629
	Explanatory notes to Statement of Cash Flows:		
1	Cash Flow Statement has been prepared under the indirect method as set out in Ind AS 7 prescribed under the Companies Act (Indian Accounting Standard) Rules, 2015 under the Companies Act, 2013.		
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 "Foreign Exchange Fluctuations".		
4	Current Liabilities and Payables may include Payables in respect of Purchase of Property, Plant and Equipment, if any.		

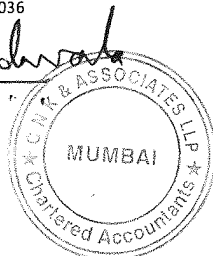
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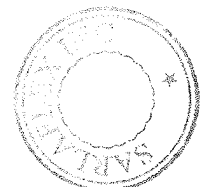
HIMANSHU KISHNADWALA
Partner
Membership No. 37391

Place: Mumbai
Date: 10th May, 2019



For and on behalf of the Board of Directors

KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)



Sarilflex, Inc.
Consolidated Statement of changes in equity for the year ended 31st March, 2019

a. Equity Share Capital (note 12)

Particulars	Amounts in INR	
	Amount	
Balance as at 1st April, 2017		59,649,740
Changes in equity share capital during the year 2017-18		-
Balance as at 31st March, 2018		59,649,740
Changes in equity share capital during the year 2018-19		-
Balance as at 31st March, 2019		59,649,740

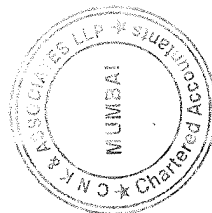
b. Other Equity (note 13)

Particulars	Reserves and Surplus			Total attributable to Owners of the Company	Attributable to NCI	Total Equity
	Foreign currency translation reserve	Retained earnings				
As at 1st April, 2017	12,324,517	(550,775,848)		(538,451,331)	982,205	(537,469,126)
Profit for the year 2017-18						
Other comprehensive income for the year 2017-18 (net of tax)	(278,952)	(171,869,506)		(171,869,506)	289,832	(171,579,674)
Total comprehensive income for the year	(278,952)	(171,869,506)		(172,148,457)	289,832	(278,952)
Dividend						
As at 31st March, 2018	12,045,565	(722,645,353)		(710,599,788)	1,272,037	(709,327,752)
Profit for the year 2018-19						
Other comprehensive income for the year 2018-19 (net of tax)	(46,776,585)	(76,532,218)		(76,532,218)	317,522	(76,214,696)
Total comprehensive income for the year	(46,776,585)	(76,532,218)		(123,308,803)	76,241	(46,700,344)
Dividend						
As at 31st March, 2019	(34,731,020)	(799,177,571)		(833,908,591)	1,665,800	(832,242,792)

The accompanying notes are an integral part of the financial statements

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Chartered Accountants
ICAI FR No: 101961W/W-100036

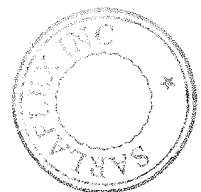


Himanshu Kishnadwala
HIMANSHU KISHNADWALA
Partner
Membership No. 37391

Place: Mumbai
Date: 10th May, 2019

For and on behalf of the Board of Directors

Krishnakumar Jhunjhunwala
KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)



1. CORPORATE INFORMATION:

Sarlaflex, Inc. ('the Company') is a Company incorporated and domiciled in United States of America (USA) and has its registered office at 1497 Industrial RD, Walterboro SC, United States of America.

The Company and its subsidiaries (collectively the 'Group') is engaged primarily in manufacturing and commission agent of polyester yarns.

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.

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 and its subsidiaries 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 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, 2019.
- 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. CFS are presented, to the extent applicable, in accordance with the requirements as applicable to the Company's separate financial statements.
- e. Non-controlling interests in the net assets of the subsidiaries that are consolidated consists of the amount of equity attributable to non-controlling shareholders at the date of acquisition and subsequent addition of their share of changes in equity.

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

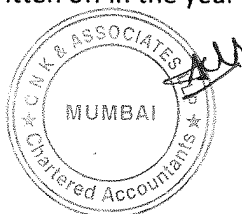


2.4.3. The percentage of ownership interest of the Company in the Subsidiary Companies as on 31st March, 2019 are as under:

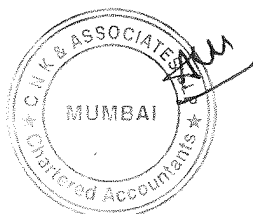
Particulars	Country of Incorporation	Percentage of actual ownership interest as on	
		31 st March, 2019	31 st March, 2018
Subsidiary			
Sarlaflex LLC	USA	100%	100%
Sarla Estate LLC	USA	100%	100%
Sarla Leverage Lender LLC	USA	95%	95%

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. 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;
- 2.5.6. An item of property, plant and equipment and any significant part initially recognised separately as part of property, plant and equipment is derecognised upon disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognised;
- 2.5.7. Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Act, except for assets costing Rs. 5,000/- or less are fully depreciated or fully written off in the year of purchase;



- 2.5.8. 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;
- 2.5.9. 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;
- 2.5.10. Leasehold land is amortised over the primary lease period. Other assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and useful lives;
- 2.5.11. Freehold land is not depreciated;
- 2.5.12. 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;
- 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 appropriate proportion of overheads and, where applicable taxes;



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;

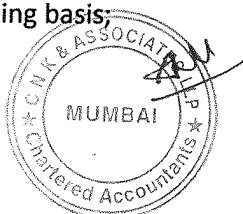
2.8.3. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value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

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 model for managing the financial assets and
- 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 recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On de-recognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

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 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.

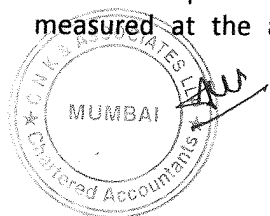
De-recognition:

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 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 intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

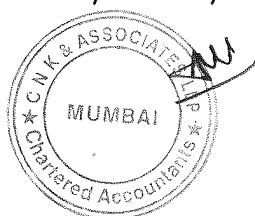
2.10. Revenue Recognition:

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.

A contract liability is the obligation to transfer goods to the customer for which the Group has received consideration from the customer. Contract liabilities are recognized as revenue when the Group performs under 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).

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;

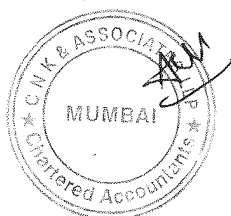
2.10.5. Dividend income on investments is recognised when the right to receive dividend is established.

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.

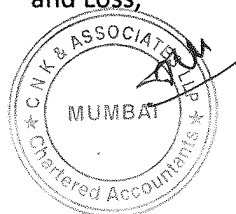
The current service cost of the defined benefit plan, recognized in the Statement of Profit and Loss as part of employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service 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.

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 Group is USD, whereas presentation currency of the group is INR;

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;

2.13.4. Foreign operations:

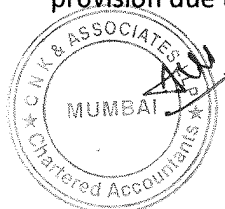
For the purpose of consolidation, those operations that have a functional currency different from the Group's presentation currency, income and expenses are translated at average rates and the assets and liabilities are stated at closing rate. The net impact of such translation are recognised in OCI 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;

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 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

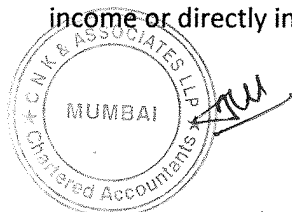
Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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.



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.

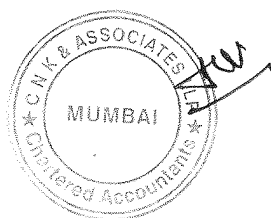
For the purpose of Statement of Cash Flows, Cash and cash equivalents include cash at bank, cash, cheque and draft on hand. The Group considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of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

2.18. Cash Flows:

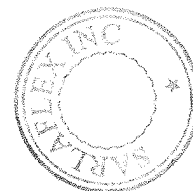
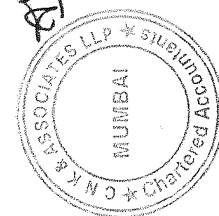
Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash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



Gross Block	Amount in INR									
	Land	Freehold Land	Buildings	Plant & Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Computers	Total	Total
Balance as at April 1, 2017	6,159,800	38,840,262	131,885,806	478,899,513	570,008	1,242,049	167,482	1,940,402	659,705,322	
Additions	-	-	-	-	-	-	-	-	-	
Deletions	-	-	-	-	-	-	-	-	-	
Exchange fluctuations	19,000	119,803	406,804	1,477,173	1,758	3,831	517	5,985	2,034,871	
Balance as at March 31, 2018	6,178,800	38,960,066	132,292,610	480,376,686	571,767	1,245,880	167,998	1,946,387	661,740,194	
Additions	-	-	-	-	-	-	-	-	-	
Deletions	-	-	-	-	-	-	-	-	-	
Exchange fluctuations	392,350	2,473,940	8,400,499	30,503,624	36,307	79,113	10,668	123,594	42,020,095	
Balance as at March 31, 2019	6,571,150	41,434,006	140,693,109	510,880,310	608,073	1,324,993	178,666	2,069,981	703,760,289	
Accumulated Depreciation										
Balance as at April 1, 2017	-	1,055,335.84	3,727,327.40	63,842,306.92	141,480.88	414,003.40	55,827.24	854,396.68	70,090,678	
Depreciation charge for the year	-	-	-	-	-	-	-	-	-	
Depreciation on deletion	-	1,048,988	3,704,908	63,503,487	140,630	411,513	55,491	849,258	69,714,276	
Exchange fluctuations	-	12,858	45,413	778,258	1,724	5,044	680	10,410	854,387	
Balance as at March 31, 2018	-	2,117,182	7,477,649	128,124,052	283,835	830,561	111,999	1,714,064	140,659,341	
Depreciation charge for the year	-	1,173,803	3,981,354	69,482,095	152,500	446,248	56,484	306,131	75,598,615	
Depreciation on deletion	-	-	-	-	-	-	-	-	-	
Exchange fluctuations	-	8,074,822	7,518,664	7,539,111	16,452	48,143	56,678	49,786	8,152,972	
Balance as at March 31, 2019	-	11,365,807	3,940,338	205,145,259	452,787	1,324,951	111,805	2,069,981	224,410,929	
Net Book Value										
Balance as at 31st March, 2018	6,178,800	36,842,884	124,814,961	352,252,634	287,932	415,319	55,999	232,323	521,080,852	
Balance as at 31st March, 2019	6,571,150	30,068,199	136,752,771	305,735,051	155,287	42	66,861	-	479,349,360	



4 Non current financial asset - Investments

Particulars	Amount in INR	
	As at 31st March, 2019	As at 31st March, 2018
Unquoted		
Investment in USBCDC Investment Fund 8, LLC at FVTPL	631,101,823	593,420,017
Total	631,101,823	593,420,017
Aggregate value of unquoted investments	631,101,823	593,420,017
Aggregate value of quoted investments	-	-
Aggregate amount of impairment in the value of investments	-	-

5 Non-current financial assets - Loans

Particulars	Amount in INR	
	As at 31st March, 2019	As at 31st March, 2018
Other loans and advance	47,807,053	56,732,766
Total	47,807,053	56,732,766
Breakup		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	47,807,053	56,732,766
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total	47,807,053	56,732,766

6 Deferred tax assets (Net)

Particulars	Amount in INR	
	As at 31st March, 2019	As at 31st March, 2018
Tax effect of items constituting deferred tax assets		
On account of carry forward losses	32,786,580	30,828,960
Total DTA	32,786,580	30,828,960

7 Other Non-Current Assets

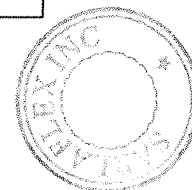
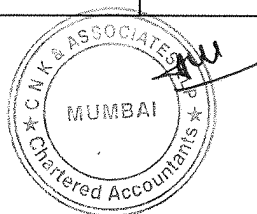
Particulars	Amount in INR	
	As at 31st March, 2019	As at 31st March, 2018
Unsecured, considered good unless stated otherwise		
NMTC benefit receivable	194,337,088	147,927,218
Total	194,337,088	147,927,218

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

Particulars	Amount in INR	
	As at 31st March, 2019	As at 31st March, 2018
Raw Materials	31,179,269	29,317,618
Work-In -Progress	-	-
Finished goods	74,270,632	69,836,083
Stores and Spares	590,919	555,637
Oil & lubricant	1,688,033	1,587,244
Packing Materials	8,371,809	7,871,945
Total	116,100,662	109,168,527

Note:

(i) There has been no write down of inventories during the year.



Equity
12 Equity Share Capital

Particulars	Amount in INR	
	As at 31st March, 2019	As at 31st March, 2018
Authorised 9,89,000 (As at 31st March, 2018: 9,89,000) Equity Shares of USD 1 each	59,649,740	59,649,740
Issued, Subscribed and Paid up 9,89,000 (As at 31st March, 2018: 9,89,000) Equity Shares of USD 1 each	59,649,740	59,649,740
Total	59,649,740	59,649,740

Reconciliation of number equity shares:

Issued, subscribed and paid up share capital	As at 31st March, 2019	As at 31st March, 2018
Opening Balance	989,000	989,000
Add / (Less): Changes during the year	-	-
Closing Balance	989,000	989,000

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

Shareholders	As at 31st March, 2019	As at 31st March, 2018
Sarla performance Fibers Limited		
No. of Shares	989,000	989,000
Percentage	100%	100%

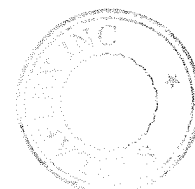
13 Other Equity

Particulars	Amount in INR	
	As at 31st March, 2019	As at 31st March, 2018
Retained Earning	(799,177,571)	(722,645,353)
- Fair value of investments	-	-
- Provision matrix	-	-
- MTM gain on forward cover	-	-
- Government grant	-	-
- Reversal of proposed dividend including dividend distribution tax	-	-
- Interest on Debenture	-	-
- Ex Gain/(Loss) on restatement of Loan given to Subsidiary	-	-
- Deferred tax on Ind AS adjustments	-	-
Foreign Currency Translation Reserve	(34,731,020)	12,045,565
Total	(833,908,591)	(710,599,788)

The movement in other Equity:

13.1 Retained earnings	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Balance as at beginning of the year	(722,645,353)	(550,775,847)
Profit for the year	(76,532,218)	(171,869,506)
Balance as at end of the year	(799,177,571)	(722,645,353)

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



13.2 Foreign Currency Translation Reserve	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Balance as at beginning of the year	12,045,565	12,324,517
Profit for the year	(46,776,585)	(278,952)
Balance as at end of the year	(34,731,020)	12,045,565

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 amortized in the Statement of Profit and Loss over the remaining maturity of related borrowings.

14 Non-Controlling Interest

The following table summarises the financial information relating to Sarla Leverage Lender LLC that has non-controlling interests (95%).

Particulars	Amount in INR	
	As at 31st March, 2019	As at 31st March, 2018
Non - current assets	662,342,627	617,917,496
Current assets	1,677,895	545,959
Non - current liabilities	(631,101,823)	(593,420,017)
Current liabilities	-	-
Net assets	32,918,699	25,043,438
Carrying amount of non-controlling interests	1,665,800	1,272,037

15 Non -Current borrowings

Particulars	Amount in INR	
	As at 31st March, 2019	As at 31st March, 2018
Term Loans:		
Secured Loans - From others (refer note (i))		
NNMF Sub-CDE XXIII, LLC LOAN "A"	631,101,823	593,420,017
NNMF Sub-CDE XXIII, LLC LOAN "B"	259,116,077	243,644,783
Unsecured Loans - From others		
Other loans and advances	1,387,855,586	1,099,787,250
Total	2,278,073,486	1,936,852,050

Nature of security

(i) Such loans are secured against the Property, Plant and Equipments of Sarlaflex LLC

16 Other non current financial liabilities

Particulars	Amount in INR	
	As at 31st March, 2019	As at 31st March, 2018
Creditor for capital goods	7,839,244	14,742,401
Total	7,839,244	14,742,401

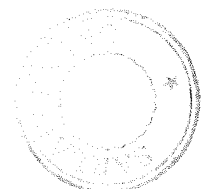
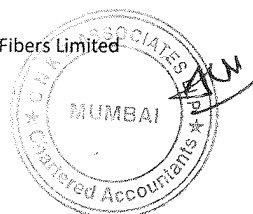
17 Short Term Borrowings

Particulars	Amount in INR	
	As at 31st March, 2019	As at 31st March, 2018
Loan Repayable on Demand - From Bank (refer note below)		
Working Capital Demand Loan CITI	-	130,080,000
Total	-	130,080,000

Footnote:

Security and other details

(i) Secured by stand by letter of credit given by Sarla Performance Fibers Limited



18 Trade payables

Particulars	Amount in INR	
	As at 31st March, 2019	As at 31st March, 2018
Trade payables:		
Total outstanding dues of Micro and Medium enterprises	-	11,155,059
Total outstanding dues of creditors other than Micro and Medium enterprises	-	-
Total	-	11,155,059

19 Other financial liabilities

Particulars	Amount in INR	
	As at 31st March, 2019	As at 31st March, 2018
Current maturities of long-term debts	-	24,363,012
Total	-	24,363,012

20 Other current liabilities

Particulars	Amount in INR	
	As at 31st March, 2019	As at 31st March, 2018
Other statutory dues payable	6,428,117	38,010,910
creditors for expenses	3,917,071	447,701
Other liabilities	-	829,843
Total	10,345,188	39,288,454



21 Revenue From Operations

Particulars	Amount in INR	
	For the Period ended 31st March, 2019	For the year ended 31st March, 2018
Sale of Products/ Services	-	11,68,10,332
Other Operating Revenues	-	1,64,63,780
Total	-	13,32,74,112

22 Other Income

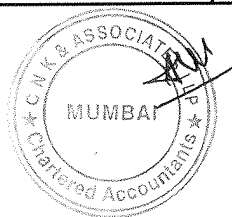
Particulars	Amount in INR	
	For the Period ended 31st March, 2019	For the year ended 31st March, 2018
Miscellaneous Income	3,74,01,893	3,48,59,827
Total	3,74,01,893	3,48,59,827

23 Cost of material consumed

Particulars	Amount in INR	
	For the Period ended 31st March, 2019	For the year ended 31st March, 2018
Inventory at the beginning of the year	2,93,17,618	1,13,00,665
Add: Purchase	-	6,89,91,929
Less: Inventory at the end of the year	(3,11,79,269)	(2,93,17,618)
Total	(18,61,651)	5,09,74,976

24 Changes in inventories of finished goods and work in progress

Particulars	Amount in INR	
	For the Period ended 31st March, 2019	For the year ended 31st March, 2018
Closing stock		
Work-in-progress	-	-
Finished goods	7,42,70,632	6,98,36,083
Opening stock		
Work-in-progress	-	2,93,22,584
Finished goods	6,98,36,083	9,31,55,338
Total	(44,34,549)	5,26,41,839



25 Employee benefit expense

Particulars	Amount in INR	
	For the Period ended 31st March, 2019	For the year ended 31st March, 2018
Salaries, wages and bonus	6,848,398	40,408,607
Staff welfare expenses	1,304,619	17,075,183
Total	8,153,017	57,483,790

26 Finance cost

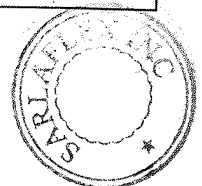
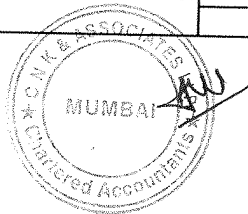
Particulars	Amount in INR	
	For the Period ended 31st March, 2019	For the year ended 31st March, 2018
Interest expenses	8,000,418	11,657,354
Total	8,000,418	11,657,354

27 Depreciation and amortization expense

Particulars	Amount in INR	
	For the Period ended 31st March, 2019	For the year ended 31st March, 2018
Depreciation on property, plant and equipment	75,598,615	69,714,276
Total	75,598,615	69,714,276

28 Other expenses

Particulars	Amount in INR	
	For the Period ended 31st March, 2019	For the year ended 31st March, 2018
Consumption of stores and spare parts	-	2,031,133
Power and fuel	3,941,040	22,844,427
Consumption of packing materials	-	5,296,457
Consumption of oils and chemicals	-	1,274,572
Freight and forwarding charges	-	623,025
Labour charges	-	2,576,270
Clearing and forwarding charges	-	-
Repairs and Maintenance:	-	-
- Building	-	193,350
- Machinery	20,967	1,654,555
Excise duty expenses (#)	-	-
Custom duty expenses	-	-
Water, waste and effluent treatment charges	-	-
Rent	1,103,546	3,575,754
Repairs and Maintenance - Others	34,945	481,617
Insurance	5,266,933	13,723,422
Rates and taxes	9,748,767	10,183,505
Legal and professional fees	6,033,869	3,673,954
Bank Charges	724,667	643,484
Miscellaneous expenses	1,076,335	8,099,653
Payment to auditor:	-	-
- Audit fee	209,670	-
- For taxation matters	-	-
- Other services	-	-
Total	28,160,739	76,875,178



Sarlaflex, Inc.
Notes Forming Part of Consolidated Financial Statements

29 Earnings per share (EPS)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Profit for the year	(76,532,218)	(171,869,506)
Equity shares outstanding at the beginning and at the end of the year - (Nos)	989,000	989,000
Nominal value of each share (in USD)	1	1
Basic and Diluted earning per share	(77.38)	(173.78)



30 Related party disclosures

1 Relationships

(a) Parent Company

Sarla Performance Fibers Limited

(b) Entities controlled by Key Managerial Personnel

M/s Satidham Industries Private Ltd.

M/s Hindustan Cotton Co.

Sarla Overseas Holding Limited

Sarla Europe, LDA

(c) Key Managerial Personnel

Krishna Jhunjhunwala - Managing Director

2 Details of transactions with above related parties

Nature of Transaction	Holding Company		Entities controlled by Key Managerial Personnel		Key Managerial Personnel	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
	(a) Unsecured Loan taken					
M/s Sarla Performance Fibers Limited	49,058,966	105,037,403	-	-	-	-
Sarla Overseas Holding Limited	240,871,222	110,213,018	-	-	-	-

3 Balances Outstanding

Nature of Transaction	Holding Company		Entities controlled by Key Managerial Personnel		Key Managerial Personnel	
	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2019	As at 31st March, 2018
	(a) Unsecured Loan taken					
M/s Sarla Performance Fibers Limited	785,963,141	736,904,175	-	-	-	-
Sarla Overseas Holding Limited	590,327,630	349,456,408	-	-	-	-
(b) Unsecured Loan Given						
Sarla Europe, LDA	3,458,500	3,252,000	-	-	-	-
(c) Trade Payables						
M/s Sarla Performance Fibers Limited	-	10,960,403	-	-	-	-

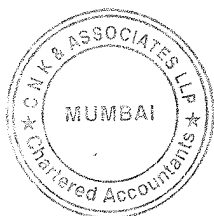
Notes:

(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 2019 and 31st March 2018 for bad or doubtful unsecured loans in respect of amounts owed by related parties.

(d) There have been no guarantees received or provided for any related party receivables or payables.



31 Financial instruments

A Capital Management:

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

The capital structure of the Group consists of net debt (borrowings as detailed in notes 15,17 and 19) 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:

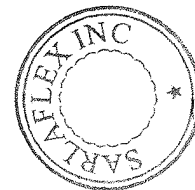
Particulars	Amount in INR	
	As at 31st March, 2019	As at 31st March, 2018
Non-current borrowings	2,278,073,486	1,936,852,050
Current maturities of non-current borrowings	-	24,363,012
Current borrowings	-	130,080,000
Total Debt	2,278,073,486	2,091,295,062
Equity	(772,593,051)	(649,678,011)
Net debt to equity ratio	(2.95)	(3.22)

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

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

i) Classification of Financial Assets and Liabilities:

Particulars	As at 31st March, 2019	As at 31st March, 2018
Financial assets		
At Amortised cost		
Investment	631,101,823	593,420,017
Trade receivables	-	19,551,169
Cash and cash equivalents	17,486,226	26,532,629
Loans	47,807,053	56,732,766
Total	696,395,102	696,236,581
Financial liabilities		
At Amortised cost		
Borrowings	2,278,073,486	2,066,932,050
Trade payables	-	11,155,059
Other financial liability	7,839,244	39,105,413
Total	2,285,912,730	2,117,192,522



32 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 control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 0 to 180 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored.

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

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

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

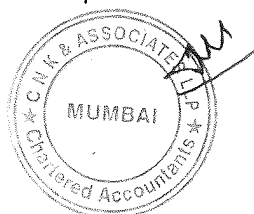
Particulars	Amounts in INR	
	As at 31st March, 2019	As at 31st March, 2018
0-180 days	-	1,95,51,169
181-365 days	-	-
Above 365 days	-	-
Total	-	1,95,51,169

Movement in provisions of doubtful debts

Particulars	Amounts in INR	
	As at 31st March, 2019	As at 31st March, 2018
Balance at beginning of the year	-	-
Restatement of Provision	-	-
Balance at end of the year	-	-

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 the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

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

The following are the remaining contractual maturities of financial liabilities at the reporting date. Amounts disclosed are the contractual un-discounted cash flows.

Maturity analysis of significant financial liabilities

Particulars	As at 31st March, 2019			As at 31st March, 2018		
	Carrying amount	Contractual cash flows		Carrying amount	Contractual cash flows	
		Upton 1 year	More than 1 year		Upton 1 year	More than 1 year
Financial liabilities						
Borrowings (including Current Maturities of Long-Term Debts)	2,278,073,486	-	2,278,073,486	2,091,295,062	154,443,012	1,936,852,050
Trade and other payables	-	-	-	11,155,059	11,155,059	-
Other financial liabilities (including derivative financial liabilities)	7,839,244	-	7,839,244	14,742,401	-	14,742,401
	2,285,912,730	-	2,285,912,730	2,117,192,522	165,598,071	1,951,594,451

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 short-term and long term borrowings with floating interest rates. The Group constantly monitors the credit markets and revisits its financing strategies to achieve an optimal maturity profile and financing cost.

Interest Rate Exposure:

Particulars	Amounts in INR	
	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Term loans - long term		
Fixed Rate Borrowings	1,387,855,586	1,124,150,262
Non Interest bearing	890,217,900	837,064,800
Short term borrowings	-	130,080,000
	2,278,073,486	2,091,295,062

Interest rate sensitivities for floating rate borrowings :

Particulars	Increase in Exchange rate by 0.25%		Decrease in Exchange rate by 0.25%	
	For the year ended 31st March, 2019	For the year ended 31st March, 2018	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Term loans - long term	-	-	-	-
Short term borrowings	-	-	-	-

Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period.

33 The Group has suspended its manufacturing operations since December 2017. The management is confident that with the recent trade sanctions being imposed in the US, the operations of the Group will be profitable. The management is monitoring the situation on a continuous basis and is confident that there would no need for an impairment at this stage. Accordingly, the financial statements of the Group have been prepared based on 'going concern' assumption.

