

INDEPENDENT AUDITOR'S REPORT

To the Members of
Sarla Overseas Holdings Limited
Report on the Audit of the Consolidated Financial Statements

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 2025, 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 (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, 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, 2025, of the consolidated Profit and loss 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 Indian Accounting Standards and same is fit for consolidation.

Basis for Opinion

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 these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on consolidated financial statements.

Emphasis of Matters

1. **We draw attention** to note no. 27 of the Consolidated Financial Statements relating to 'Going Concern'. The said note mentions that due to impairment provisioning by Holding Company during the FY 2020-21, its net worth has become negative. However, this being exceptional item and looking at the business prospects as represented by its Management, these Financial Statements are prepared on a 'Going Concern' basis
2. **We draw attention** to note no. 26 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, 2025. 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 modified in respect of these matter

Key Audit Matters

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

We have determined that there are no key audit matters to communicate in our report.

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 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 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.



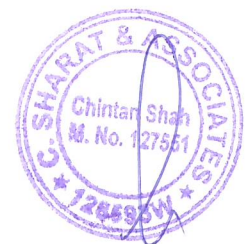
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate 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 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 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 Sarla Europe Lda (subsidiary), for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of 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 Sharat & Associates

Chartered Accountants

FRN: 128593W

Chintan Sharatchandra
Shah Partner

Membership No.: 127551

UDIN: 25127551BMIIIA3751

Place: Mumbai

Date: 24 April 2025

**Annexure to the Audit Report:**

Subsidiary (held directly)

ASarla 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.S.

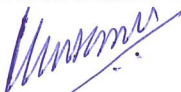
Amounts in INR

	Particulars	Note No.	As at 31st March, 2025	As at 31st March, 2024
I	ASSETS			
(1)	Non-current assets			
	(a) Property, Plant and Equipment	3	15,60,693	20,03,388
	(b) Investment accounted for using equity method	4	-	-
	<u>(c) Financial Assets</u>			
	(i) Loans	5	-	-
	(d) Deferred tax Assets (Net)	6	-	-
	Total Non-Current Assets		15,60,693	20,03,388
(2)	Current assets			
	(a) Inventories	7	-	-
	<u>(b) Financial Assets</u>			
	(i) Trade receivables	8	61,75,639	2,30,51,687
	(ii) Cash and cash equivalents	9	67,86,245	68,61,609
	(c) Other current assets	10	3,05,480	4,01,949
	Total Current Assets		1,32,67,364	3,03,15,245
	Total Assets		1,48,28,059	3,23,18,636
II	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity Share capital	11	1,96,99,149	1,96,99,149
	(b) Other Equity	12	(1,31,13,901)	(2,22,04,935)
	Equity attributable to equity share holders		65,85,248	(25,05,786)
	Non-controlling interests	13	6,86,038	6,52,094
	Total equity		72,71,286	(18,53,692)
	Liabilities			
(1)	Non-current liabilities			
	<u>(a) Financial Liabilities</u>			
	(i) Borrowings	14	-	33,35,347
	Total Non-current liabilities		-	33,35,347
(1)	Current liabilities			
	<u>(a) Financial Liabilities</u>			
	(i) Trade payables	14	1,94,695	2,71,34,491
	(b) Other current liabilities	15	73,62,078	37,02,490
	Total Current liabilities		75,56,772	3,08,36,981
	Total Equity and Liabilities		1,48,28,059	3,23,18,636

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For C Sharat & Associates
Chartered Accountants
ICAI FR No.: 128593W



Chintan Sharatchandra Shah
Partner
Membership No. 127551

UDIN : 25127551BM111A3751

Place: Mumbai

Date: 24th April, 2025



For and on behalf of the Board of Directors



KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)



Amounts in INR

	Particulars	Note No.	For the period ended	For the year ended 31st
			31st Mar, 2025	March, 2024
			IN INR	IN INR
I	Revenue from Operations	16	5,77,47,701	3,15,10,067
II	Other Income	17	1,54,208	2,29,684
III	TOTAL INCOME (I+II)		5,79,01,910	3,17,39,751
IV	Expenses			
	a) Cost of materials consumed	18	(0)	1,08,118
	b) Purchases of Stock-in-trade	-	-	-
	c) Changes in inventories of finished goods and work-in-progress	19	-	-
	d) Employee benefits expense	20	1,39,76,967	1,39,23,966
	e) Finance costs	-	-	-
	f) Depreciation and amortization expense	3	7,91,776	7,27,854
	g) Other expenses	21	3,37,69,432	1,08,95,696
	TOTAL EXPENSES (a to g)		4,85,38,176	2,56,55,634
	Profit/(loss) before exceptional item and share of net profits of investment accounted for using equity method and tax before exceptional item (III-IV)		93,63,734	60,84,117
	Exceptional item		-	40,56,813
V	Profit/(loss) before share of net profits of investment accounted for using equity method and tax (III-IV)		93,63,734	20,27,304
	Share of net profit/(loss) of joint venture accounted for using the equity method		-	-
VI	Tax expense:			
	(1)Current tax		2,93,329	2,69,629
	(2)Deferred tax		-	-
	Total Tax Expense		2,93,329	2,69,629
VII	Profit (Loss) for the year (V-VI)		90,70,405	17,57,675
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 translation difference		54,572	(72,368)
	Income tax relating to items that will be reclassified to profit or loss		-	-
	Total (B)		54,572	(72,368)
	Total Other Comprehensive Income (A+B)		54,572	(72,368)
IX	Total Comprehensive Income for the year (VII+VIII)		91,24,977	16,85,307
	Profit attributable to:			
	Owners of the Company		90,52,008	36,60,198
	Non-Controlling Interest		18,397	(19,14,886)
	Other Comprehensive Income attributable to:			
	Owners of the Company		39,025	(80,798)
	Non-Controlling Interest		15,546	8,430
	Total Comprehensive Income attributable to:			
	Owners of the Company		90,91,034	35,79,400
	Non-Controlling Interest		33,943.75	(19,06,456)
X	Earnings per equity share	22		
	- Basic and Diluted (face value USD.1)-Before Exceptional Item		20.81	17.74
	- Basic and Diluted (face value USD.1)-After Exceptional Item		20.81	8.41

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For C Sharat & Associates
Chartered Accountants
ICAI FR No.: 128593W

Chintan Sharatchandra Shah
Partner

Membership No. 127551

UDIN : 25127551BM111A3751

Place: Mumbai

Date: 24th April, 2025



For and on behalf of the Board of Directors

KRISHNAKUMAR JHUNJHUNWALA

Managing Director

(DIN: 00097175)



Amounts in INR

		For the period ended 31st Mar, 2025	For the period ended 31st March, 2024
A	Cash flow from operating activities	93,63,734	20,27,304
	Profit before tax(after exceptional item)		
	Adjustments for:	7,91,776	7,27,854
	Depreciation and amortisation expenses	-	40,56,813
	Provision for unrealisable advances	38,395	(88,544)
	Unrealised Foreign Exchange Gain/Loss (Net)		
	Operating profit before working capital changes	1,01,93,905	67,23,426
	Movements in working capital:		
	Adjustments for (increase)/decrease in operating assets:	1,68,76,048	15,67,495
	Trade receivables	-	0
	Inventories	-	-
	Current loans	96,469	(1,72,924)
	Other current assets		
	Adjustments for increase/(decrease) in operating liabilities:	(2,69,39,796)	(59,86,161)
	Trade payables	36,59,587	(49,24,914)
	Other current liabilities		
	Cash generated from operations	38,86,214	(27,93,077)
	Direct taxes paid (net)	(2,93,329)	(1,62,114)
	Net cash generated from operating activities (A)	35,92,885	(29,55,191)
B	Cash flows from investing activities	(3,32,904.92)	(4,33,499)
	Sale proceeds of property, plant and equipment	-	(40,56,813)
	Loans given		
	Net cash (used in) investing activities (B)	(3,32,905)	(44,90,312)
C	Cash flow from financing activities	(33,35,347)	33,35,347
	Proceeds from non current borrowings	-	-
	Repayment of borrowings	-	-
	Dividend paid		
	Net cash (used in) financing activities (C)	(33,35,347)	33,35,347
	NET INCREASE IN CASH AND CASH EQUIVALENTS [(A) + (B)]	(75,366)	(41,10,156)
D	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	67,89,922	1,08,93,089
	Balances with banks in current accounts, earmarked balances and deposit accounts	71,687	78,674
	Cash on hand	68,61,607	1,09,71,763
	CASH AND CASH EQUIVALENTS AS PER NOTE 9		
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	67,11,999	67,89,922
	Balances with banks in current accounts, earmarked balances and deposit accounts	74,247	71,687
	Cash on hand	67,86,240	68,61,607
	CASH AND CASH EQUIVALENTS AS PER NOTE 9		
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 Sharat & Associates
Chartered Accountants
ICAI FR No.: 128593W

Chintan Sharatchandra Shah
Partner

Membership No. 127551

UDIN : 25127551BM11A3751

Place: Mumbai

Date: 24th April, 2025



For and on behalf of the Board of Directors

KRISHNAKUMAR JHUNJUNWALA
Managing Director
(DIN: 00097175)



a. Equity Share Capital (note 11)

Particulars	Amounts in INR	
	Amount	
Balance as at 1st April, 2023		1,96,99,149
Changes in equity share capital during the year 2023-24		-
Balance as at 31st March, 2024		1,96,99,149
Changes in equity share capital during the year 2024-25		-
Balance as at 31st March, 2025		1,96,99,149

b. Other Equity (note 12 and 13)

Particulars	Amounts in INR					Total Equity
	Capital reserve	Reserves and surplus Foreign currency translation reserve	Retained earnings	Total attributable to Owners of the Company	Attributable to NCI	
As at 1st April, 2023	1,05,570	5,63,60,712	(8,22,62,984)	(2,57,96,702)	25,58,552	(2,32,38,148)
Profit for the year 2023-24	-	-	36,72,562	36,72,562	(19,14,886)	17,57,676
Other comprehensive income for the year 2023-24 (net of tax)	-	(80,798)	-	(80,798)	8,430	(72,368)
Total comprehensive income for the year	-	(80,798)	36,72,562	35,91,763	(19,06,456)	16,85,308
Dividend	-	-	-	-	-	-
As at 31st March, 2024	1,05,570	5,62,79,914	(7,85,90,422)	(2,22,04,939)	6,52,097	(2,15,52,839)
Profit for the year 2024-25	-	39,025	90,52,008	90,52,008	18,397	90,70,406
Other comprehensive income for the year 2024-25 (net of tax)	-	39,025	-	39,025	15,546	54,572
Total comprehensive income for the year	-	39,025	90,52,008	90,91,033	33,944	91,24,978
Dividend	-	-	-	-	-	-
As at 31st March, 2025	1,05,570	5,63,18,940	(6,95,38,414)	(1,31,13,907)	6,86,041	(1,24,27,861)

The accompanying notes are an integral part of the financial statements

As per our attached report of even date

For C Sharat & Associates
Chartered Accountants
ICAI FR No.: 128593W



Chintan Sharatchandra Shah
Partner

Membership No. 127551

UDIN : 25127551B111A3751

Place: Mumbai

Date: 24th April, 2025

For and on behalf of the Board of Directors

KRISHNAKUMAR JHUNJHUNWALA
Managing Director
(DIN: 00097175)



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 Island;**

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.



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:

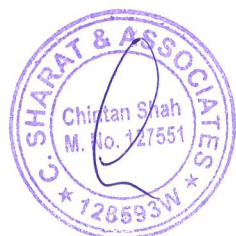
The CFS comprise the financial statements of the Company, its subsidiaries and the Group's interest in joint ventures as at the reporting date.

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.



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, 2025
- 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. 26 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.



2.4.4. The percentage of ownership interest of the Company in the Subsidiary Company as on 31st March, 2025 are as under:

Particulars	Country of Incorporation	Percentage of actual ownership interest as on	
		31st March, 2025	31 st March, 2024
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;

- 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 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;
- 2.5.9. 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. The Impairment provisions for Financial Assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past



history, existing market conditions as well as forward-looking estimates at the end of each reporting period;

2.6.2. 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;

2.6.3. 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 includes 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. Investment in Subsidiaries:

Investments in equity shares of Subsidiaries are recorded at cost and reviewed for impairment at each reporting date.



2.9. Fair Value measurement:

- 2.9.1. The Group measures certain financial instruments at fair value at each reporting date;
- 2.9.2. Certain accounting policies and disclosures require the measurement of fair values, for both financial and non- financial assets and liabilities;
- 2.9.3. 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;
- 2.9.4. 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;
- 2.9.5. 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);



- 2.9.6. 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;
- 2.9.7. 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;
- 2.9.8. 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.

2.10. Financial Instruments:

2.10.1. 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;

2.10.2. 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;

2.10.3. 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;

2.10.4. 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.

2.11. Revenue Recognition:

2.11.1. 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).

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.

2.11.2. 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.

2.11.3. Income from sale of scrap is accounted for on realisation;

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



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

2.11.6. 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.

2.12. Employee Benefits:

2.12.1. Short-term employee benefits:

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

2.12.2. Post-employment benefits:

The Group operates the following post – employment schemes:

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

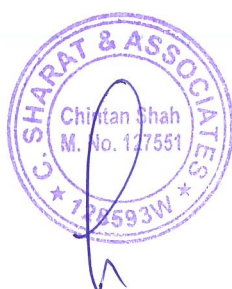
Defined Contribution Plans:

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.

2.13. Borrowing costs:

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

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

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

2.14. Foreign Currency Transactions:

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

2.14.2. 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;

2.14.3. 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;

2.14.4. 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.

2.15. Provisions and Contingent Liabilities:

2.15.1. 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;

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

2.15.3. 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;

2.15.4. 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;

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

2.16. Taxes on Income

2.16.1. 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;

2.16.2. 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.

2.17. Earnings per share

2.17.1. 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;

2.17.2. 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.

2.18. 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.

2.19.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.

2.20.Exceptional items:

Exceptional items are those items that management considers, by virtue of their size or incidence (including but not limited to impairment charges), should be disclosed separately to ensure that the financial information allows an understanding of the underlying performance of the business in the year, so as to facilitate comparison with prior periods. Also, tax charges related to exceptional items and certain one-time tax effects are considered exceptional. Such items are material by nature or amount to the year's result and require separate disclosure in accordance with Ind AS.



3	Gross Block	Office Equipments	Total
	Balance as at 1st April, 2023	31,62,735	31,62,735
	Additions	4,34,503	4,34,503
	Deletions	-	-
	Exchange fluctuations	32,654	32,654
	Balance as at March 31, 2024	36,29,892	36,29,892
	Additions	3,20,460	3,20,460
	Deletions	-	-
	Exchange fluctuations	81,158	81,158
	Balance as at 31st March, 2025	40,31,510	40,31,510
	Accumulated Depreciation	Office Equipments	Total
	Balance as at 1st April, 2023	8,81,169	8,81,169
	Depreciation charge for the year	7,27,854	7,27,854
	Depreciation on deletion	-	-
	Exchange fluctuations	17,482	17,482
	Balance as at March 31, 2024	16,26,505	16,26,505
	Depreciation charge for the year	7,91,776	7,91,776
	Depreciation on deletion	-	-
	Exchange fluctuations	52,535	52,535
	Balance as at 31st March, 2025	24,70,817	24,70,817
	Net Book Value		
	Balance as at 31st March, 2024	20,03,387	20,03,387
	Balance as at 31st March, 2025	15,60,693	15,60,693



4 Investment accounted for using equity method

Particulars	Amounts in INR	
	As at 31st March, 2025	As at 31st March, 2024
Investments measured at cost (fully paid)		
Unquoted		
Investment in Joint venture		
16000 (31st March, 2020: 16,000) Shares of Savitex SA DE C.V., Honduras	18,56,76,114	18,56,76,114
100 (31st March, 2020: 100) Shares of MRK S.A. De C.V.	1,27,39,420	1,27,39,420
1620 (31st March, 2020: 1,620) Shares of Sarla Tekstil Filament Sanayi VE TI	74,96,820	74,96,820
Provision for Diminution in value of investment	(20,59,12,354)	(20,59,12,354)
Total	-	-
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	20,59,12,354	20,59,12,354
Aggregate amount of impairment in value of investments	(20,59,12,354)	(20,59,12,354)

5 Non-current financial assets - Loans

Particulars	Amounts in INR	
	As at 31st March, 2025	As at 31st March, 2024
Other loans and advance	80,60,61,251	78,52,92,845.86
Provision for unrealisable advances	(80,60,61,251)	(78,52,92,845.86)
Total	-	-
Breakup		
Loans considered good - Secured	-	-
Loans considered good - Unsecured	-	-
Loans which have significant increase in credit risk (Refer Note)	-	-
Loans - credit impaired	80,60,61,251	78,52,92,846
Provision for unrealisable advances	(80,60,61,251)	(78,52,92,846)
Total	-	-

Note:

(i) Other loans and advance includes loan amount Rs.Nil (as at 31st March, 2024: Rs. Nil) is given to related party (Refer note 24)

6 Deferred tax Assets (Net)

Particulars	Amounts in INR	
	As at 31st March, 2025	As at 31st March, 2024
Deferred tax Assets	-	-
Total	-	-



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

Particulars	Amounts in INR	
	As at 31st March, 2025	As at 31st March, 2024
Raw Materials	-	-
Less: Provision for Impairment	-	-
Total	-	-

8 Trade Receivables

Particulars	Amounts in INR	
	As at 31st March, 2025	As at 31st March, 2024
(a) Trade Receivables considered good - Secured	-	-
(b) Trade Receivables considered good - Unsecured	61,75,639	2,30,51,687
(c) Trade Receivables which have significant increase in credit risk	1,17,82,328	1,15,13,002
(d) Trade Receivables - credit impaired	-	-
Allowance as per Expected credit loss model	(1,17,82,328)	(1,15,13,002)
Total	61,75,639	2,30,51,687

(ii) Movement in the expected credit loss allowance

Particulars	As at 31st March, 2025	As at 31st March, 2024
Balance at the beginning of the year	(1,15,13,002)	(60,60,053)
Provision /(Reversal) during the year	2,69,326	54,52,949
Balance at the end of the year	(1,17,82,328)	(1,15,13,002)

9 Cash & cash equivalents

Particulars	Amounts in INR	
	As at 31st March, 2025	As at 31st March, 2024
Cash and Cash Equivalents		
Balances with Banks	67,11,999	67,89,922
Cash on hand	74,247	71,687
Total	67,86,245	68,61,609

10 Other Current Assets

Particulars	Amounts in INR	
	As at 31st March, 2025	As at 31st March, 2024
Other receivable	3,05,480	4,01,949
Total	3,05,480	4,01,949



Equity

11 Equity Share Capital

Particulars	Amounts in INR	
	As at 31st Mar, 2025	As at 31st March, 2024
Authorised 4,35,000 (As at 31st March, 2020: 4,35,000) Equity Shares of USD 1 each	1,96,99,149	1,96,99,149
Issued, Subscribed and Paid up 4,35,000 (As at 31st March, 2020: 4,35,000) Equity Shares of USD 1 each	1,96,99,149	1,96,99,149
Total	1,96,99,149	1,96,99,149

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

Shareholders	As at 31st Mar, 2025	As at 31st March, 2024
Sarla Performance Fibers Limited		
No. of Shares	4,35,000	4,35,000
Percentage	100%	100%

12 Other Equity

Particulars	Amounts in INR	
	As at 31st Mar, 2025	As at 31st March, 2024
Capital reserve	1,05,570	1,05,570
Retained Earnings	(6,95,38,412)	(7,85,90,420)
Foreign Currency Translation Reserve	5,63,18,941	5,62,79,916
Total	(1,31,13,901)	(2,22,04,935)

The movement in other Equity:

12.1 Capital reserve

Particulars	As at 31st Mar, 2025	As at 31st March, 2024
Balance as at beginning of the year	1,05,570	1,05,570
Movement during the year	-	-
Balance as at end of the year	1,05,570	1,05,570

12.2 Retained earnings

Particulars	As at 31st Mar, 2025	As at 31st March, 2024
Balance as at beginning of the year	(7,85,90,420)	(8,22,62,981)
Profit for the year	90,52,008	36,72,562
Dividend	-	-
Balance as at end of the year	(6,95,38,412)	(7,85,90,420)

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



12.3 Foreign Currency Translation Reserve

Particulars	As at 31st Mar, 2025	As at 31st March, 2024
Balance as at beginning of the year	5,62,79,916	5,63,60,714
Adjustment Movement during the year	39,025	(80,798)
Balance as at end of the year	5,63,18,941	5,62,79,916

currencies to the Group's presentation currency (i.e. Currency Units) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation

13 Non-Controlling Interest

The following table summarises the financial information relating to Sarla Europe Lda that has non-controlling interests (40%).

Particulars	Amounts in INR	
	As at 31st Mar, 2025	As at 31st March, 2024
Non - current assets	15,60,693	20,03,388
Current assets	1,30,60,745	1,21,00,450
Non - current liabilities	(57,17,214)	(89,22,097)
Current liabilities	(71,89,131)	(35,51,508)
Net assets	17,15,094	16,30,234
Carrying amount of non-controlling interests	6,86,038	6,52,094

14 Non -Current borrowings

Particulars	Amounts in INR	
	As at 31st Mar, 2025	As at 31st March, 2024
Term Loans:		
<u>Unsecured Loans - From others</u>		
Other loans and advances	-	33,35,347
Total	-	33,35,347

14 Borrowings

Particulars	Amounts in INR	
	As at 31st Mar, 2025	As at 31st March, 2024
Overdraft account	-	-
Unsecured loans from Related concerns	-	-
Total	-	-

14 Trade payables

Particulars	Amounts in INR	
	As at 31st Mar, 2025	As at 31st March, 2024
Trade payables:		
Total outstanding dues of Micro and small enterprises	-	-
Total outstanding dues of creditors other than Micro and small enterprises	1,94,695	2,71,34,491
Total	1,94,695	2,71,34,491

15 Other current liabilities

Particulars	Amounts in INR	
	As at 31st Mar, 2025	As at 31st March, 2024
Statutory dues	7,67,469	4,89,349
Other liabilities	65,94,608	32,13,138
Total	73,62,078	37,02,490



16 Revenue from operation

Particulars	Amounts in INR	
	For the period ended 31st Mar, 2025	For the year ended 31st March, 2024
Sale of Products/ Services	-	-
(b) Other Operating Revenues:		
- Commission Income	5,77,47,701	3,15,10,067
Other Operating Revenues	5,77,47,701	3,15,10,067
Total	5,77,47,701	3,15,10,067

17 Other Income

Particulars	Amounts in INR	
	For the period ended 31st Mar, 2025	For the year ended 31st March, 2024
Commission income	-	-
Provision for doubtful receivables written back	-	-
Gain or loss on foreign currency transaction and translation (net)	-	-
Miscellaneous Income	1,54,208	2,29,684
Total	1,54,208	2,29,684

18 Cost of material consumed

Particulars	Amounts in INR	
	For the period ended 31st Mar, 2025	For the year ended 31st March, 2024
Inventories at the beginning of the year	-	1,08,118
Purchases	-	-
Inventories at the end of the year	-	-
Total	-	1,08,118



19 Changes in inventories of finished goods and work in progress

Amounts in INR

Particulars	For the period ended 31st Mar, 2025	For the year ended 31st March, 2024
Closing stock		
Traded Goods	-	-
Opening stock		
Traded Goods	-	-
Total	-	-

20 Employee benefits expense

Amounts in INR

Particulars	For the period ended 31st Mar, 2025	For the year ended 31st March, 2024
Salaries and wages, bonus etc.	1,12,05,313	1,11,66,202
Contribution to provident and other funds	24,40,170	25,00,650
Staff welfare expenses	3,31,483	2,57,113
Total	1,39,76,967	1,39,23,966

Finance cost

Amounts in INR

Particulars	For the period ended 31st Mar, 2025	For the year ended 31st March, 2024
Bank charges	-	-
Total	-	-

21 Other expenses

Amounts in INR

Particulars	For the period ended 31st Mar, 2025	For the year ended 31st March, 2024
Legal and professional fees	16,09,639	15,43,371
Miscellaneous expenses	31,57,851	18,72,131
Freight and forwarding charges	47,27,293	74,27,872
Bank charges	45,444	12,363
Commission Paid	2,41,86,955	-
gain or loss on foreign currency transaction and translation (net)	17,251	39,959
Payment to auditor:		
- Audit fee	25,000	-
Total	3,37,69,432	1,08,95,696



22 Earnings per share (EPS)

Particulars	Amounts in INR	
	For the year ended 31st March, 2025	For the year ended 31st March, 2024
Profit for the year- Before Exceptional Item	90,52,008	77,17,011
Profit for the year-After Exceptional Item	90,52,008	36,60,198
Equity shares outstanding at the beginning and at the end of the year - (Nos)	4,35,000	4,35,000
Nominal value of each share (in USD)	1	1
Basic and Diluted earning per share- Before Exceptional Item	20.81	17.74
Basic and Diluted earning per share-After Exceptional Item	20.81	8.41



23 Related party disclosures

1 Relationships

(a) Parent Company

Sarla Performance Fibers Limited

(b) Joint Ventures (Refer note 29)

Savitex SA De C.V., Honduras

MRK SA De C.V., Honduras

Sarla Tekstil Filament Sanayi Ticaret A.S.

(c) Entities controlled by Key Managerial Personnel

Sarlaflex, Inc.

(d) Key Managerial Personnel

Krishna Jhunjunwala - Managing Director

2 Details of transactions with above related parties

Nature of Transaction	Holding Company		Fellow Subsidiary		Key Managerial Personnel	
	As at 31st March, 2025	As at 31st March, 2024	As at 31st March, 2025	As at 31st March, 2024	As at 31st March, 2025	As at 31st March, 2024
(a) Unsecured Loan Given M/s SarlaFlex Inc	-	-	-	40,56,813	-	-
(b) Purchases of Goods M/s Sarla Performance Fibers Limited	-	-	-	-	-	-
(c) Commission Received M/s Sarla Performance Fibers Limited	2,34,04,830	2,06,09,840	-	-	-	-
(d) Commission Paid M/s SarlaFlex Inc	-	-	2,41,86,955	-	-	-

3 Balances Outstanding

Nature of Transaction	Holding Company		Fellow Subsidiary		Key Managerial Personnel	
	As at 31st March, 2025	As at 31st March, 2024	As at 31st March, 2025	As at 31st March, 2024	As at 31st March, 2025	As at 31st March, 2025
(a) Unsecured Loan Given M/s SarlaFlex Inc	-	-	78,55,04,259	76,52,42,839	-	-
(b) Unsecured Loan taken M/s SarlaFlex Inc	-	-	42,79,070	41,68,695	-	-
(c) Trade Payables M/s Sarla Performance Fibers Limited	2,71,693	2,62,22,526	-	-	-	-

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) Impairment provision Rs. 2,41,86,955 (provision reversal as at 31st March, 2024: Rs. 40,56,813) has been recognised in respect of loan given to Fellow Subsidiary

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



24 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 consists of 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, 2025	As at 31st March, 2024
Non-current borrowings	-	33,35,347
Current maturities of non-current borrowings	-	-
Current borrowings	-	-
Total Debt	-	33,35,347
Equity	72,71,286	(18,53,690)
Net debt to equity ratio	-	(1.80)

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

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

i) Classification of Financial Assets and Liabilities:

Particulars	Amounts in INR	
	As at 31st March, 2025	As at 31st March, 2024
Financial assets		
At Amortised cost		
Trade receivables	61,75,639	2,30,51,687
Cash and cash equivalents	67,86,245	68,61,609
Other financial assets	-	-
Loans	-	-
Total	1,29,61,884	2,99,13,296
Financial liabilities		
At Amortised cost		
Borrowings	-	33,35,347
Trade payables	1,94,695	2,71,34,491
Total	1,94,695	3,04,69,837



25 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, 2025	As at 31st March, 2024
Up to 180 days	61,75,638	2,30,21,178
181-365 days		30,509
Above 365 days	1,17,82,328	1,15,13,002
Total	1,79,57,967	3,45,64,689

Movement in provisions of doubtful debts

Particulars	Amounts in INR	
	As at 31st March, 2025	As at 31st March, 2024
Balance at beginning of the year	(1,15,13,002)	(60,60,053)
Provision/(Reversal) during the year	(2,69,326)	(54,52,949)
Balance at end of the year	(1,17,82,328)	(1,15,13,002)

Other financial assets

The Group maintains exposure in cash and cash equivalents. 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, 2025			As at 31st March, 2024		
	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)	-	-	-	33,35,347	-	33,35,347
Trade and other payables	1,94,695	1,94,695	-	2,71,34,491	2,71,34,491	-
	1,94,695	1,94,695	-	3,04,69,837	2,71,34,491	33,35,347

26 Entities not consolidated

Sarla Overseas Holdings Limited has commercial disputes with its JV partners Savitex S.A. De C.V. & MRK S.A. De C.V., resulting into the matter being referred to the appropriate judicial authority in Honduras. The matter being subjudice, the financial performance of both the JV's are not taken in to consideration while preparing the Consolidated Financial statements. Also Financial statements of Sarla Tekstil have also not been considered on account of non receipt of the same.

27 During the FY2020-21, the Holding Company had made impairment provision for its loans and advances due to which it's net worth had become negative. This being exceptional item and looking to business prospects, these financial statements have been prepared based on 'going concern' basis.

28 Exceptional Item

Company's Fellow Subsidiary, Sarlaflex, Inc. has suspended its manufacturing operations since December 2017. Thus, management of the Subsidiary is presently monitoring the situation on a continuous basis and exploring all options including sale of the undertaking. Based on the impairment indicator, Company has tested its investments in Sarlaflex, Inc. for whether any impairment is required to be recognised in accordance with the requirements of Ind AS 36 – Impairment of Assets.

As at 31st March, 2025, Company has investments amounting to Rs. 80,99,80,539 by way of unsecured loans to Sarlaflex, Inc. Impairment assessment of these investments have been performed by comparing carrying value of investments to their recoverable amount. For the purpose of impairment testing, recoverable amount has been determined considering valuation report obtained from an external expert. Consequently, impairment provision amounting to Rs. 2,41,86,955 has been recognised in the Statement of Profit and Loss as an exceptional item.

29 Other Amendments with respect to Schedule III

- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The Company is not declared as wilful defaulter by any bank or financial Institution or other lender.
- There is no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.
- The Company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- The Company have not traded or invested in Crypto currency or Virtual Currency during the year.
- The Company does not have any transactions with Companies struck off.
- The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- The Company has complied with the requirement in respect of number of layers prescribed under Section 2(87) of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rule, 2017.

30 Events after the reporting period

No adjusting or significant non - adjusting events have occurred between the reporting date (31st March, 2025) and the report release date (24th April, 2025)

