



**EXPANDING
POSSIBILITIES**

expanding possibilities

Humanity is experiencing an extraordinary burst of evolutionary change, driven by good old-fashioned Darwinian natural selection. But it is selection among ideas, not among genes. The habitat in which these ideas reside consists of human brains.

For culture to turn cumulative, ideas needed to meet and mate. The 'cross-fertilisation of ideas' is a cliché, but one with unintentional fecundity. 'To create is to recombine' said the molecular biologist François Jacob.

There was a point in human prehistory when big-brained, cultural, learning people for the first time began to exchange things with each other, and that once they started doing so, culture suddenly became cumulative, and the great headlong experiment of human economic 'progress' began. Exchange is to cultural evolution as sex is to biological evolution.

Specialisation encouraged innovation, because it encouraged the investment of time in a tool-making tool. That saved time, and prosperity is simply time saved, which is proportional to the division of labour. The more human beings diversified as consumers and specialised as producers, and the more they then exchanged, the better off they have been, are and will be. And the good news is that there is no inevitable end to this process.

Rational optimism holds that the world will pull out of the current crisis because of the way that markets in goods, services and ideas allow human beings to exchange and specialise honestly for the betterment of all.

I am a rational optimist: rational, because I have arrived at optimism not through temperament or instinct, but by looking at the evidence.

- From 'The Rational Optimist - How Prosperity Evolves' By Matt Ridley



Export House: The Company is recognised as "TWO STAR EXPORT HOUSE" by Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India, in accordance with provisions of Foreign Trade Policy 2015-2020.



OEKO tex: The Yarn Made by the Company is as per quality norms established by OEKO-TEX Standard 100.



ISO : The Company have received certification under ISO 9001:2015 standards in July, 2017.



Global Recycle Standard Certificate (GRS)

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CORPORATE DETAILS

BOARD OF DIRECTORS

Madhusudan Jhunjunwala - Chairman & Whole-time Director

Krishnakumar M. Jhunjunwala - Managing Director

Parantap Dave - Independent Director

Neha Jhunjunwala - Non-Executive Non-Independent

Jigar A Shah - Independent Director (resigned w.e.f. 22nd March, 2019)

Shreya Desai - Independent Director

Paulo Manuel Ferreira Moura De Castro - Independent Director (w.e.f. 23rd May, 2019)

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mahendra Sheth

AUDITORS

C N K & Associates LLP, Chartered Accountants, Mumbai

BANKERS

Bank of Bahrain & Kuwait, B.S.C.

Citibank N.A.

DBS Bank India Ltd.

IndusInd Bank Ltd.

Standard Chartered Bank

Yes Bank Ltd.

P T Bank Maybank Indonesia

REGISTERED OFFICE

**Survey No. 59/1/4, Amlī Pipariā Industrial Estate,
Silvassa - 396 230, U.T. of Dadra & Nagar Haveli**



PLANTS

- 1) **Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvasa - 396 230.
U.T. of Dadra & Nagra Haveli**

- 2) **Survey No. 64/2/3/4, 61/2, 62/5, 63/5, 63/7, Amli Piparia Industrial Estate,
Silvasa - 396 230, U.T. of Dadra & Nagra Haveli.**

- 3) **Plot No 11 & 12, Survey No 213P, Near Dadra Check Post,
Dadra, U.T. of Dadra & Nagar Haveli, 396 195.**

- 4) **Shed No. A1/48, 100 Sheds Area, GIDC, Vapi - 396 195.**

CORPORATE OFFICE

304, Arcadia, Nariman Point, Mumbai - 400 021.

WEBSITE

www.sarlafibers.com

INVESTORS SERVICES E-MAIL ID:

investors@sarlafibers.com

REGISTRARS & TRANSFER AGENTS:

**M/s. Sharex Dynamic (India) Pvt. Ltd.,
C-101, 247 Park, L.B.S. Marg, Vikroli (West), Mumbai 400 083.**

Profit & Loss And Balance Sheet	2008 03	2009 03	2010 03	2011 03	2012 03	*2013 03	*2014 03	*2015 03
Equity Paid Up	6.95	6.95	6.95	6.95	6.95	6.95	6.95	8.35
Networth	63.84	74.47	89.17	108.24	124.41	142.46	169.15	229.71
							17%	18%
Capital Employed	106.37	113.44	126.10	155.84	189.52	256.72	402.41	488.45
Gross Block	69.91	76.85	90.83	113.11	125.07	153.23	258.07	266.64
Net Working Capital (Incl. Def. Tax)	51.89	60.13	62.82	77.54	97.99	113.86	114.58	202.16
Net Sales	122.33	135.59	155.33	193.02	222.65	258.69	261.82	312.05
10 year sales CAGR					22%	18%	14%	14%
PBIDT	24.57	24.89	29.57	35.95	34.52	47.61	55.61	61.31
10 year EBIDTA CAGR					25%	20%	13%	13%
PAT	15.22	12.72	16.91	22.53	18.92	27.98	27.75	27.93
10 year net profit CAGR					33%	21%	11%	9%
Book Value (Unit Curr)	91.85	107.15	128.30	155.73	179.00	204.97	243.37	275.09
10 year book value CAGR					23%	21%	21%	19%
Market Capitalisation	94.52	23.87	61.92	78.54	69.29	100.78	117.63	309.13
10 year MCAP CAGR					30%	32%	26%	22%
EPS (annualised) (Unit Curr)	21.89	18.30	24.34	32.42	27.22	40.25	39.93	37.58
Dividend (annualised%)	35.00	35.00	35.00	45.00	50.00	60.00	75.00	80.00
Payout (Rsm)	24.33	24.33	24.33	31.28	34.75	41.70	52.13	66.80
Payout (%)	15.98	19.12	14.38	13.88	18.37	14.90	18.79	23.92

Key Ratios	2008 03	2009 03	2010 03	2011 03	2012 03	*2013 03	*2014 03	*2015 03
Debt-Equity Ratio	0.67	0.52	0.42	0.44	0.52	0.80	1.38	1.13
Long Term Debt-Equity Ratio	0.01	0.02	0.05	0.11	0.08	0.31	0.94	0.60
Current Ratio	1.22	1.42	1.55	1.73	1.56	1.53	1.50	1.49
Turnover Ratios								
Fixed Assets Ratio	2.07	1.85	1.85	1.89	1.87	1.86	1.27	1.19
Inventory Ratio	5.09	4.64	5.22	4.41	4.31	4.47	3.37	4.18
Debtors Ratio	3.43	4.92	3.59	3.79	3.70	4.43	3.91	4.16
Interest Cover Ratio	10.36	6.52	10.07	15.43	7.90	8.06	6.50	7.35
PBIDTM (%)	17.68	15.47	16.01	16.09	14.77	18.40	20.54	18.94
PBITM (%)	14.03	11.60	12.43	12.66	11.33	15.22	16.48	14.46
PBDTM (%)	16.10	13.25	14.47	15.10	13.50	16.72	18.01	16.95
ROCE (%)	22.18	18.41	20.47	21.21	15.72	17.47	13.53	10.51
RONW (%)	26.43	18.39	20.67	22.83	16.25	20.96	17.81	14.00
Debtors Velocity (Days)	105	100	98	92	99	80	93	88
Creditors Velocity (Days)	49	44	49	52	78	40	67	73

DELIVERING VALUE OVER A DECADE



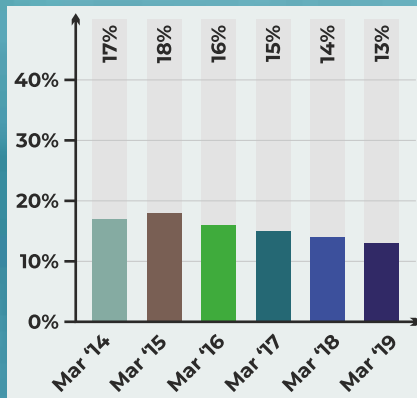
(Rs. in Crores)

*2016 03	*2017 03	*2018 03	*2019 03
8.35	8.35	8.35	8.35
225.19	258.08	273.88	291.61
16%	15%	14%	13%
494.35	511.74	479.05	533.30
207.39	263.01	244.50	294.42
89.25	59.54	56.45	41.45
297.65	307.26	302.52	324.3
12%	10%	8%	8%
72.73	80.59	72.80	68.59
14%	13%	11%	9%
45.04	34.30	24.08	25.53
15%	8%	7%	4%
269.68	309.07	327.99	349.22
16%	15%	14%	13%
527.32	492.67	433.38	211.68
19%	20%	16%	24%
5.39	4.11	2.88	3.06
1.05	1.10	1.10	1.10
87.68	91.85	41.74	41.74
19.47	26.78	17.33	16.35

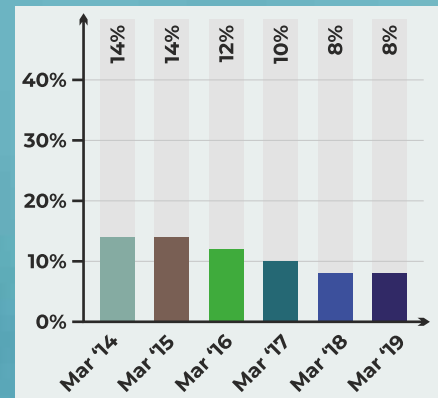
*2016 03	*2017 03	*2018 03	*2019 03
1.02	0.98	0.75	0.83
0.73	0.62	0.47	0.54
1.69	1.53	1.67	1.59
1.26	1.31	1.19	1.16
3.21	3.92	3.84	5.49
3.82	3.19	3.72	4.03
8.85	7.47	6.08	4.77
24.43	25.08	23.77	20.06
19.24	18.95	17.19	14.35
22.26	22.84	21.34	18.66
10.11	11.90	6.53	6.30
18.33	13.29	8.79	9.03
114	93	95	91
85	87	71	34

*Consolidated

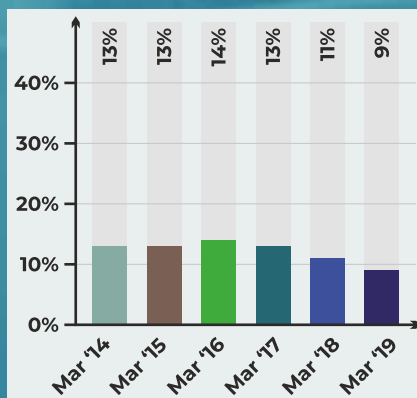
Net Worth



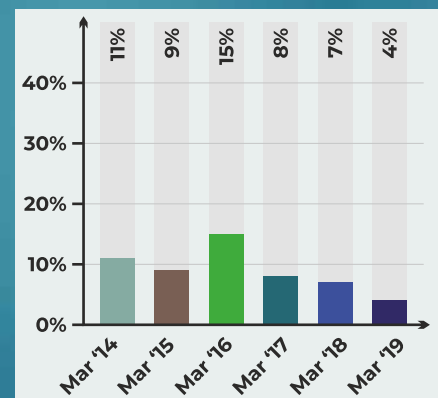
10 year sales CAGR



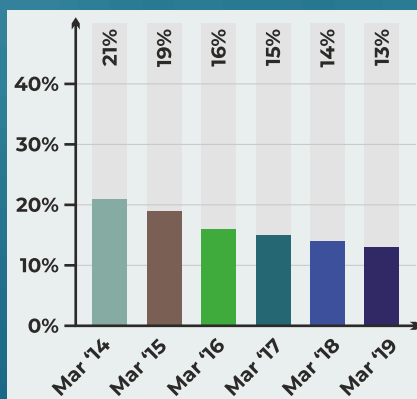
10 year EBIDTA CAGR



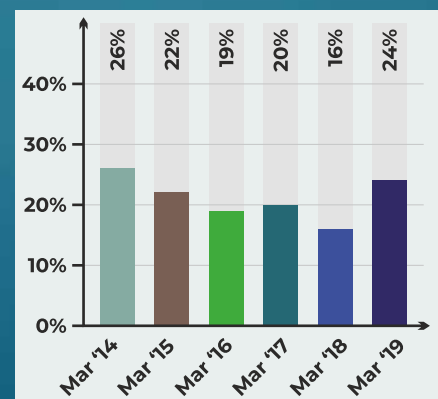
10 year net profit CAGR



10 year book value CAGR



10 year MCAP CAGR

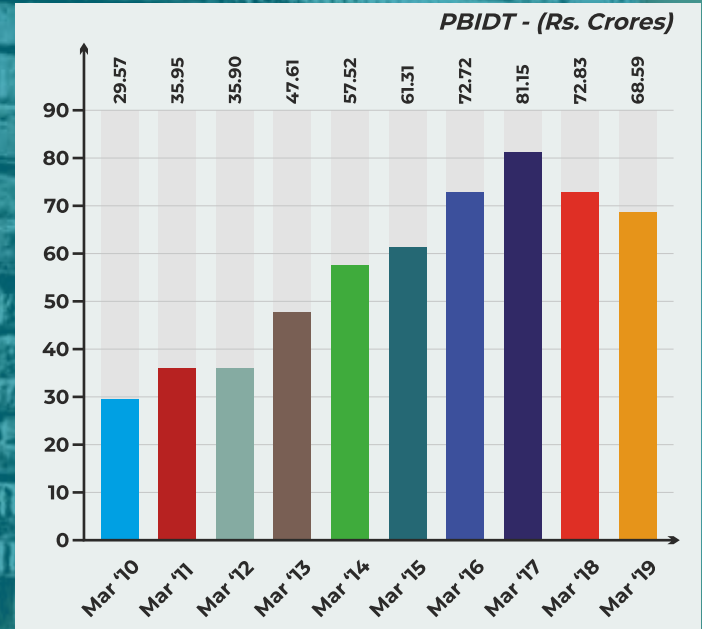
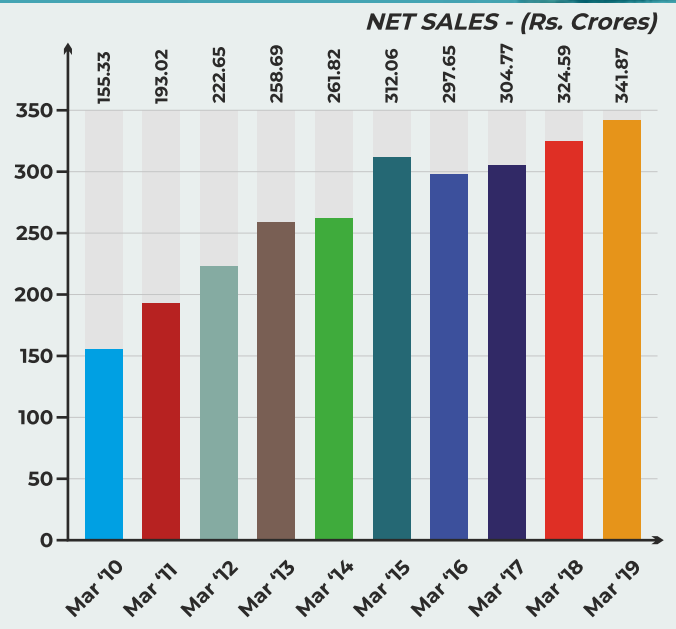


PERFORMANCE



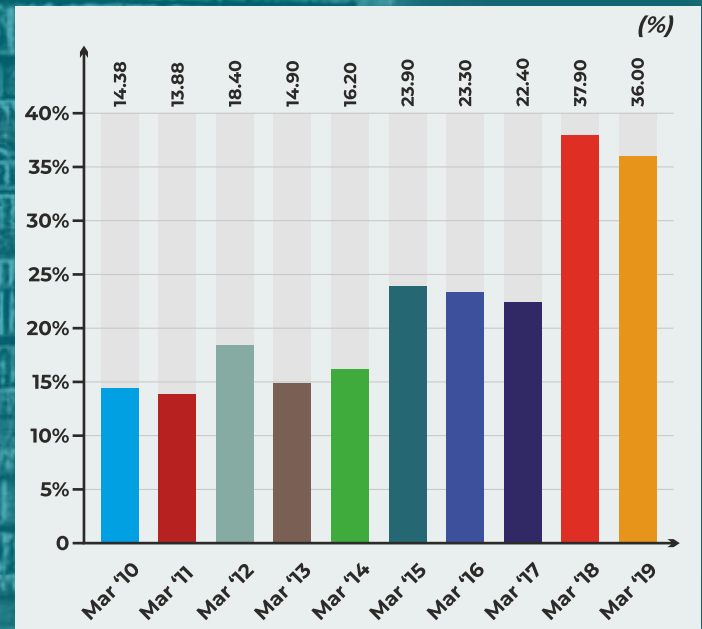
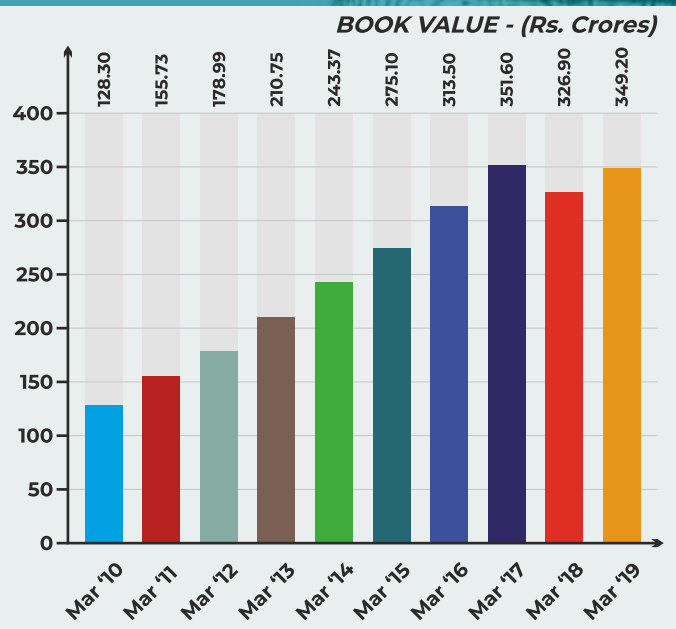
SALES

EBIDTA



BOOK VALUE

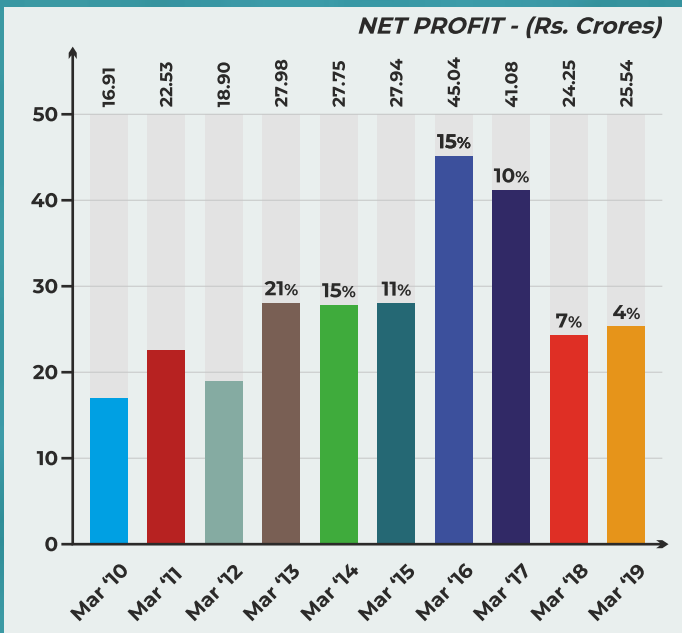
DIVIDEND PAYOUT



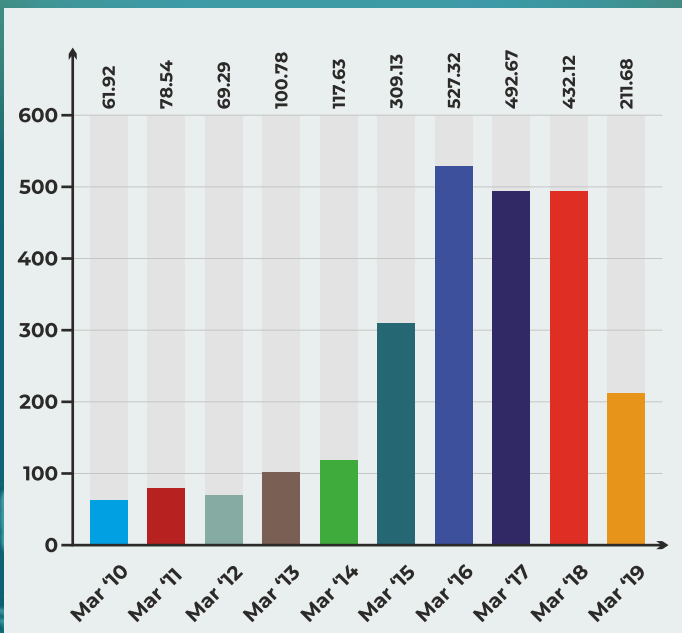
*Reduction in Book Value due to sub-division of shares w.e.f. 29th Oct, 2015. Book Value for March 2016, March 2017, March 2018 & March 2019 for graphical comparison are adjusted accordingly.



NET PROFIT



MARKET CAP



GLOBAL PRESENCE

▶  Infrastructure  Clients



▶ *turnover break up (geographical)*





Australia
 Bangladesh
 Belgium
 Brazil
 Canada
 Chile
 China
 Dominican Republic
 Egypt
 El Salvador
 Ethiopia
 France
 Guatemala
 Hong Kong
 Hungary
 Indonesia
 Ireland
 Italy
 Jordan
 Kenya
 Madagascar
 Malaysia
 Mauritius
 Mexico
 Nicaragua
 Poland
 Portugal
 Romania
 Serbia
 South Africa
 South Korea
 Spain
 Sri Lanka
 Sweden
 Tunisie
 Turkey
 USA
 UK
 Vietnam
 Thailand



RENFRO
INDIA

anvil



KOB

Pioneer in medical textiles

LEFERON

JOCKEY

GILDAN

HANES Brands Inc



DELTA
GALIL INDUSTRIES LTD.



FROM THE DESK OF MANAGING DIRECTOR





Dear Shareholders

“When the going gets tough, the tough get going.”

It gives me immense pleasure to share with you another year of growth and positive developments at Sarla Performance Fibers amid the signs of global and India economic slowdown. During the year gone by, our revenue increased at single digit growth rate and our profitability was 19% lower as against FY19 mainly due to some of the non-productive expenses incurred at our US facility (shut down and expenses minimized in the past one year).

During FY19, we commissioned the Nylon POY project at Silvassa with a capacity of 20 tons per day. This is an import substitute project and ensures consistent supply of POY for further process. This would help us continue with our forward integration to supply value added yarns to garment/niche end user applications in India and Overseas customers. The total cost incurred on the Nylon POY project is INR 14.16 cr and we have also spent more than INR 10 cr on upgradation of plant and machinery. We made these investments from our own cash generation and would continue to enhance capability going forward. We expect to incur INR 20 cr of capex this year towards Purchase and Upgradation of Plant and Machinery for Expansion of our Existing Facility.

Due to effective finance management we were able to keep the finance cost in check despite funding the new capex project and increase in revenue. Our cash and bank balance increased to INR 74.82 cr as at end of FY19 vs INR 62.78 cr as at end FY18. Our debt to equity ratio at 0.44x is healthy and the long term debt to equity ratio is 0.18x consisting of mainly working capital loans. The recent INR depreciation vs the USD and other currencies will be positive for us if it sustains because almost 2/3rd of our revenue is in foreign currency.

Our aim is to remain positive and expand possibilities for the company within India and Overseas markets through expanded product offerings for niche end user applications. This has been our forte and the key reason behind our success for the past twenty five years. We believe that the worst for us is behind in terms of the investments in US facility which have not yielded positive results since we made investments in FY14 onwards. Our efforts are on to revive it through a suitable partnership or other strategic efforts.

Regards and Best Wishes

Krishnakumar Jhunjunwala
MD & CEO

ACHIEVEMENTS



2007

Created Sarla Overseas Holdings Limited (SOHL), a wholly owned subsidiary as a separate investment arm for the company.

The company's shares were listed on the National Stock Exchange of India Limited (NSE).

2010

Installed first windmill in Gujarat for 1.25 MW.

2012

2 more windmills of 2 MW in September 2012 in Maharashtra.

2014

Started commercial production of POY from a green field plant at South Carolina, USA in January 2014.

2016

2 more windmills of 1.5 MW each in Madhya Pradesh started operations in March 2016. Total Wind Power Generation Capacity Increased to 10.25 MW.

2018

Certificate of Excellence from Export Promotion Council for EOUs & SEZs (Ministry of Commerce & Industry, Govt. of India). Under SEEPZ-Special Economic Zone has been awarded for best EOU (other than MSME). in the product group category: Textile & Textile Product for their outstanding Export for the year 2015-16.

2009

Established a joint venture in Portugal, Sarla Europe LDA.

2011

Installed windmills in Satara, Maharashtra for 2 MW.

2013

Directly entered American POY Market through setting up wholly owned subsidiary Sarla Flex Inc., at South Carolina.

2015

Raised Rs. 46.69 Crores by placing Equity Shares at premium to Qualified Institutional Buyers (QIBs).

2017

3 more windmills of 1.5 MW each in Gujarat started operations in January and March 2017, total wind power generation capacity increased to 14.75 MW. Also installed Rooftop Solar at Vapi for 150 KW.

2019

Commissioned Nylon 6 PoY plant with an installed of 20 tons per day at Silvassa.

Dear Members,

The Board of Directors takes immense pleasure in presenting the **Twenty Sixth** Annual Report on the Audited Financial Statements of Sarla Performance Fibers Limited for the financial year ended 31st March, 2019.

FINANCIAL SUMMARY HIGHLIGHTS

The Company's financial performance for the year ended 31st March, 2019 is summarised below:

(Rs. in Lacs)

Particulars	STANDALONE		CONSOLIDATED	
	2018-19	2017-18	2018-19	2017-18
Sales & Operations	31,632	27,647	32,430	30,413
Add: Other Income	1,809	2,585	1,757	2,046
Total Income	33,441	30,232	34,187	32,459
Profit Before Interest, Depreciation & Tax	6,408	7,868	6,859	7,288
Less: Finance Cost	727	618	807	734
Less: Depreciation & Amortization	1,448	1,317	2,205	2,015
Profit Before Tax	4,233	5,933	3,847	4,538
Less: Provision for Taxation				
- Current	961	1,505	971	1,511
- Deferred	321	363	323	566
- Earlier Years	(0.15)	182	(0.15)	182
- MAT credit Entitlement	-	(145)	-	(145)
Net Profit After Tax	2,951	4,028	2,553	2,425
Net Comprehensive Income for the Year	2,942	4,017	2,355	2,425
Balance bought forward	15,851	12,753	13,428	11,941
Profit for the Year	2,951	4,028	2,536	2,417
Re measurement of Net defined benefit plans (net of tax)	(9)	(11)	(9)	(11)
Dividend for the year	420	919	412	919

BUSINESS PERFORMANCE:

Operations: During the financial year under review the sales of the Company on standalone basis were Rs. 31,632 Lakhs as against Rs. 27,647 Lakhs in financial year 2017-18 witnessing a increase of 14.41% The FOB value of exports stood at Rs. 18,385 Lakhs compared to Rs. 14,689 Lakhs in 2017-18.

Profitability: The profit before Depreciation, Interest & Tax was Rs. 6407 Lakhs as compared to Rs. 7,868 Lakhs in the previous year, after providing for depreciation of Rs. 1,448 Lakhs (Previous Year Rs.1,317 Lakhs) & provision for taxation of Rs. 961 Lakhs (Previous Year Rs. 1505 Lakhs), there was a net profit of Rs. 2,951 Lakhs as compared to Rs. 4,028 Lakhs in the Previous Year.

A. Business & Economic Overview:

Global and India Economy: In 2018, the global economy began its journey on a firm footing with estimated global economic growth of 3.6% (Source: World Economic Outlook by International Monetary Fund (IMF)). During the second half of 2018, this rate of

CORPORATE OVERVIEW

Sarla Performance Fibers Limited (“Your Company / the Company”) is engaged in the business of Specialty Yarn for the past 25 years and has 2 Manufacturing Plants at Silvassa, UT of Dadra & Nagar Haveli and a Dyeing Plant at Vapi, Gujarat. It also has Wholly Owned Subsidiaries (WOS) at British Virgin Islands (BVI) and United States of America (USA) and the Group's Corporate Office is situated at Mumbai.

development gradually declined, owing to impending US-China trade dispute and some slowdown across developed markets. Emerging and developing markets of Asia maintained their steady progress at 6.4% during 2018. However, it's important to note that India's economy expanded at 7.1% in 2018 vis-a-vis 6.7% in 2017, whereas China's growth deteriorated from 6.9% in 2017 to 6.6% in 2018 (Source: IMF). Sub-Saharan Africa's economy also sustained a steady rise of 3% during the year

India continues to be one of the fastest growing major economies in the world and is expected to be among the world's top three economic powers in the next 10-15 years. The Indian economy is expected to improve and close the year 2019 with a GDP growth of 7.3% (Source: IMF). Sustained real GDP growth of over 6% since FY91 has led to a fundamental transformation of India's economy. Today, India is the world's seventh largest economy in real terms, backed by strong demand, positive consumption pattern and rising disposable income. In PPP terms, the economy is expected to be among the top five global economies by 2020.

India Textile Industry: India's textiles industry is among the oldest industries in the country dating back several centuries.

Board's Report

It is one of the largest contributors to the economy accounting for ~4% of the GDP. It is the second largest contributor towards employment generation, after agriculture, employs more than 45 million people, owing to its labor-intensive nature. The industry is characterised by its robust vertical integration in almost all the sub-sectors.

The textiles and apparel industry constitutes ~15% of the total exports of the country. India is the second largest producer and exporter of textiles after China and fourth largest producer and exporter of apparel after China, Bangladesh and Vietnam.

The mitigation of the repercussions of currency fluctuation remains a challenge for the industry. Exports have been a core feature of India's textile sector. Indian textiles and apparel exports were estimated at \$39 billion and is expected to grow at a CAGR of 7.5% over the next decade to reach \$76 billion by 2028. The fundamental strength of India's textile industry is its strong production base with a wide range of fibres and yarn that include natural fibres like cotton, jute, silk and wool; and synthetic and manmade fibres such as polyester, viscose, nylon and acrylic.

BUSINESS OVERVIEW:

Indian Operations

The Company exports to 40 countries and is a leading exporter of Regular as well as High Tenacity Polyester and Nylon Yarns. It started operations 25 years ago as a commodity manufacturer of Man-Made Fiber but has transformed itself into a high value-added yarn maker in the past decade. It has an installed capacity of 11,900 tons per annum for manufacturing yarns in Silvassa and 3200 tons per annum for a Dyeing unit at Vapi.

Turnover Break Up (Customer Segment-wise)

Segments	FY 2018-19 (% of Total Sales)	FY 2017-18 (% of Total Sales)
Innerwear, Narrow Fabrics, Hosiery and Sportswear	40.30	38.30
Threads	31.50	32.50
Industrial Yarns	15.35	13.10
Regular Yarns	12.85	15.90
	100.00	100.00

Turnover Break Up (Geographical)

Regions	FY 2018-19 (% of Export Sales)	FY 2017-18 (% of Export Sales)
South, North & Central America	22.45	24.84
Middle East & Europe	39.71	37.40
Africa	2.67	2.30
Asia Pacific	35.17	35.46
	100.00	100.00

In all, we export to over 40 countries and to 95 customers. Our customer concentration is well distributed and no single customer exceeds more than 10% of our revenue.

The Company During this Financial Year, has commissioned the Nylon POY Project at Silvassa Plant with a capacity of 20 Tons per day. This product will be used as Import Substitute and will ensure continuous supply of Partially Oriented Yarn (POY) for further process. The Company's emphasis this year will be to focus on niche end user applications in India, higher value-added yarns to leading global apparel brands and companies.

SPFL also owns Wind Power Capacity of 14.75 MW in totality, located in different states i.e. 6 MW is in the state of Maharashtra, 5.75 MW in the state of Gujarat and 3 MW in the state of Madhya Pradesh. Our plant load factor for the fiscal year 2019 was about 20-21%.

Overseas Operations

The Operations of the US Subsidiary was shut down in December 2017 due to Lower Capacity Utilisation and since then, the Management has undertaken an extensive exercise, even taking help from external consultant to find right Strategic/ Financial Partner. We are optimistic to find solution in coming months. The Company has started exploring various options for its US Plant to make it profitable which includes entering into partnership/strategic alliance.

CUSTOMER SEGMENTS AND GROWTH:

The Company's customer segments can be divided into four parts:

- 1) Innerwear, Narrow Fabrics, Hosiery and Sportswear.
- 2) Threads.
- 3) Industrial Yarns.
- 4) Regular Yarns.

B. Opportunities and Threats:

The Indian textiles industry is among the oldest in the country. It is projected to reach USD 230 billion by 2020 from around USD 120 billion. Currently, the domestic textiles industry contributes 10% to the manufacturing output of the country, generates about 4% to its GDP and employs more than 45 million people. Importantly, the sector contributes 15% to the export earnings of India

Exports have been a core feature of India's textile sector. The Indian textiles export market, estimated at \$18 billion, is expected to grow at a CAGR of 4% compared to the global CAGR of 3% over 2016-26.

One of the positive factors in recent time is the increasing gap between cotton and polyester prices. Though, there was a glut in cotton and prices had fallen due to oversupply and less offtake from China, the synthetic fiber prices also fell following the slump in crude

oil and its derivatives. We believe, the demand for synthetic fiber will continue to outpace that of cotton due to the inherent price advantage and quality improvements.

One of our big market is the NAFTA and CAFTA market comprising of North American customers. Due to the growing preference for locally sourced products, the demand for synthetic yarn in this geography is increasing by 5-6% p.a. Upon restarting our operations in US, we will be the direct beneficiaries of this due to our presence in South Carolina, US. Moreover, there are substantial cost advantage of manufacturing in the US making us reasonably cost competitive vis a vis suppliers from China, ASEAN and India.

C. Outlook:

The prospects of polyester/nylon yarns remain healthy due to increase in demand.

D. Financial Performance:

(Rs. in Lacs)

Item	2018-19	2017-18	% increase
Raw Material Cost & Purchase of Stock in trade	17,346	13,751	26.14%
Employee Benefit and Other Expenditure	9,665	8,614	12.19%
EBIDTA	6,408	7,868	-18.54%
Finance Cost	727	618	17.58%
Fixed Assets (Gross Block)	22,400	19,183	16.76%
Net Current Assets	6,421	6,080	5.65%
Working Capital Finance	8,452	6,446	31.12%
Cash & Bank Balances	4,973	4,191	18.68%

(Note: standalone performance comparison, Rupees in lacs)

Raw Material Cost: The Raw Material prices increased in the year 2018-19 due to continuous increase in Partially Oriented Yarn (POY) and Chips. The Major reason for increase in prices of Raw Material is increase in price of Crude oil.

Expenditure: The increase in Expenditure is due to Increased Manpower for New Capacity of Nylon POY and High Tenacity Yarn at Dadra and also includes expenditure of Trial Runs.

Interest Cost: The interest cost increased mainly due to increase in USD LIBOR.

Fixed Assets: The increase in fixed assets of Rs. 3,217 Lakhs is due to Setup of Nylon POY Unit and Expansion and up gradation of existing Plant & Machinery.

Net Current Assets and Cash & Cash Equivalents: The Increase in Net Current assets is due to Increase in Debtors and incase in Fixed Deposits with banks.

E. Risk and Concerns:

Raw material sourcing: We source 51% of our RM requirements (nylon and polyester chips/fiber) from India and 49 % from imports. For our RM sources we have multiple suppliers.

In 2018-19, the price of our major RM POY ranged between Rs 76 to 140 per kg and that of Nylon yarn ranged between Rs 180 to 400 per kg.

Interest Rates: The Company's average gross interest cost in the 2018-19 increased by 17.60%. The Company's present Debt Equity Ratio is 0.44. The long-term Debt equity Ratio is 0.18. Interest costs are 2.04% of total revenue.

Exchange Rate: 58% per cent of company revenue is in foreign currency (Dollar, Euro & GBP) and balance is in INR. Also, we import 27.98% per cent of turnover (84.36% of which consists of raw material purchases) creating a natural hedge to that extent. Apart from this, from time to time forward cover is taken to hedge exposure in foreign currency. For FY19, our average forward cover was for 3 months of our revenue.

Inflation: As we cater to Major Manufacturers of Sewing Threads, Hosiery, Knitwear's etc the inflationary pressures is passed over a period of time.

F. Internal Control System and Their Adequacy:

The Company has in place reasonable internal control system both from the business process and regulatory compliance point of view.

Board's Report

The system is reviewed and updated on regular basis. The company is continuously upgrading its internal control systems by measures such as strengthening of Information Technology infrastructure and use of external management consultant services.

G. Human Resources / Industrial Relations:

The Company has always valued and nurtured its human resources, nonetheless, globalization, high growth of the Indian economy in recent times and its ambitious growth targets have made talent attraction and retention amongst the biggest challenges the Company faces today.

I. Value Added Statement

(Rs. in Lacs)

Particulars	2018-19	2017-18	2016-17	2015-16	2014-15
Income from Production / Operations	31,632	27,647	25,954.04	24,871.70	27,229.95
Add : Other Income	1,809	2,585	2,026.98	2,181.88	1,146.98
CORPORATE OUTPUT	33,441	30,232	27,981.02	27,053.58	28,376.94
Less : Cost of Raw Materials Consumed	17,346	13,751	10,852.68	11,095.02	12,023.68
Less : Cost of Traded Goods	-	-	57.07	1,159.90	2,962.63
Less : Other Manufacturing Expenses	6,119	5,435	5,964.82	4,847.21	4,792.65
Less : Administrative & Other Expenses	2,395	2,171	2,022.55	1,922.64	2,173.37
EQUALS GROSS VALUE ADDED	7,557	8,875	9,083.90	8,028.81	6,424.61
Less : Depreciation & Amortization	1,448	1,317	1,243.55	1,014.40	913.55
Less : Extra Ordinary / Prior Period Items	-	-	-	-	-
EQUALS NET VALUE ADDED	6,109	7,558	7,840.35	7,014.41	5,511.06
ALLOCATION OF NET VALUE ADDED					
To Personnel	1,150	1,008	921.73	831.09	778.28
To Taxes (including tax on proposed div.)	1,281	1,905	1,666.99	1,587.87	1,383.90
To Creditors (via interest)	727	618	579.11	508.07	514.48
To Investors (via dividend)	420	919	918.53	876.78	668.02
To The Company (via retained earnings)	2,531	3,108	3,753.99	3,210.60	2,166.38
	6,109	7,558	7,840.35	7,014.41	5,511.06

Dividend:

Keeping in view the continued good performance, future fund requirements of the Company and for rewarding shareholders, your directors are pleased to recommend a dividend @ 110 % i.e. Rs. 1.1 per fully paid-up equity share of face value of Re. 1 each [Excluding the Share upon which the Promoter / Member have waived / forgone / his / her / their right to receive the Dividend by him / her / them for the financial year ended 31st March, 2019. The dividend shall be paid to members, whose names appear in the Register of Members as on 20th September, 2019.

Amount, if any, proposed to transfer to reserves

The Company has made no transfer to reserves during FY 2018-19

Share Capital:

The paid-up Equity Share Capital as on 31st March, 2019 is Rs. 8,35,03,000/-. During the year under review, the Company has not issued shares on rights basis, Equity Shares with differential voting

The Company has in place a good appraisal system to motivate all the employees. The Company believes in continuous development for all its employees and for that the Company is planning to frame a program wherein all the employees will be provided training into related areas of skill development.

H. Capital Expansion and Investment:

In 2018-19, we incurred a CAPEX of Rs. 3,217 lakhs towards New Nylon Poy Plant and Expansion and upgradation of Plant & Machinery. For F.Y. 2019-20 we envisage amount of CAPEX to the tune of about 2,000.00 Lakhs

rights nor granted stock options nor sweat equity or bonus shares.

As on 31st March, 2019 none of the Directors of the Company held shares of the Company except:

Mr. Madhusudan Jhunjunwala - Chairman
Mr. Krishnakumar Jhunjunwala - Managing Director
Ms. Neha Jhunjunwala - Director

Deposits:

The Company has not accepted any Deposit covered under Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details relating to deposits covered under Chapter V of the Act or the details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

Credit Rating:

Acuite Ratings and Research Ltd (Formerly Known as SMERA

Ratings Limited) have reaffirmed the Company's long-term borrowings rating to 'SMERA A' and reaffirmed the short-term borrowing rating as 'SMERAA1'.

These ratings are considered to have high degree of safety regarding timely servicing of financial obligations and carry very low credit risk.

Management Discussion & Analysis:

Management's Discussion and Analysis Report for the year under review, as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), is presented in a separate section, forming part of the Annual Report.

Consolidated Financial Statement:

In accordance with the provisions of the Companies Act, 2013 ("the Act") and Ind AS 110 - Consolidated Financial Statement read with Ind AS - 28 Investments in Associates and Ind AS 31 - Interests in Joint Ventures, the audited consolidated financial statement is provided in the Annual Report.

Subsidiaries, Joint Ventures and Associate Companies:

The Company does not have any Indian Company as Subsidiary. There are two wholly owned overseas subsidiaries viz. Sarla Overseas Holdings Ltd (BVI) and Sarlaflex Inc. (USA) and one Step

down subsidiary viz. Sarla Europe (LDA) as on 31st March, 2019 which is a subsidiary of Sarla Overseas Holdings Ltd (BVI). There has been no material change in the nature of the business of the subsidiaries. The Policy for determining material subsidiaries as approved may be accessed on the Company's website at www.sarlafibers.com.

Pursuant to the provisions of Section 136 of the Companies Act, 2013 the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries, are available on the website of the Company at the link: www.sarlafibers.com.

The Company will make available, the Financial Statements of the Subsidiary Companies to any Member of the Company who may be interested in obtaining the same.

No Company has become or ceased to be a Subsidiary during the year under consideration.

The Company is not having any Holding Company or Joint Venture or any Associates Company.

A statement containing the salient features of the financial statement of subsidiary / associate / joint venture companies, as per Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, is provided herein below in prescribed Form AOC-1:

(Rs. in Lacs)

Name of the Subsidiary	Sarla Overseas Holdings Ltd (SOHL)	Sarlaflex Inc	Sarla Europe LDA (Subsidiary of SOHL)
Reporting period for the subsidiary	April to March	April to March	April to March
Reporting Currency	USD	USD	EURO
Conversion Rate	68.89	68.89	69.89
Number of Shares	4,35,000	9,89,000	3,000
Share Capital	196.99	596.50	3.17
Reserve and Surplus	5,385.36	(8,322.43)	19.08
Total Assets	8,330.23	15,236.65	332.53
Total Liabilities (including reserves)	8,133.24	14,640.15	329.63
Investments	-	6,311.02	-
Turnover	4,384.03	-	368.41
Profit before Taxation	689.30	(762.14)	0.66
Provision for Taxation	12.15	-	0.17
Profit after Taxation	677.75	(762.14)	0.44
Proposed Dividend	-	-	-
% of shareholding	100%	100%	60%
Country	British Virgin Island	United States of America	Portugal

Secretarial Standards:

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

Directors' Responsibility Statement:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)© read with Section 134(5) of the Companies Act, 2013:

Board's Report

- a. that in the preparation of annual accounts for the year ended 31st March, 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures for the same;
- b. that they had selected such accounting policies and them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the profit and loss of the Company for that year;
- c. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the Directors had prepared the annual accounts on a 'going concern' basis
- e. that the Directors had laid down internal financial controls and such internal financial controls are adequate and operating effectively.
- f. that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Corporate Governance:

In compliance with the provisions of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Report on the Corporate Governance is annexed and forms an integral part of this Report. The requisite certificate from the Statutory Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to the report of Corporate Governance.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2018-19:

- | | |
|----------------------------------|-----|
| - No of complaints received: | Nil |
| - No of complaints disposed off: | Nil |

Internal Control Systems and Their Adequacy:

The Company has an Internal Control System, commensurate with the size of its operations. The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report, significant audit observations and corrective actions thereon are regularly presented to the Audit Committee of the Board.

The Company's Internal Audit Department also monitors and evaluates the internal control system and submits Quarterly Reports which are placed before the Audit Committee of the Board.

Risk Management:

The Risk Management Policy of the Company is available on the Company Website at: www.sarlafibers.com.

Directors:

In terms of provisions of the Section 152(6) of the Companies Act, 2013, Mr. Madhusudan Jhunjhunwala, Director retire by rotation at the ensuing Annual General Meeting, and being eligible offers himself/ herself for re-appointment. The profile of Director seeking reappointment pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is included in the Annual Report.

Mr. Jigar Shah, Independent Director (DIN: 00191165) has ceased to be an Independent Director of the Company with effect from 22nd March, 2019. The Board places on record its appreciation towards valuable contribution made by Mr. Jigar Shah during his tenure as Director of the Company.

No Director was appointed during the year under consideration.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Board Meetings:

During the financial year 2018-19, 4 (Four) Board Meetings were held and the gap between two Board Meetings did not exceed 120 days. The details of the attendance of Directors at the Board Meetings are mentioned in the report on Corporate Governance annexed hereto..

Annual evaluation of Board, its Committees and individual Directors:

Pursuant to the provisions of the Companies Act, 2013 and

Regulation 17 and 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit Committee, CSR Committee, Nomination & Remuneration Committee, Risk Management Committee and Stakeholder Relationship Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

Particulars of contracts or arrangements with Related Party Transactions:

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed at the meetings of Audit Committee and also at the Board meeting for approval. The particulars of contracts or arrangements with related parties referred to in sub-section 1 of Section 188 of the Companies Act, 2013 are furnished in Form AOC-2 in 'Annexure A' to this report.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link: www.sarlafibers.com.

Members may refer to Note No. 45 to the Standalone Financial Statement which sets out related party disclosures pursuant to Ind AS.

Significant and Material Orders passed by the Regulators or Courts

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

Material changes and commitments, if any, affecting financial position have occurred between the end of the financial year of the Company and date of this report.

No material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

Corporate Social Responsibility:

In accordance with the provisions of Section 135 of the Act and Rules framed there under, the Company has a Corporate Social Responsibility ("CSR") Committee of Directors comprising of

Mr. Madhusudan Jhunjhunwala, Chairman; Mr. Parantap Dave, Member and Ms. Shreya Desai, Member.

The CSR Committee had met on 14th August, 2018 as required under Section 135 of the Companies Act, 2013, during the year, the Company undertook CSR initiatives which is mainly focused on promoting education, health and public hygiene. In this connection, the Company during the year under consideration spent an amount of Rs. 37.99 Lakhs as against an amount of Rs. 110.10 Lakhs required to be spent. A detailed list of the CSR expenditure made is annexed herewith as 'Annexure B'. The shortfall is mainly due to the fact that some of the projects sanctioned are taking time for completion and hence entire amount on those Projects has not been spent.

The CSR Policy is available on the Company Website at www.sarlafibers.com.

Auditors and Auditors' Report

Statutory Auditors:

CNK & Associates LLP, Chartered Accountants, Mumbai (ICAI Firm Registration No. 101961W) were appointed as the Statutory Auditors of the Company for a term of five consecutive years, at the Twenty Fourth AGM of the Company held on 29th September, 2017. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

In terms of the Companies (Amendment) Act, 2017 and vide notification no S.O.1833(E) dt. 7.5.2018, the Ministry of Corporate affairs have done away with the requirement of ratification of the appointment of auditors, at each subsequent annual general meeting, by deleting the 1st Proviso to the sub-section (1) of Section 139 of the Companies act, 2013. Accordingly, the same is now required to be put up to the members for ratification.

CNK & Associates LLP, Chartered Accountants, have confirmed that they continue to be eligible under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for continuing as Auditors of the Company.

The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report contain modified opinion the details of which are given as under:

- 1) As on 31st March, 2019, the company has an exposure to its Wholly owned Subsidiary 'Sarlaflex, Inc. of Rs. 596 lakhs towards investment in equity and towards unsecured loan of Rs. 7,860 lakhs. The Company also has indirect exposure in Sarlaflex, Inc. by way of unsecured loans amounting to Rs. 5,903 lakhs through its wholly owned subsidiary, Sarla Overseas Holdings Limited.

Sarlaflex, Inc has suspended manufacturing operations

Board's Report

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 a going concern.

In the absence of any impairment testing by management during the year, we are unable to comment on the impact, if any, on standalone annual financial results.

Board's Reply to Statutory Auditors' Modified Opinion:

- 1) The Auditors in their report on financial statements have modified their opinion in respect of not testing for impairment of investment / assets of the company's wholly owned subsidiary Sarlaflex. Inc. Regarding the exposure to the Wholly Owned Subsidiary Sarlaflex inc, the management is confident that with the recent trade sanctions being imposed in the US, the operations of the Subsidiary will be profitable. The Management is also monitoring the situation on the continuous basis and is confident that there would be no need for an impairment at this stage.

Details in respect of frauds reported by auditors pursuant to section 143(12) of the Companies Act, 2013:

There have been no instances of fraud reported by abovementioned Auditors under Section 143(12) of the Act and Rules framed thereunder either to the Company or to the Central Government during FY 2018-19.

Cost Auditor:

Pursuant to the provisions of Section 148 of the Companies Act, 2013, read with Rule 4 of the Companies (Cost Records and Audit) Rules, 2014 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and pursuant to the recommendations by the Audit Committee in that behalf, M/s. B.F. Modi & Associates, Cost Accountants, (Membership Number: 6955), Vapi, was appointed as Cost Auditors of the Company for carrying out the Audit of Cost Records of Company maintained for the financial year from 1st April, 2018 to 31st March, 2019. They would be required to submit the reports by 29th September, 2019.

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to M/s. B.F. Modi & Associates, Cost Auditors for FY 2019-2020 is included at Item No. 8 of the Notice convening the Annual General Meeting.

As per requirements of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, the Company is required to maintain cost records and accordingly, such accounts are made and records has been maintained in respect of

the applicable products for the year ended 31.03.2019.

Secretarial Auditor:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed CS Ajit Sathe- Proprietor of M/s A. Y. Sathe & Co. Company Secretaries in Practice (Registration No.: FCS 2899 / COP 738) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure C".

The Secretarial Auditor has made following qualifications / adverse remarks:

A) Under the Companies Act, 2013:

- 1) The Company has not appointed Internal Auditor for the financial year 2018-19 as required under Section 138 of the Companies Act, 2013.
- 2) The Company has continued to give Interest Free Loans to its wholly owned Subsidiaries during the financial year 2018-19.
- 3) The Company had transferred unpaid / unclaimed dividend for the financial year 2010-2011 along with the shares on which dividend was declared to IEPF on 25th January, 2019. However, the Company did not publish newspaper advertisement regarding transfer of shares to IEPF authority as required under Rule 6(3)(a) of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.
- 4) The Company has filed all forms and returns as required under Companies Act, 2013 with the Registrar of Companies within the prescribed time except for certain forms, which were filed beyond the prescribed time and the relevant additional filing fees were duly paid by the Company.

B) Under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- 1) The Company has delayed by two days in submitting Statement of Investors Complaints for the quarter ended 30th September, 2018 to National Stock Exchange of India Limited (NSE) as required under Regulation 13(3) of SEBI (LODR) Regulations, 2015.
- 2) As on 31st March, 2019, on account of resignation by One Independent Director with effect from 22nd March, 2019, the Company did not have requisite number of Independent Directors on its Board as required under Regulation 17(1)(b) of SEBI (LODR) Regulations, 2015.

Board's Reply to Secretarial Auditors' qualifications / adverse remarks:

A) Under the Companies Act, 2013:

- a) The Company have formed Internal Audit Department which is headed by a Chartered Accountant.
- b) As a part of project funding the Company had agreed to give interest free loan to its wholly owned subsidiary and the said commitment continuous to make the project financially viable. And Even provisions under FEMA Regulations permit giving of interest free loans to wholly owned subsidiary Company
- c) The Procedure for Transfer of Shares to IEPF was carried out by Our Share Transfer Agent and they have only sent Notices and other Reminders to shareholders before transfer of their shares to IEPF.
- d) Wherever required Late Fees are paid to MCA, however said forms are accepted by MCA and no other discrepancy have arose.

B) Under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- a) The Delay occurred on account of some technical issues and the same was submitted later and requisite fees are also paid.
- b) As per Companies Act, 2013 the Company is granted time for appointment of Additional Director upto 90 Days from the Date of Resignation or immediately succeeding Board Meeting, whichever is earlier. The Company have appointed New Independent Director Mr. Paulo Manuel Ferreira Moura De Castro (DIN: 08459844) was appointed on 23rd May, 2019 ie Succeeding Board Meeting.

In terms of Section 204 of the Companies Act, 2013, on the recommendation of the Audit Committee, the Board of Directors has appointed CS Ajit Sathe- Proprietor of M/s A. Y Sathe & Co. Company Secretaries in Practice (Registration No.: FCS 2899/COP 738) to undertake the Secretarial Audit of the Company for the financial year 2019-20.

Audit Committee:

The Audit Committee comprises two Independent Directors namely Mr. Parantap Dave (Chairman) and Ms. Shreya Desai and Mr. Madhusudan Jhunjunwala, Whole-time Director. During the year all the recommendations made by the Audit Committee were accepted by the Board.

Corporate Social Responsibility (CSR) Committee:

The CSR Committee comprises Mr. Madhusudan Jhunjunwala (Chairman), Mr. Parantap Dave and Ms. Shreya Desai.

Vigil Mechanism:

The Company has established Vigil Mechanism and a Whistle-blower policy in accordance with provisions of the Act and Listing Regulations. The Vigil Mechanism and whistle-blower policy is out on the Company's website and can be accessed at: www.sarlafibers.com

Particulars of Loans given, Investments made, Guarantees given and securities provided:

Particulars of Loans given, Investments made, Guarantees given and securities provided along with purpose for which the loan or guarantee or security is proposed to be utilised by the recipient are provided in Note No.47 of the Standalone financial statements.

Conservation of Energy, Technology Absorption and Foreign Exchange earnings & outgo:

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as 'Annexure D' to this Report.

Extract of the Annual Return:

The details forming part of the extract of the Annual Return in form MGT-9, as required under Section 92 of the Companies Act, 2013, is annexed as Annexure-E and forms an integral part of this Report.

Particulars of Employees and related Disclosures:

During the year under review, there was no employee drawing remuneration in excess of limits prescribed under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Information required pursuant to Section 197 (12) read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees:

1. The Ratio of the remuneration paid to each director to the median remuneration of the employees of the Company for the financial year 2018-19:

Board's Report

Name of Director	Remuneration Paid	Median Remuneration	Ratio
Mr. Madhusudan S. Jhunjhunwala (Chairman, Wholetime Director)	1,38,00,000	1,78,800	77.18x
Mr. Krishnakumar M. Jhunjhunwala (Managing Director)	1,38,00,000	1,78,800	77.18x

Independent directors are paid sitting fees for attending Board Meetings which are not considered.

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year 2018-19:

Name of Director	Remuneration paid	Percentage Increase in current financial year
Mr. Madhusudan S. Jhunjhunwala (Chairman, Whole-time Director)	1,38,00,000	NIL
Mr. Krishnakumar M. Jhunjhunwala (Managing Director)	1,38,00,000	NIL
Mr. Mahendra Sheth (Chief Financial Officer & Company Secretary)	51,63,192	12.16%

3. The percentage increase in the median remuneration of employees in the financial year:

07-10%

Place: Mumbai
Date: 13th August, 2019

4. The number of permanent employees on the rolls of company:

255

5. Average percentage increase in salaries of non-managerial employees was 7-10% as compared to average percentage increase in managerial remuneration which was 7 - 10%

6. The Board affirms that the remuneration paid is as per the Remuneration Policy of the Company.

Neither Managing Director nor Whole-time Director of the Company receives any remuneration or commission from any Subsidiary of the Company.

Acknowledgement:

Your Directors wish to place on record their appreciation of the dedicated efforts by employees at all levels. The Directors also wish to place on record their word of sincere appreciation to the bankers, the investors, the vendors, the customers, and all other business associates for their continued support.

Cautionary Statement:

Statements in this Report, particularly those which relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied in the statement depending on the circumstances.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MADHUSUDAN S. JHUNJHUNWALA
Chairman and Whole Time Director
DIN: 00097254

"Man often becomes what he believes himself to be. If I keep on saying to myself that I cannot do a certain thing, it is possible that I may end by really becoming incapable of doing it. On the contrary, if I have the belief that I can do it, I shall surely acquire the capacity to do it even if I may not have it at the beginning."

- Mahatma Gandhi

ANNEXURE A

Form No. AOC-2: (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis - **No Such transactions**

2. Details of material contracts or arrangement or transactions at arm's length basis:

Name of Related Party	Nature of Relationship	Nature of contracts / arrangements / transactions	Duration of contracts / arrangements / transactions	Salient terms of contracts / arrangements / transactions	Date of approval by the Board, if any:	Amount paid as advances, if any	Amount (Rs. in Lakhs)
Sarla Overseas Holdings Ltd, BVI	Wholly Owned Subsidiary	Sale of Goods	Ongoing	Arm's Length basis	29th May, 2018	NIL	3356.92
Sarlaflex Inc, USA	Wholly Owned Subsidiary	Sale of Goods	Ongoing	Arm's Length basis	29th May, 2018	NIL	NIL
Sarla Europe LDA, Portugal	Step Down Subsidiary	Payment of commission	Ongoing	Arms/ Length basis	29th May, 2018	NIL	Rs. 228.43 Lakhs

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Mumbai
Date: 13th August, 2019

MADHUSUDAN S. JHUNJHUNWALA
Chairman and Whole Time Director
DIN: 00097254

Board's Report

ANNEXURE B

Annual Report on Corporate Social Responsibility (CSR) Activities

A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

CSR Policy is stated herein below:

The detailed policy is available on the Company Website at: www.sarlafibers.com

Composition of the CSR Committee:

Mr. Madhusudan Jhunjhunwala (Chairman),
Mr. Parantap Dave and
Ms. Shreya Desai

Average net profit of the Company for last three financial years:
Rs. 4,357.50 Lakhs

Prescribed CSR Expenditure (two percent of the Average Net Profit as detailed above): Rs. 110.10 Lakhs

Details of CSR spend for the financial year:

A. Total amount spent for the financial year: Rs. 37.99 Lakhs

B. Amount unspent, if any: Rs. 72.11 Lakhs

Manner in which the amount spent during the financial year is detailed below:

(Rs. in Lakhs)

Sr. No.	CSR Project or Activity Identified	Sector in which the project is covered (Clause No. of Schedule VII of the Act as amended)	Project or Programme 1. Local Area or other 2. Specify the state and district where project or programme was undertaken	Amount Outlay (Budget) Project or programme wise	Amount Spent on Projects or programmes Subheads: 1. Direct Expenditure on Projects or Programme 2. Overheads	Cumulative Expenditure upto the reporting period	Amount Spent (Direct or through implementing Agency)
1	Donation to Various Trusts	Health	Maharashtra	Rs. 110.10 Lakhs	Rs 35.67 Lakhs	Rs 35.67 Lakhs	Directly
2	Healthcare to the local community including preventive Healthcare / nutrition / sanitation and improving the infrastructure	Health	Maharashtra		Rs. 2.32 Lakhs	Rs. 2.32 Lakhs	Directly
TOTAL					Rs. 37.99 Lakhs	Rs. 37.99 Lakhs	

The Company was required to contribute an amount of Rs. 81.75 Lakhs towards CSR during the financial year. However, the Company has made CSR contribution only for an amount of Rs. Rs. 37.99Lakhs and Rs. 43.76 Lakhs has not been spent in the financial year. The CSR Committee have identified the areas for CSR Contribution, as the Project is under process the amounts are disbursed as and when required.

Responsibility Statement:

A responsibility statement of CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR Objectives and Policy of the Company

The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MADHUSUDAN S. JHUNJHUNWALA
Chairman and Whole Time Director
(DIN: 00097254)

Place: Mumbai
Date: 13th August, 2019

ANNEXURE C

Form No. MR-3:

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

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

To,

The Members,

Sarla Performance Fibers Limited

(CIN: L31909DN1993PLC000056)

Survey No. 59/1/4, Amlipiparia Industrial Estate,
Silvassa – 396230 U.T. of Dadra & Nagar Haveli

I, Ajit Y. Sathe, Proprietor of A.Y. Sathe & Co., Practicing Company Secretaries, have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sarla Performance Fibers Limited (CIN: L31909DN1993PLC000056)** (hereinafter called “the Company”). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 (‘Audit Period’) complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner, and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and By-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) **The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,**

1992 (‘SEBI Act’): -

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not Applicable to the Company during the Audit Period**);
- d) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999) which is now The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 & The Securities and Exchange Board of India (Share Based Employee Benefits) (Amendment) Regulations, 2015 (**Not Applicable to the Company during the Audit Period**);
- f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (**Not Applicable to the Company during the Audit Period**);
- g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not Applicable to the Company during the Audit Period**); and
- i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not Applicable to the Company during the Audit Period**);
- (vi) In respect of other laws specifically applicable to the

Board's Report

Company, I am informed that there are no other specifically applicable laws to the Company.

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

Secretarial Standards issued by The Institute of Company Secretaries of India

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations / non-compliances:

A) Under Companies Act, 2013:

- 1) The Company has not appointed Internal Auditor for the financial year 2018-19 as required under Section 138 of the Companies Act, 2013.
- 2) The Company has continued to give Interest Free Loans to its wholly owned Subsidiaries during the financial year 2018-19.
- 3) The Company had transferred unpaid / unclaimed dividend for the financial year 2010-2011 along with the shares on which dividend was declared to IEPF on 25th January, 2019. However, the Company did not publish newspaper advertisement regarding transfer of shares to IEPF authority as required under Rule 6(3)(a) of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.
- 4) The Company has filed all forms and returns as required under Companies Act, 2013 with the Registrar of Companies within the prescribed time except for certain forms, which were filed beyond the prescribed time and the relevant additional filing fees were duly paid by the Company.

B) Under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

- 1) The Company has delayed by two days in submitting Statement of Investors Complaints for the quarter ended 30th September, 2018 to National Stock Exchange of India Limited (NSE) as required under Regulation 13(3) of SEBI (LODR) Regulations, 2015.

**For A. Y. Sathe & Co.
Company Secretaries**

**CS Ajit Sathe
(Proprietor)**

Place: Mumbai
Date: 13th August, 2019

- 2) As on 31st March, 2019, on account of resignation by One Independent Director with effect from 22nd March, 2019, the Company did not have requisite number of Independent Directors on its Board as required under Regulation 17(1)(b) of SEBI (LODR) Regulations, 2015.

I have relied on information / records produced by the Company during the course of my audit and the reporting is limited to that extent.

I further report that -

On account of resignation of one Independent Director with effect from 22nd March, 2019, the Board of Directors of the Company as on 31st March, 2019, is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions are taken on majority basis, while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has passed Special Resolutions at the Annual General Meeting of the Company held on 28th September, 2018, in pursuance to Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013 for increasing borrowing limits from 350 Crore to 375 Crore.

I further report that during the audit period there were no instances of:

- (i) Public / Right / Preferential issue of shares / debentures / sweat equity etc.
- (ii) Redemption / buy-back of securities
- (iii) Merger / amalgamation / reconstruction etc.
- (iv) Foreign technical collaborations.

This report is to be read with our letter of even date, which is annexed as Annexure I and forms an integral part of this report.

Annexure-I

**To,
The Members,
Sarla Performance Fibers Limited,
(CIN: L31909DN1993PLC000056)**

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

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For A. Y. Sathe & Co.
Company Secretaries**

**CS Ajit Sathe
(Proprietor)**

Place: Mumbai
Date: 13th August, 2019

“You and I are essentially infinite choice-makers. In every moment of our existence, we are in that field of all possibilities where we have access to an infinity of choices.”

- Deepak Chopra

Board's Report

ANNEXURE D

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

Particulars required under Section 134(3)(m) of the Companies Act, 2013 read with the Rules 8(3) of the Companies (Account) Rules, 2014.

- (a) Steps taken or impact of conservation of energy during 2018-19: In line with Companies Commitment towards conservation of energy, all units have made continuous efforts aimed at improving energy efficiency through improved operational and maintenance practices. The Company have taken following steps during the year under review:
- Replacement of inefficient motor with energy efficient motors
 - Overhauling of Machines for effective energy utilization
 - Replacement of HPMV lightings with LED lights
- (b) Steps taken by the Company for utilizing alternative sources of energy: The Company have wind turbine generators of 1.25 MW capacity installed at Baradiya, Gujarat, and The Company have also installed Rooftop Solar of 150 KW at Vapi, energy generated from the said turbine and Solar Plant is captively used at Dyeing Plant (Vapi) of the company.
- (c) The Capital investment on energy conservation equipment's during the year is about Rs. 1.00 Cr.

FORM 'B': Form for disclosure of particulars with respect to Technology Absorption, Research and Development (R&D)

1. Specific areas in which R & D is Carried out by the company	New Product Development, process Development and optimising process parameters.
2. Benefits derived as a result of the above	Introduction of several new types of Polyester and Nylon Yarns.
3. Future Plan of Action	To meet the increasing requirement of customers around the world and development of new products.
Expenditure on R & D.	All machineries are dedicated for operational as well as R & D activities hence no separate accounts are maintained and as such expenditure on R & D is not separately ascertainable.
a) Capital	
b) Recurring	
c) Total	
d) Total R & D expenditure as percentage of total Turnover.	N. A.
4. Technology absorption, adoption and innovation.	Continuous efforts towards improvement of process equipment and are made out to suit market requirements and to achieve optimum operational efficiency.
1. Efforts in brief, made towards Technology absorption, adoption and innovation products	
2. Benefit derived as a result of the above efforts e.g product improvement, cost reduction, development, import substitution etc.	Introduction of several new products
3. In case of Imported Technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.	Not applicable
a) Technology Imported	
b) Year of Import	
c) Has Technology been fully absorbed?	
d) If not fully absorbed areas where this has not taken place, reasons therefore and future plans of action.	Not applicable

FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Activities relating to exports:

The Company has now established a potential solid customer base in European countries especially Italy, Spain, Romania, Turkey, U.K, Portugal. etc., some countries in Central and North America and Asian Countries like China, Vietnam, Thailand, Hong Kong etc. Jordan, Canada & South America countries like Brazil are the thrust areas for the future and a good beginning has been made towards this.

Place: Mumbai
Date: 13th August, 2019

b) Total foreign exchange expended and earned:

Sr. No.	Particulars	Current Year (Rs Lacs)	Previous Year (Rs Lacs)
1.	Total foreign exchange earned (FOB)	18,385.93	14,689.04
2.	Total foreign exchange used	9,208.93	7,119.06

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MADHUSUDAN S. JHUNJHUNWALA
Chairman and Whole Time Director
DIN: 00097254

SARLA PERFORMANCE FIBERS LIMITED

ANNEXURE E

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

{Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014}
FORM MGT-9

I. REGISTRATION AND OTHER DETAILS :

i. CIN	L31909DN1993PLC000056
ii. Registration Date	23rd November, 1993
iii. Name of the Company	Sarla Performance Fibers Limited
iv. Category/sub Category of Company	Public Company Limited by Shares / Indian Non-government company
v. Address of the Registered Office and Contact Details	Survey No. 59/1/4, Amlti Piparia Indl Estate, Silvassa, UT of Dadra & Nagar Haveli Tel: (0260) 3290467, Fax: (0260) 2631356 info@sarlafibers.com & www.sarlafibers.com
vi. Whether Listed Company	Yes, BSE Ltd and National Stock Exchange of India Ltd.
vii. Name, Address and contact details of Registrar and Transfer Agent	Sharex Dynamic (India) Pvt Ltd Unit 1, Luthra Ind. Premises, Safed pool, Andheri Kurla Road, Andheri (E), Mumbai - 400 072 Tel: 022 2851 5606, Fax: 022 2851 2885. Email: sharexindia@vsnl.com, Website: www.sharexindia.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company are given below:

Sr. Name and Description of main No. products / services	NIC Code of (2008) the Product / service	%to total turnover of the company
1. Manufacturing of Yarn	20301-20304	97.98%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. Name and address of No. the Company	CIN/GLN	Holding/Subsidiary /Associate	% of shares held	Applicable Section
Foreign Subsidiaries				
1. Sarla Overseas Holding Ltd, British Virgin Islands	-	Subsidiary Company	100%	2(87)
2. Sarlaflex Inc, 1497, Industrial Road, Walterboro, SC 29488, USA	-	Subsidiary Company	100%	2(87)
3. Sarla Europe LDA, Portugal	-	Subsidiary Company	60%**	2(87)

**Sarla Europe LDA, Portugal is a step down subsidiary of the company. The 60% holding in Sarla Europe LDA is held by Sarla Overseas Holding Ltd (SOHL)

Board's Report

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. Of shares held at the beginning of the year (As on April 1, 2018)				No. Of shares held at the end of the year (As on March 31, 2019)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	2,19,86,358	0	2,19,86,358	26.33%	2,16,51,768	0	2,16,51,768	25.93%	-0.40%
b) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) State Govt (s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Bodies Corp	2,35,75,720	0	2,35,75,720	28.23%	2,37,03,905	0	2,37,03,905	28.39%	0.16%
e) Banks/FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Any Other (PAC)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-Total (A)(1)	4,55,62,078	0	4,55,62,078	54.56%	4,53,55,673	0	4,53,55,673	54.32%	0.24%
2) Foreign									
a) NRIs - Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Other - Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Bodies Corp	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Banks/FI	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Any Other	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-total	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-Total (A)(2)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	4,55,62,078	0	4,55,62,078	54.56%	4,53,55,673	0	4,53,55,673	54.32%	0.24%
Public Shareholding									
1) Institutions									
a) Mutual Funds	49,04,950	0	49,04,950	5.87%	48,07,006	0	48,07,006	5.76%	0.11%
b) Banks/FI	74,508	0	74,508	0.09%	4,900	0	4,900	0.01%	0.00%
c) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0
d) State Govt(s)	0	0	0	0.00%	0	0	0	0.00%	0
e) Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0
f) Insurance Co.	0	0	0	0.00%	0	0	0	0.00%	0
g) FIs	82,325	0	82,325	0.09%	20,000	0	20,000	0.02%	-0.07%
h) Foreign Venture Capital Fund	0	0	0	0.00%	0	0	0	0.00%	0.00%
i) Others (Specify)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub-Total (B)(1)	50,61,783	0	50,61,783	5.97%	48,31,906	0	48,31,906	5.78%	-0.19%

Category of Shareholders	No. Of shares held at the beginning of the year (As on April 1, 2018)				No. Of shares held at the end of the year (As on March 31, 2019)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non Institutional									
a) Bodies Corp.									
i) Indian	44,25,398	80,000	45,05,398	5.39%	29,71,492	29,000	30,00,492	3.59%	1.80%
ii) Overseas	0	0	0	0.00%	0	0	0	0.00%	
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1L	1,52,87,789	15,76,860	1,68,64,649	20.20%	1,57,03,216	10,49,660	1,67,52,876	20.06%	-0.14%
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1L	94,88,684	0	94,88,684	11.36%	93,06,305	0	93,06,305	11.14%	-0.22%
c) Others									
NBFC	0	0	0	0	14,85,188	0	14,85,188	1.77%	1.77%
IEPF	0	0	0	0	3,000	0	3,000	0.00%	0.00%
Clearing Member	1,81,671	0	1,81,671	0.22%	6,35,730	0	6,35,730	0.76%	0.76%
Foreign Nationals									
NRI (Repat)	12,21,736	4,09,000	16,30,736	1.95%	11,88,501	2,08,000	13,96,501	1.67%	-0.28%
NRI(Non Repat)	2,08,001	0	2,08,001	0.25%	3,38,582	0	3,38,582	0.40%	0.15%
Trust									
Sub-Total (B)(2)	3,08,13,279	20,65,860	3,28,79,139	39.37%	3,20,28,761	12,86,660	3,33,15,421	41.76%	2.39%
Total Public Shareholding (B) = (B)(1)+(B)(2)	3,58,75,062	20,65,860	3,73,84,537	44.77%	3,68,60,667	12,86,660	3,81,47,327	45.68%	0.91%
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00%	0	0	0	0.00%	0.00%
Grand Total (A+B+C)	8,14,37,140	20,65,860	8,35,03,000	100.00%	8,22,16,340	12,86,660	8,35,03,000	100.00%	-

Board's Report

ii) Shareholding of Promoters & Promoter Group

Sr. No.	Shareholder's name	Share holding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1.	Madhusudan Jhunjunwala	19,55,000	2.34%	–	19,55,000	2.34%	–	0.00%
2.	Krishnakumar Jhunjunwala	13,13,000	1.57%	–	13,14,000	1.57%	–	0.00%
3.	Sarladevi Jhunjunwala	38,84,000	4.65%	–	38,84,000	4.65%	–	0.00%
4.	Satidham Industries Private Limited	2,31,01,670	27.67%	–	2,33,77,855	27.99%	–	0.32%
5.	Hindustan Cotton Co. - Through its partner	1,11,64,790	13.37%	–	1,11,64,790	13.37%	–	0.00%
6.	Krishnakumar & Sons (HUF) Through its Karta	3,25,000	0.39%	–	3,25,000	0.39%	–	0.00%
7.	Madhusudan Jhunjunwala (HUF)	26,93,568	3.23%	–	23,57,978	2.82%	–	-0.41%
8.	Sarla Estate Developers Private Limited	3,13,537	0.38%	–	1,45,537	0.17%	–	-0.21%
9.	Harmony Estates Private Limited	1,60,513	0.19%	–	1,80,513	0.21%	–	0.02%
10.	Kanav Jhunjunwala	6,47,000	0.77%	–	6,47,000	0.77%	–	0.00%
11.	Neha Jhunjunwala	4,000	0.00%	–	4,000	0.00%	–	0.00%

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Shareholder's name	Share holding at the beginning of the year		Share holding at the end of the year		% change in share holding during the year*
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	
1.	Madhusudan Jhunjunwala & Sons (HUF)	26,93,568	3.23%	23,57,978	2.82%	-0.41%
2.	Satidham Industries Private Limited	2,31,01,670	27.67%	2,33,77,855	27.99%	0.32%
3.	Harmony Estates Pvt. Ltd.	1,60,513	0.19%	1,80,513	0.21%	0.02%
4.	Madhusudan Jhunjunwala	19,55,000	2.34%	19,55,000	2.34%	0.00%
5.	Krishnakumar Jhunjunwala	13,13,000	1.57%	13,14,000	1.57%	0.00%
6.	Krishnakumar & Sons (HUF)	3,25,000	0.39%	3,25,000	0.39%	0.00%
7.	Sarladevi Jhunjunwala	38,84,000	4.65%	38,84,000	4.65%	0.00%
8.	Hindustan Cotton Company through its Partners	1,11,64,790	13.37%	1,11,64,790	13.37%	0.00%
9.	Sarla Estate Developers Private Limited	3,13,537	0.38%	1,45,537	0.17%	-0.21%
10.	Kanav Jhunjunwala	6,47,000	0.77%	6,47,000	0.77%	0.00%
11.	Neha Jhunjunwala	4,000	0.00%	4,000	0.00%	0.00%
TOTAL		4,55,62,078				

iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Shareholder's name	Share holding at the beginning of the year		Share holding at the end of the year		% change in share holding during the year*
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	
1.	HDFC Small & Midcap Fund	34,38,170	4.12%	34,38,170	4.12%	0.00%
2.	Anil Kumar Goel	27,34,750	3.28%	27,34,750	3.28%	0.00%
3.	Dalal Broacha Stock Broking Private Ltd	15,62,248	1.87%	15,57,613	1.87%	0.00%
4.	S Shyam	16,85,331	2.01%	17,33,308	2.07%	0.06%
5.	HSBC Midcap Equity Fund	14,66,780	1.76%	13,68,836	1.64%	0.12%
6.	Seema Goel	7,90,000	0.95%	7,90,000	0.95%	0.00%
7.	Vinithra Sekhar	6,20,208	0.74%	6,20,208	0.74%	0.00%
8.	Vipul P Dalal	5,60,315	0.67%	5,60,315	0.67%	0.00%
9.	Vijaya S	3,77,921	0.45%	5,49,165	0.66%	0.21%
10.	Alka Somani	5,40,500	0.65%	5,40,500	0.65%	0.00%

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors / KMP	Share holding at the beginning of the year		Cumulative share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
Directors					
1.	Madhusudan S. Jhunjunwala				
	At the beginning of the Year	19,55,000	2.34%	19,55,000	2.34%
	Purchase / Sales	0	0	0	0
	At the end of the year	19,55,000	2.34%	19,55,000	2.34%
2.	Krishnakumar M. Jhunjunwala				
	At the beginning of the Year	13,13,000	1.57%	13,13,000	1.57%
	Purchase / Sales	0	0	1,000	0%
	At the end of the year	13,13,000	1.57%	13,14,000	1.57%
3.	Neha K. Jhunjunwala				
	At the beginning of the Year	4,000	0.004%	4,000	0.004%
	Purchase / Sales	0	0	0	0
	At the end of the year	4,000	0.004%	4,000	0.004%
Other KMP					
1.	Mahendra Sheth				
	At the beginning of the Year	2,400	0.002%	2,400	0.002%
	Purchase / Sales	0	0	0	0
	At the end of the year	2,400	0.002%	2,400	0.002%

Board's Report

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment
(based on Consolidated Financial Statement)

(Rs. in Lacs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
Working Capital	7,747.96	0.00	0.00	7,747.96
Long Term Loan	13,190.28	113.68	0.00	13,303.96
ii) Interest due but not paid				
iii) Interest accrue but not due				
Total (i+ii+iii)	20,938.14	113.68	0.00	21,051.82
Change in Indebtedness during the financial year				
Additional (Net change)	3,118.87	0.00	0.00	3,118.87
Reduction	0.00	26.90	0.00	26.90
Net Charges	3,118.87	26.90	0.00	4,192.32
Indebtedness at the end of the financial year				
i) Principal Amount				
Working Capital	8,453.85	0.00	0.00	8,453.85
Long Term Loan	15,603.16	86.78	0.00	15,689.94
ii) Interest due but not paid				
iii) Interest accrue but not due				
Total (i+ii+iii)	24,057.01	86.78	0.00	24,143.79

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time Directors and /or Manager:

(Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Shri. Krishnakumar Jhunjunwala	Shri. Madhusudan Jhunjunwala	Total Amount
		Managing Director	Whole-time Director	
1	Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961	138.00	138.00	276.00
	Value of perquisites u/s 17(2) Income Tax Act, 1961	0.00	0.00	0.00
	Profits in lieu of salary under section 17(3) Income Tax Act, 1961	0.00	0.00	0.00
2.	Stock Option	0.00	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00
4.	Commission / Performance Linked Incentive As % of profit Others specify (performance Linked Incentive)		0.00	0.00
5.	Others, please specify	0.00	0.00	0.00
	Total (A)	138.00	138.00	276.00

B. Remuneration to other directors:

(Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Jigar Shah	Parantap Dave	Neha Jhunjunwala (Non Independent Non Executive)	Shreya Desai	
1.	Independent Directors					
	Fee for attending board committee meetings	0.80	0.80	0.60	0.80	3.00
	Commission	0.00	0.00	0.00	0.00	0.00
	Others, please specify					
	Total	0.80	0.80	0.60	0.80	3.00

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

(Rs. in Lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel	
		Mahendra Sheth CFO & Company Secretary	Total
1	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	51.63	51.63
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	0.00	0.00
	c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	0.00	0.00
2.	Stock Option	0.00	0.00
3.	Sweat Equity	0.00	0.00
4.	Commission	0.00	0.00
	- As % of profit		
	- Others, specify		
5.	Others, please specify	0.00	0.00
	Total:	51.63	51.63

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of penalty / punishment / compounding fees imposed	Authority (RD / NCLT / COURT)	Appeal made, if any (give details)
	A. COMPANY				
	Penalty	NA	NA	NA	NA
	Punishment	NA	NA	NA	NA
	Compounding	NA	NA	NA	NA
	B. DIRECTORS				
	Penalty	NA	NA	NA	NA
	Punishment	NA	NA	NA	NA
	Compounding	NA	NA	NA	NA
	C. OTHER OFFICERS IN DEFAULT				
	Penalty	NA	NA	NA	NA
	Punishment	NA	NA	NA	NA
	Compounding	NA	NA	NA	NA

FOR AND ON BEHALF OF BOARD OF DIRECTORS

 Place: Mumbai
 Date: 13th August, 2019

 MADHUSUDAN S. JHUNJHUNWALA
 Chairman and Whole Time Director
 DIN: 00097254

"Probable impossibilities are to be preferred to improbable possibilities."

- Aristotle

Corporate Governance Report

The Directors present the Company's Report on Corporate Governance for the year ended 31st March, 2019, in terms of Regulation 34(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("Listing Regulations").

INTRODUCTION

Sarla Performance Fibers Limited (SPFL) believes in fair business and corporate practices while dealing with the shareholders, employees, customers, creditors, lenders and others. The Company always aims to build trust with shareholders, employees, customers, suppliers and diverse stakeholders and to meet the expectation of various elements of corporate environment. The Company also believes in transparent and fair corporate actions with adequate disclosure and total accountability.

SPFL has been discharging its statutory obligations and duties and has always complied with the statutory and regulatory requirements. Given below are the Company's Corporate Governance policies and practices in accordance with the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations").

The Director's present the Company's Report on Corporate Governance for the year ended 31st March, 2019.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organisation. Good Corporate Governance leads to long term shareholder value and enhances interest of other stakeholders. It brings into focus the fiduciary and the trusteeship role of the Board to align and direct the actions of the organisation towards creating wealth and shareholder's value.

Given the Company's size and complexity in operations, SPFL's corporate governance framework is based on the following main principles:

- Appropriate composition and size of the Board, with each Director bringing in key expertise in different areas.
- Proactive flow of accurate information to the members of the Board and Board Committees to enable effective discharge of fiduciary duties.
- Ethical business conduct by the Board, management and employees.
- Well-developed systems and processes for internal controls

across all operations, risk management and financial reporting.

- Protect and facilitate the exercise of shareholders' rights.
- Adequate, timely and accurate disclosure of all material operational and financial information to the stakeholders.

2. BOARD OF DIRECTORS:

Composition of the Board

As on 31st March, 2019, the Company's Board consists of Five (5) Directors. The Board of Directors of your Company has an optimum combination of Executive and Non-Executive Directors with Two Woman Directors and not less than fifty per cent of the Board comprises Non – Executive Directors. Pursuant to Regulation 17(1) (b) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") where the Company is having an executive chairperson, at least half of the Board of Directors shall comprise of Independent Directors.

As on 31st March, 2019, the structure of the Board of Directors of the Company is as follows:

<u>Name and Designation of Directors</u>	<u>Category</u>
Mr. Madhusudan Jhunjhunwala, Chairman & Whole-time Director	Promoter Executive Directors
Mr. Krishnakumar Jhunjhunwala, Managing Director	
Ms. Neha Jhunjhunwala, Director	Promoter Non- Executive Director
Mr. Parantap Dave Ms. Shreya Desai	Independent Directors

As on 31st March, 2019, the Company did not have requisite number of Independent Directors on its Board on account of resignation by Mr. Jigar Shah, Independent Director with effect from 22nd March, 2019.

Upon recommendation of Nomination and Remuneration Committee at their meeting held on 23rd May, 2019, the Board appointed Mr. Paulo Manuel Ferreira Moura De Castro [DIN: 08459844] as an Additional (Independent, Non-Executive) Director of the Company with effect from 23rd May, 2019.

Except mentioned above, the composition of the Board of Directors is in conformity with requirements of Regulation 17 of the SEBI Listing Regulations as well as Companies Act, 2013 read with rules framed thereunder. The Board is chaired by Executive Chairperson. The Board periodically reviews its composition and size and evaluates the need for change, if required. Mr. Madhusudan Jhunjhunwala, Mr. Krishnakumar Jhunjhunwala and Ms. Neha Jhunjhunwala, Directors are directly related to each other. Other Directors are not related to them or among each other.

Number of Shares held by Non- Executive Directors

Name of Non-Executive Director	No. of Shares held
Ms. Neha Jhunjhunwala, Director	4,000

None of Non-Executive Directors, of the Company, except above, are holding any shares and convertible instruments of the Company during the financial year ended March 31, 2019.

Directors' Directorships/ Committee Memberships:

In accordance with Regulation 26 of Listing Regulations, none of the Directors are member in more than Ten (10) committees excluding

Private Companies, foreign Companies and Companies under Section 8 of the Companies Act, 2013 or act as a chairperson of more than Five (5) committees across all listed entities in which he / she is a Director. The Audit Committee and Stakeholders' Relationship Committee are only considered in computation of limits. Further, no Independent Director serves as Independent Director in more than Seven (7) Listed Companies. Disclosures to this effect have been received by the Company from all its Directors.

Relevant details of the Board of Directors as on 31st March, 2019 are given below:

Name of Directors	Date of Appointment	Category of Director	Directorships in other Indian Public Listed Companies (excluding Sarla Performance Fibers Ltd.)	Number of Board Committees in which Chairman / Member (excluding Sarla Performance Fibers Ltd.)		List of Directorship held in other Listed Companies and Category of Directorship
				Chairman	Member	
Madhusudan Jhunjhunwala (DIN:00097254)	15/07/1994	Promoter / Chairman & Whole-time Director	NIL	NIL	NIL	NIL
Krishnakumar Jhunjhunwala (DIN: 00097175)	14/06/1994	Promoter / Managing Director	NIL	NIL	NIL	NIL
Jigar Shah* (DIN: 00191165)	01/07/2006	Non - Executive, Independent Director	NIL	NIL	NIL	NIL
Parantap Dave (DIN: 00019472)	27/09/2014	Non - Executive, Independent Director	NIL	4	3	NIL
Neha Jhunjhunwala (DIN: 07144529)	31/03/2015	Non - Executive, Non-Independent Director	NIL	NIL	NIL	NIL
Shreya Desai (DIN: 08041995)	12/12/2017	Non - Executive, Independent Director	NIL	NIL	NIL	NIL

Notes:

*Ceased to be a Director with effect from 22nd March, 2019.

Based on the disclosures received from all Independent Directors and also in the opinion of the Board, the independent directors fulfill the conditions specified in the Companies Act, 2013, Listing Regulations and are independent of the Management.

None of the Directors holds directorship in any other listed company.

INDEPENDENT DIRECTORS CONFIRMATION BY THE BOARD:

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of Listing Regulations. In the opinion of the Board, the Independent Directors fulfill the conditions of independence specified in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of Listing Regulations. A Formal letter of appointment to Independent Directors as provided in the Companies Act, 2013 has been issued and disclosed on the

website of the Company viz. www.sarlafibers.com.

Independent Directors, have an independent standing in their respective field/profession, and who effectively contribute to the Company's business and policy decisions of the Company. Independent Directors meet at least once in every financial year without the presence of Executive Directors or Management Personnel. Such meetings are conducted informally to enable Independent Directors to discuss, review and assess performance of executive directors, chairman and that of the Board as a whole. It also enables to ascertain communication and coordination processes being followed at Board and management levels so that any lapses can be rectified.

During the year under review, the Independent Directors met on one time inter alia, to:

- Evaluate performance of Non-Independent Directors and the Board of Directors as a whole;

Corporate Governance Report

- b) Evaluate performance of the Chairman of the Company, considering the views of the Executive and Non-Executive Directors;
- c) Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at this Meeting.

NUMBER OF INDEPENDENT DIRECTORS:

As per Regulation 17A of Listing Regulations, Independent Directors of the Company do not serve as Independent Director in more than Seven (7) Listed Companies. Further, the Managing Director of the Company does not serve as an Independent Director in any listed entity.

FAMILIARIZATION PROGRAMMES FOR BOARD MEMBERS:

The Board members are provided with necessary documents / brochures, reports to enable them to familiarise with the Company's procedures and practices. Quarterly updates on the relevant statutory changes are regularly circulated to the Directors. At the time of appointing a Director, a formal letter of appointment is given to him, which inter alia explains the role, functions, duties and responsibilities expected from him/her as a Director of the Company. The Director is explained in detail the Compliance required from him under the Companies Act, 2013, Listing Regulations and other relevant regulations. The Managing Director personally interacts with the newly appointed Director to familiarise him with the Company's operations. Further Company has put in place a system to familiarise the Independent Directors about the Company, its business and the on-going events relating to the Company. The familiarization programme formulated for Board is put up on the website of the Company www.sarlafibers.com.

A Chart or Matrix setting out the skills/expertise/competence of The Board of Directors specifying the following;

- i) List of core skills/expertise/competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to functions effectively and those actually available with the board:

Detailed Reason for the resignation of Independent Director who resigns before the expiry of his tenure:

Mr. Jigar Shah, an Independent Director of the Company, has resigned w.e.f. 22nd March, 2019 due to increase compliance requirements, increase in his duties in other company in which he is a director and inability to spare reasonable time.

CODE OF CONDUCT:

The Company has laid down a Code of Conduct for all the Board Members and Senior Management of the Company. All the Directors and senior management personnel have affirmed Compliance of the same during the year. A declaration to the effect signed by the CEO cum Managing Director forms part of the Annual Report 2018-19 of the Company. The code has been posted on the website of the Company at www.sarlafibers.com.

PERFORMANCE EVALUATION CRITERION:

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. Structures, questionnaires were prepared after circulating the draft forms, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board's culture, level of contribution in board processes, safeguarding and promoting interests of company and shareholders, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Chairman and Managing Director and the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

BOARD MEETINGS, COMMITTEE MEETINGS AND PROCEDURES

BOARD MEETINGS:

The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness, and ensures that shareholders' long-term interests are being served.

The Board meets at regular intervals to discuss and decide on business strategies / policies and review the financial positions of the Company and its subsidiaries.

NUMBER OF BOARD MEETINGS

During financial year 2018-19, the Board of Directors met Four (4). The maximum gap between two consecutive meetings was less than One Hundred and Twenty days, as stipulated under Section 173(1) of the Companies Act, 2013 and Regulation 17(2) of the Listing Regulations and the Secretarial Standard by the Institute of Company Secretaries of India.

ATTENDANCE OF DIRECTORS AT THE BOARD MEETINGS AND AT THE LAST ANNUAL GENERAL MEETING (AGM)

Sr. No.	Name of Directors	29/05/2018	14/08/2018	01/11/2018	01/02/2019	Attendance at AGM held on 28th September, 2018
1	Madhusudan Jhunjhunwala	Present	Present	Present	Present	Present
2	Krishnakumar Jhunjhunwala	Present	Present	Present	Present	Absent
3	Jigar Shah*	Present	Present	Present	Present	Present
4	Parantap Dave	Present	Present	Present	Present	Present
5	Neha Jhunjhunwala	Absent	Present	Present	Present	Present
6	Shreya Desai	Present	Present	Present	Present	Absent

Date	Board Strength	No. of Directors Present
29 th May, 2018	6	5
14 th August, 2018	6	6
1 st November, 2018	6	6
1 st February, 2019	6	6

ATTENDANCE OF DIRECTORS AT BOARD MEETINGS AND LAST ANNUAL GENERAL MEETING

Name of the Director	No. of Board Meetings held during the year	No. of Board Meetings attended	Attendance at the AGM held on 28 th September, 2018
Madhusudan Jhunjhunwala	4	4	Present
Krishnakumar Jhunjhunwala	4	4	Present
Jigar Shah*	4	4	Present
Parantap Dave	4	4	Present
Neha Jhunjhunwala	4	3	Present
Shreya Desai	4	4	Absent

*Ceased to be a Director with effect from 22nd March, 2019

Board meetings of the Directors were held and the maximum gap between two meetings did not exceed one hundred and twenty days as mentioned under Section 173 of the Act and Regulation 17(2) of the SEBI Listing Regulations. The Board meets at least once in every quarter to review the quarterly results and other items on the Agenda. The meetings are held at the Company's Corporate Office at 304, Arcadia, Nariman Point, Mumbai – 400021

SCHEDULING AND SELECTION OF AGENDA ITEMS FOR BOARD AND COMMITTEE MEETINGS

The Company Secretary, in consultation with Chairman of the Board, finalise the agenda of Board / Committee Meetings. The agenda and notes to agenda are circulated to Directors in advance, and in defined agenda format. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting including minimum information required to be made available to the Board as prescribed under Part A of

Schedule II of Sub-regulation 7 of Regulation 17 of the SEBI Listing Regulations. Where it is not practicable to attach any document to the agenda, it is tabled before the meeting with specific reference to this effect in Agenda.

All Board and Committee meetings' agenda papers are disseminated electronically on a real-time basis, thereby eliminating circulation of printed agenda papers.

RECORDING MINUTES OF PROCEEDINGS AT BOARD AND COMMITTEE MEETINGS

The Company Secretary records minutes of proceedings of each Board and Committee meeting. Draft minutes are circulated to Board / Committee members for their comments as prescribed under Secretarial Standard-1. The minutes are entered in the Minutes Book within 30 days from the conclusion of the meeting.

COMPLIANCE

The Company Secretary, while preparing the agenda, notes on agenda and minutes of the meeting(s), is responsible for and is required to ensure adherence to all applicable laws and regulations, including the Companies Act, 2013 read with rules issued thereunder, Listing Regulations and Secretarial Standards issued by the Institute of Company Secretaries of India.

COMMITTEES:

The Board has constituted Five Committees, viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility and Risk Management Committee. The Board is authorised to constitute additional functional Committees, from time to time, depending on business needs.

Due to resignation of Mr. Jigar Shah, Director (Independent, Non-Executive) w.e.f. 22.03.2019, the Board has reconstituted these committees effective from 30th March, 2019. After reconstitution, composition of various committees effective from 30th March, 2019 are as under:

Corporate Governance Report

COMPOSITION OF COMMITTEES OF THE BOARD

AUDIT COMMITTEE			
Sr. No.	Name of the Director	Category	Chairperson / Membership
1	*Parantap Dave	Independent Director	Chairman
2	*Shreya Desai	Independent Director	Member
3	Madhusudan Jhunjhunwala	Executive Director	Member

NOMINATION AND REMUNERATION COMMITTEE			
Sr. No.	Name of the Director	Category	Chairperson / Membership
1	*Parantap Dave	Independent Director	Chairman
2	Shreya Desai	Independent Director	Member
3	***Neha Jhunjhunwala	Non-Executive Director	Member

STAKEHOLDERS' RELATIONSHIP COMMITTEE			
Sr. No.	Name of the Director	Category	Chairperson / Membership
1	*Parantap Dave	Independent Director	Chairman
2	*Shreya Desai	Independent Director	Member
3	Madhusudan Jhunjhunwala	Executive Director	Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE			
Sr. No.	Name of the Director	Category	Chairperson / Membership
1	Madhusudan Jhunjhunwala	Executive Director	Chairman
2	Parantap Dave	Independent Director	Member
3	**Shreya Desai	Independent Director	Member

RISK MANAGEMENT COMMITTEE			
Sr. No.	Name of the Director	Category	Chairperson / Membership
1	Krishnakumar Jhunjhunwala	Executive Director	Chairman
2	**Shreya Desai	Independent Director	Member
3	Parantap Dave	Independent Director	Member

* Mr. Jigar Shah resigned from the Chairmanship of the Audit Committee, Nomination and Remuneration Committee & Stakeholders' Relationship Committee with effect from 22nd March, 2019 and Mr. Parantap Dave was appointed as Chairman and Ms. Shreya Desai was appointed as Member of the Audit Committee & Stakeholders' Relationship Committee with effect from 30th March, 2019.

**Jigar Shah ceased to be a member of the Corporate Social Responsibility Committee & Risk Management Committee with effect from 22nd March, 2019. Ms. Shreya Desai was appointed as a member of Corporate Social Responsibility Committee & Risk Management Committee With effect from 30th March, 2019.

***Ms. Neha Krishna Jhunjhunwala was appointed as a member of Nomination and Remuneration Committee With effect from 30th March, 2019.

Committees of the Company	Audit Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	Risk Management Committee
Meetings held	4	1	1	1	Nil
MEMBERS' ATTENDANCE					
Madhusudan Jhunjhunwala	4	NA	1	1	NA
Krishnakumar Jhunjhunwala	NA	NA	NA	NA	Nil
Jigar Shah*	4	1	1	1	Nil
Parantap Dave*	4	1	1	1	Nil
Shreya Desai*	NA	NA	NA	NA	NA
Neha Jhunjhunwala**	NA	NA	NA	NA	NA

NA - Not a member of the Committee

* Mr. Jigar Shah resigned from the Chairmanship of the Audit Committee, Nomination and Remuneration Committee & Stakeholders' Relationship Committee with effect from 22nd March, 2019 and Mr. Parantap Dave was appointed as Chairman and Ms. Shreya Desai was appointed as Member of the Audit Committee & Stakeholders' Relationship Committee with effect from 30th March, 2019.

Jigar Shah ceased to be a member of the Corporate Social Responsibility Committee & Risk Management Committee with effect from 22nd March, 2019. Ms. Shreya Desai was appointed as a member of Corporate Social Responsibility Committee & Risk Management Committee With effect from 30th March, 2019.

**Ms. Neha Krishna Jhunjunwala was appointed as a member of Nomination and Remuneration Committee With effect from 30th March, 2019.

TERMS OF REFERENCE AND OTHER DETAILS OF COMMITTEES

AUDIT COMMITTEE:

The Committee's composition and terms of reference are in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. The composition of Committee is given in this Report. The Committee was consisting of Two Independent Directors of the Company viz. Mr. Jigar Shah and Mr. Parantap Dave. Mr. Jigar Shah ceased to be a Chairman of the Committee with effect from 22nd March, 2019 and Mr. Parantap Dave was appointed as Chairman of the Committee and Ms. Shreya Desai, Independent Director, was appointed as a Member of the Committee from 30th March, 2019. Members of the Audit Committee possess requisite qualifications.

The Chairman of the Audit Committee was present at the last Annual General Meeting.

MEETING DETAILS:

Date	Committee Strength	No. of Members Present
29 th May, 2018	3	3
14 th August, 2018	3	3
1 st November, 2018	3	3
1 st February, 2019	3	3

The role and functions of the Committee, inter-alia, include:

- overseeing the Company's financial reporting process,
- reviewing with the management and external auditors key issues and significant processes, quarterly and yearly financial results before submission to the Board,
- recommending appointment / re-appointment / replacement / removal of the statutory auditors and/ or their fees, reviewing the adequacy of the internal control systems and procedures, significant risk areas with the management,
- review of significant related party transactions and internal audit reports,
- reviewing progress made in implementation of recommendations made by the Internal Audit Department,
- making recommendations for improvement in internal control systems and reviewing issue related to risk management and compliances,

- Reviewing the findings of any internal investigations into any suspected fraud, irregularity or internal control and to determine the reasons for any substantial defaults in the payment of depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.

- Hold discussions with statutory auditors on the nature, scope and process of audits and any views that they have about the financial control and reporting processes.

- Recommend the appointment of cost auditors.

- Valuation of undertakings or assets of the Company, wherever it is necessary.

NOMINATION AND REMUNERATION COMMITTEE:

The Committee's composition and terms of reference are in compliance with the provisions of the Companies Act, 2013, Regulation 19 of the Listing Regulations. The Committee was consisting of Three Independent Directors of the Company viz. Mr. Jigar Shah, Mr. Parantap Dave and Ms. Shreya Desai. Mr. Jigar Shah ceased to be a Chairman of the Committee with effect from 22nd March, 2019 and Mr. Parantap Dave was appointed as Chairman of the Committee and Ms. Neha Jhunjunwala, Non-Executive Director, was appointed as a Member of the Committee from 30th March, 2019.

MEETING DETAILS:

Date	Committee Strength	No. of Members Present
1 st November, 2018	3	3

Terms of Reference of the Committee inter alia include the following:

- Reviewing the overall compensation policy, service agreements and other employment conditions of Managing/Whole-time Director(s) and Senior Management (one level below the Board);
- To help in determining the appropriate size, diversity and composition of the Board;
- To recommend to the Board appointment / re-appointment and independence of Directors;
- To recommend to the Board remuneration payable to the Directors;
- To create an evaluation framework for Independent Directors and the Board;

Corporate Governance Report

- To provide necessary reports to the Chairman of the Board after the evaluation process is completed by the Committee Members;
- To assist in developing a succession plan for the Board;
- To assist the Board in fulfilling responsibilities entrusted from time- to-time;
- Delegation of any of its powers to any Members of the Committee or the Compliance Officer.

The Policy on Board Diversity has been formulated and has been posted on the website of the Company www.sarlafibers.com.

REMUNERATION OF DIRECTORS:

The Executive Directors were paid remuneration as approved by the Board and members in General Meeting. The Non-Executive Directors are paid remuneration by way of the sitting fees for attending the meetings of the Board or Committee thereof.

The details of sitting fees paid to the Directors during the year 2018-19 are given below:

Name of Non-Executive Directors	Sitting Fees (Rs.)
Mr. Jigar A. Shah	80,000/-
Mr. Parantap Dave	80,000/-
Ms. Neha Jhunjunwala	60,000/-
Ms. Shreya Desai	80,000/-

None of the Non-Executive Directors of the Company had any pecuniary relationship of transaction with the Company during the financial year 2018-19.

Company has paid a remuneration of Rs.1,38,00,000/- to Mr. Krishnakumar M. Jhunjunwala, Managing Director and Rs. 1,38,00,000/- to Mr. Madhusudan S. Jhunjunwala, Chairman & Whole Time Director of the Company during the financial year 2018-19, as given below :

(Rs. in Lakhs)

Break-up of remuneration	Madhusudan Jhunjunwala, Chairman & Whole-time Director	Krishnakumar Jhunjunwala, Managing Director
Salary	138.00	138.00
Benefits and Perquisites	Nil	Nil
Allowances	Nil	Nil
Performance linked incentives	Nil	Nil
Stock options	Nil	Nil

Service Contacts, severance fees and Notice period with Managing Director and Chairman & Whole Time Director are as per below details:

CHAIRMAN & WHOLE TIME DIRECTOR:

Period of Contract	: 5 Years from 01 st August, 2015 to 31 st July, 2020
Termination of Contract	: By either party giving 3 Months' notice
Severance Fees	: Nil

MANAGING DIRECTOR:

Period of Contract	: 5 Years from 01 st October 2014 to 30 th September, 2019
Termination of Contract	: By either party giving 3 Months' notice
Severance Fees	: Nil

"Remuneration Policy" of the Company is posted on website of the Company viz. www.sarlafibers.com.

STAKEHOLDERS RELATIONSHIP COMMITTEE:

Stakeholders Relationship Committee looks into the redressal of shareholder's/investor's complaints. Mr. Jigar Shah resigned from the Chairmanship of the Stakeholders' Relationship Committee with effect from 22nd March, 2019 and Mr. Parantap Dave was appointed as Chairman and Ms. Shreya Desai was appointed as Member of Stakeholders' Relationship Committee with effect from 30th March, 2019.

MEETING DETAILS:

Date	Committee Strength	No. of Members Present
1 st November, 2018	3	3

The Company has appointed M/s. Sharex Dynamic (India) Private Limited as its Registrar and Share Transfer Agent (RTA). Mr. Mahendra Vrajlal Sheth as CFO and Company Secretary of the company acts as a Compliance Officer of the Company and oversees the functioning of the RTA.

Terms of Reference of the Committee inter alia include the following:

- Oversee and review all matters connected with transfer of Company's securities;
- Approve issue of duplicate shares / debenture certificates;
- Consider, resolve and monitor redressal of investors' / shareholders' / security holders' grievances related to transfer of securities, non-receipt of annual reports, non-receipt of declared dividend, issue / new duplicate certificates, general meetings and so on.
- Oversee the performance of the Company's Registrars and Transfer Agents.

- Monitor implementation and compliance with the Company's code of conduct for prohibition of insider trading;
- Annual performance evaluation of the Committee;
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification as may be applicable.

INVESTOR GRIEVANCE REDRESSAL

The number of complaints received and resolved to the satisfaction of investors during the year under review and their break-up are as under:

Type of Complaints	Number of Complaints
Non-Receipt of Annual Reports	6
Non-Receipt of Dividend	6
Non-Receipt of Interest/ Redemption Warrants	9
Transfer of Securities	8
Total	20

There were no pending requests for the financial year ended 31st March, 2019.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Pursuant to the provisions of Section 135 of the Companies Act, 2013, Corporate Social Responsibility committee consisting of Mr. Madhusudan Jhunjunwala as Chairman, Mr. Jigar Shah and Mr. Parantap Dave as members of the committee. Jigar Shah ceased to be a member of the Corporate Social Responsibility Committee with effect from 22nd March, 2019. Ms. Shreya Desai was appointed as a member of Corporate Social Responsibility Committee with effect from 30th March, 2019. The Role of the Committee is to look after company's CSR activities and shall monitor CSR Plan.

Date	Committee Strength	No. of Members Present
14th August, 2018	3	3

Terms of Reference of the Committee inter alia include the following:

- Formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- Recommend the amount of expenditure to be incurred on the CSR activities;
- Approve Corporate Sustainability Reports and oversee the implementation of sustainability activities;
- Monitor Company's compliance with the Corporate Governance

Guidelines and applicable laws and regulations and make recommendations to the Board on all such matters and on any corrective action to be taken, as the Committee may deem appropriate.

- Monitor CSR policy of the Company from time to time.
- Monitor CSR activities undertaken by the Company.
- Ensure compliance with the corporate governance norms prescribed under the Listing Regulations, the Companies Act, 2013 and other statutes or any modification or re-enactment thereof;

RISK MANAGEMENT COMMITTEE:

The Risk Management Committee consists of Mr. Krishnakumar Jhunjunwala as Chairman, Mr. Jigar Shah and Mr. Parantap Dave as members of the Committee. Jigar Shah ceased to be a member of the Risk Management Committee with effect from 22nd March, 2019. Ms. Shreya Desai was appointed as a member of Risk Management Committee With effect from 30th March, 2019. No meeting of the Committee was held during the year. The Committee is entrusted with power, authority and function to formulate, monitor and review the risk management plan for the company. The Committee shall carry out such other functions as may be delegated to it by the Board of Directors.

Terms of Reference of the Committee inter alia include the following:

- Framing Risk Management Plan and Policy;
- Overseeing implementation / Monitoring of Risk Management Plan and Policy;
- Validating the process of Risk Management.
- Validating the procedure for Risk Minimisation.
- Review of development and implementation of a risk management policy including identification therein of element of risk.
- Annual performance evaluation of the Committee.

The Compliance Officer of the Company, Mr. Mahendra Sheth can be contacted on following address:

SARLA PERFORMANCE FIBERS LIMITED
 304, Arcadia, 195 Nariman Point,
 Mumbai - 400021
Tel: 2283 4116/4420
Fax: 2285 1728
E-mail: msheth@sarlafibers.com
Website: www.sarlafibers.com

Corporate Governance Report

GENERAL BODY MEETINGS - LOCATION AND TIME OF LAST 3 ANNUAL GENERAL MEETINGS:

AGM for the Financial Year	Date	Time	Venue
2015-2016	30 th September, 2016	09.00 a.m.	Registered Office of the Company Survey No. 59/1/4, Amla Piparia Industrial Estate, Silvassa - 396 230 U.T. OF D. & N. HAVELI.
2016-2017	29 th September, 2017	11.00 a.m.	
2017-2018	28 th September, 2018	09:30 a.m.	

During last 3 AGMs following special resolutions were passed

Date of AGM	Section	Resolution Matter
28 th September, 2018	14 of the Companies Act, 2013	Alteration of Article of Association
	Section 180 (1)(c) of the Companies Act, 2013	Revision in overall borrowing powers of the Company
	Section 180 (1)(a) of the Companies Act, 2013	Creation of Mortgage/Charge on the assets of the Company

No special resolution was passed through postal ballot during last year. No resolution is proposed to be passed through postal ballot.

MEANS OF COMMUNICATION

The Quarterly and Half Yearly results are published in widely circulating National and Local Daily's such as Economic Times or Financial Express, in English (Mumbai & Ahmedabad), Economic Times, In Gujarati (Ahmedabad) and Navbharat Times in Hindi (Mumbai). The results are not sent individually to the shareholders. Results are also hosted on company's website www.sarlafibers.com.

The Management Discussion and Analysis Report forms part of the Annual Report and included in the Directors' Report.

DISCLOSURES

Disclosure on materially significant related party transactions: All related party transactions as defined under the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business except one transaction details of which is mentioned in Form AOC-2 attached as Annexure C of Directors' Report. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel which may have a potential conflict with the interest of the Company at large.

Please refer note 42 of notes on financial statement. These transactions do not have any potential conflict with the interest of the Company at large. The Company has formulated a policy on dealing with Related Party Transactions. The Policy is available on the website of the Company www.sarlafibers.com.

The Company has complied with all requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Consequently, there were no strictures or penalties imposed by

either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

WHISTLE BLOWER POLICY:

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Listing Regulations, the Company has formulated Whistle Blower Policy for vigil mechanism for Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. The details policy of the company is posted on website of the company viz. www.sarlafibers.com and in the directors' report.

INSIDER TRADING:

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended from time to time, the Company has formulated a code of fair disclosure and conduct for prevention of insider trading. Details of the shareholdings of the Non-Executive Directors as on March 31, 2019 are as under:

Name	No. of Shares of Re. 1 each
Mr. Parantap Priyakant Dave	Nil
Mr. Jigar Arvindkumar Shah*	Nil
Ms. Shreya Desai*	Nil
Ms. Neha Jhunjunwala*	4,000

Mr. Jigar Shah resigned from the Chairmanship of the Nomination and Remuneration Committee with effect from 22nd March, 2019 and Mr. Parantap Dave was appointed as Chairman and Ms. Neha Krishna Jhunjunwala was appointed as a member of Nomination and Remuneration Committee With effect from 30th March, 2019.

GENERAL SHAREHOLDER INFORMATION:

ANNUAL GENERAL MEETING

Date and Time	Friday, 27 th September, 2019 at 10:00 a.m.
Venue	Survey No. 59/1/4, Amlī Piparia Industrial Estate, Silvassa - 396230 U.T. Dadra & Nagar Haveli
Date of Book Closure	20 th September, 2019 to 27 th September, 2019 (Both days inclusive)
Financial Calendar	1 st April 2019 to 31 st March 2020 - The results will be published as under: (Tentative) First Quarter Before 14 th August, 2019 Second Quarter Before 15 th November, 2019 Third Quarter Before 15 th February, 2020 Fourth Quarter (Annual) Before 30 th May, 2020
Dividend payment date	Dividend Payment will start from 27 th September, 2019
Listing on Stock Exchanges and Stock-Code	BSE Ltd. PhirozeJeejeebhoy Towers, Dalal Street, MUMBAI - 400 001. - Stock Code No. 526885 and National Stock Exchange of India Ltd. Exchange Plaza, Bandra Kurla Complex, Bandra East, MUMBAI - 400 051 - Symbol SARLAPOLY

The Company's shares are listed on the BSE Limited and the have been paid upto F.Y.2019-20 and there is no outstanding National Stock Exchange of the India Limited. The annual listing fees payment towards the exchanges, as on date.

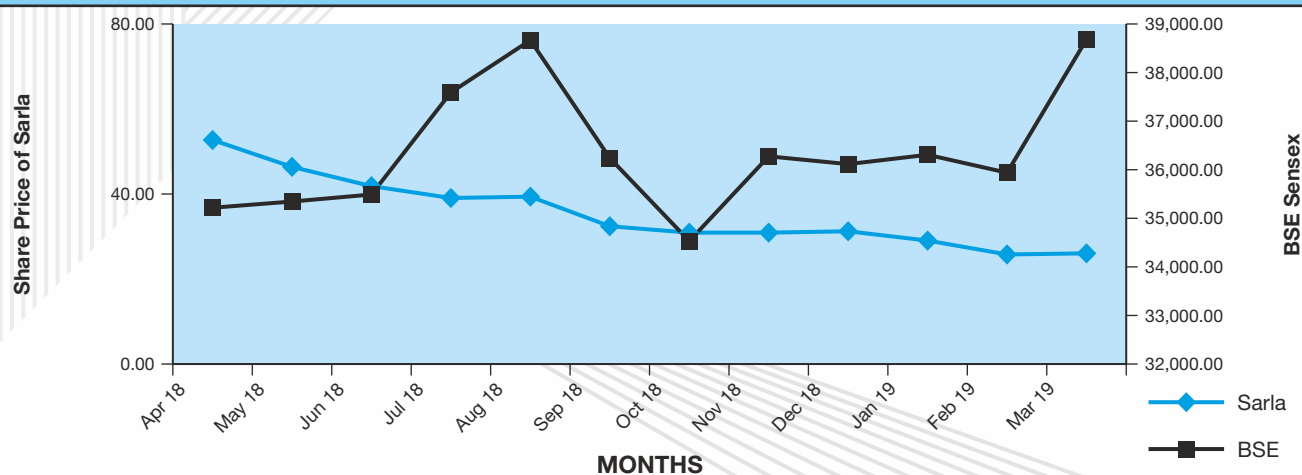
MARKET PRICE DATA

Monthly high/low during the year 2018-2019 on the BSE and National Stock Exchange:

AGM For the Financial year	BSE Limited (BSE)		National Stock Exchange of India Limited (NSE)	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2018	52.85	51.30	52.75	51.00
May 2018	48.25	45.55	49.30	45.75
June 2018	42.45	40.00	42.85	40.55
July 2018	40.00	38.55	39.85	37.65
August 2018	39.35	38.30	39.20	38.00
September 2018	33.00	32.10	34.90	31.50
October 2018	31.35	30.55	31.40	30.55
November 2018	31.20	29.90	31.25	29.20
December 2018	32.00	31.05	32.80	30.80
January 2019	28.50	26.10	28.70	25.75
February 2019	25.00	25.00	25.30	24.35
March 2019	25.90	24.65	26.30	25.00

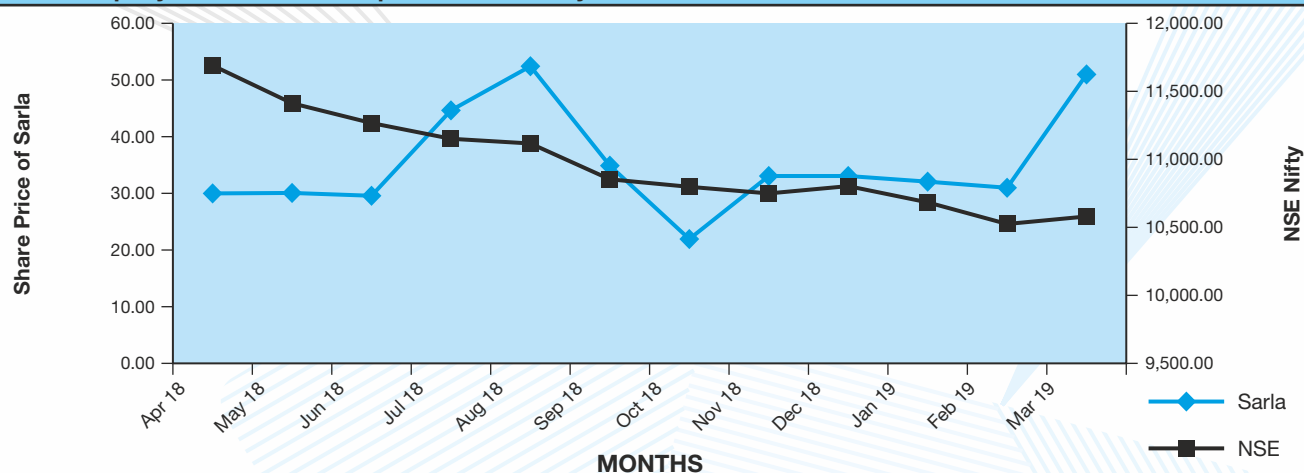
[Source: This information is compiled from the data available on the websites of BSE and NSE]

Chart of Company Share Prices compared to BSE Sensex.



Corporate Governance Report

Chart of Company Share Prices compared to NSE Nifty Index.



DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH 2019

Shares of Nominal Value (Rs.)		Shareholders		Total Amount (Rs.)	
From	To	Number	% to Total	Amount	% to Total
1	5000	13,785	95.35	95,37,826	11.42
5,001	10,000	361	2.497	27,14,977	3.25
10,001	20,000	158	1.093	23,07,600	2.76
20,001	30,000	46	0.32	11,52,346	1.38
30,001	40,000	26	0.16	9,14,016	1.09
40,001	50,000	12	0.08	5,59,703	0.67
50,001	1,00,000	24	0.17	17,51,578	2.09
1,00,001 and above		44	0.30	6,45,64,954	77.32
TOTAL		14,456	100.00	8,35,03,000	100.00

SHAREHOLDING PATTERN AS ON 31st MARCH 2019

Category	No. of Share	%
Promoters	4,53,55,673	54.32
Mutual Funds & UTI	48,07,006	5.76
Fins / Banks	4,900	0.01
Venture Capital Funds	-	-
FII(S)	20,000	0.024
Private Corporate Bodies	30,00,492	3.59%
Indian Public	2,60,59,181	31.21
Non Resident Indians	17,35,083	2.08
Any other (Clearing Members)	25,20,665	3.01
Total	8,35,03,000	100.00

Certificates, Change of Address, Dividends etc. should be addressed to Registrar & Transfer Agent. Request for transfer in physical form should also be lodged with the Registrar & Transfer Agent.

ADDRESS FOR INVESTORS/ANALYST CORRESPONDENCE:

1. With the Company:

Sarla Performance Fibers Limited,
304, Arcadia, 195 Nariman Point, Mumbai - 400021
Tel: 2283 4116 / 2283 4420
Fax: 2285 1728
E-mail: info@sarlafibers.com
Website: www.sarlafibers.com

2. With the Registrar:

M/s. Sharex Dynamic (India) Pvt. Ltd.,
C-101, 247 Park, L.B.S. Marg,
Vikroli (West), Mumbai 400 083.
Tel: 2851 5644 / 5606
Fax: 2851 2885
E-mail: sharexindia@vsnl.com
Website: www.sharexindia.com

DEMATERIALIZATION OF SHARES AND LIQUIDITY:

The shares of your company are available in Dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The ISIN Number of Sarla Performance Fibers Limited on both NSDL and CDSL is INE 453D01017, 98.45 % of the total equity capital of the Company was held in dematerialised form as on 31st March, 2019.

SHARE TRANSFER SYSTEM:

All Share Transfer and other Correspondence regarding share

OUTSTANDING GDRs /ADRs: NIL

PLANT LOCATIONS:

Silvassa:

- i)** 59/1/4, Amli Piparia Industrial Estates, Silvassa, U T of Dadra & Nagar Haveli, 396 230
- ii)** 62/3/4/5 Amli Piparia Industrial Estates, Silvassa, U T of Dadra & Nagar Haveli, 396 230

Dadra:

Plot No 11 & 12, Survey No 213P, Near Dadra Check post, Dadra, U T of Dadra & Nagar Haveli, 396 195

Vapi:

Dying Division
A1/48, 100 Shed Area, GIDC, Vapi, Gujarat, 396 195

LIST OF ALL CREDIT RATINGS OBTAINED BY THE COMPANY

SMERA Ratings Limited have reaffirmed the Credit Ratings of SMERA A for Long Term and SMERA A1 for Short Term Loans on 22nd March, 2018.

DISCLOSURE IN RELATION TO THE EXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHOBITION AND REDRESSAL) ACT, 2013;

- a)** Number of complaints filed during the financial year 2018-19 - Nil
- b)** Number of complaints disposed of during the financial year 2018-19 – Nil
- c)** Number of complaints pending as on end of the financial year 2018-19 - Nil

NON-MANDATORY REQUIREMENTS:

The status of Compliance with non-mandatory requirements is as under:

- A.** The Chairman of the Board of Directors of the Company is an Executive Director.
- B.** As the financial Results of the Company are published in the leading Newspapers, Company is not sending half-yearly financial results to each Shareholder of the Company.
- C.** During the financial year 2018-19 the Auditors have given Modified Opinion, the details of their Modification and reply of the Board of Directors are given in Board’s Report.

INFORMATION GIVEN TO THE BOARD

The Company provides the following information, inter alia, to the Board and Board-level Committees, which is given either as part of the meetings or by way of presentations and discussion material during the meetings.

- Annual operating plans and budgets, capital budgets and other updates.
- Quarterly, half-yearly and annual financial results of the Company and its operating divisions or business segments.
- Detailed presentations on the progress in Research and Development (R&D).
- Minutes of meetings of the Audit Committee and other Committees of the Board.
- Information on recruitment and remuneration of key executives below the Board level including appointment or removal of Chief Financial Officer and the Company Secretary.
- Contracts in which Director(s) are interested.

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,

Sarla Performance Fibers Limited

Survey No. 59/1/4,

Amli Piparia Industrial Estate,

Silvassa, Dadra Nagar Haveli - 396230 INDIA

In pursuance of sub clause (i) of clause 10 of Part C of Schedule V of The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; (LODR) in respect of **Sarla Performance Fibers Limited** having CIN

L31909DN1993PLC000056, I hereby certify that:

On the basis of the written representation / declaration received from the Directors and taken on record by the Board of Directors as on 31st March, 2019, none of the Directors on the board of the Company has been debarred or disqualified from being appointed or continuing as director of Companies by the Securities Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.

For **A. Y. Sathe & Co.**
Company Secretaries

CS Ajit Sathe
(Proprietor)
FCS No.2899
COP No. 738

Place: Mumbai

Date: 23rd May, 2019

CERTIFICATE OF THE AUDITORS IN RESPECT OF COMPLIANCE OF CORPORATE GOVERNANCE

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations)

To the Members of

SARLA PERFORMANCE FIBERS LIMITED

We have examined the compliance of conditions of corporate governance by Sarla Performance Fibers Limited, for the year ended 31st March, 2019 as stipulated SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company

Place: Mumbai

Date: 23rd May, 2019

for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and the Listing Agreement of the said Company with Stock Exchanges.

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

For **CNK & ASSOCIATES LLP**
Chartered Accountants
Firm Registration No. 101961W

Himanshu Kishnadwala
Partner
Membership No. 37391

"I dwell in possibility..."

- Emily Dickinson

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification Under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015



To,
The Board of Directors
Sarla Performance Fibers Limited

A. We hereby certify that on the basis of the review of the financial statements and the cash flow statement for the financial year ended 31st March, 2019 and to the best of our knowledge and belief:

- i)** These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- ii)** These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

B. We hereby certify that, to the best of our knowledge and belief, no transactions entered into during the year by the Company are

fraudulent, illegal or violative of the Company's Code of Conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems pertaining to financial reporting and we have not come across any deficiency in the design or operation of such internal controls.

D. We have indicated to the Auditors and the Audit Committee:

- i)** significant changes in internal control over financial reporting during the year;
- ii)** that there are no significant changes in the accounting policies during the year; and
- iii)** that there are no instances of significant fraud of which we have become aware.

For **SARLA PERFORMANCE FIBERS LIMITED,**

KRISHNAKUMAR JHUNJHUNWALA
Managing Director

MAHENDRA SHETH
Chief Financial Officer

Place: Mumbai
Date: 23rd May, 2019

Declaration

I, **Madhusudan Jhunjunwala**, Chairman & Whole-Time Director of the Company, hereby declare that all the Members of the Board of Directors and Senior Management personnel of the Company have affirmed Compliance with the Code of Conduct for the year ended 31st March, 2019.

For **SARLA PERFORMANCE FIBERS LIMITED,**

Place: Mumbai
Date: 23rd May, 2019

(MADHUSUDAN JHUNJHUNWALA)
Chairman & Whole-time Director
(DIN: 00097254)

Independent Auditor's Report to the Members of Sarla Performance Fibers Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

QUALIFIED OPINION

We have audited the accompanying standalone financial statements of Sarla Performance Fibers Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India of the state of affairs (financial position) of the Company as at 31st March, 2019, the profit and total comprehensive income (financial performance), changes in equity and its cash flows for the year ended on that date.

BASIS FOR QUALIFIED OPINION

The Company has an exposure to its Wholly owned Subsidiary 'Sarlaflex, Inc.' of Rs. 596 lakhs towards investment in equity and towards unsecured loan of Rs.7,860 lakhs as on 31st March, 2019. The Company also has indirect exposure in Sarlaflex, Inc. by way of unsecured loans amounting to Rs. 5,903 lakhs through its wholly owned subsidiary, Sarla Overseas Holdings Limited.

Sarlaflex, Inc has suspended 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 a going concern.

In the absence of any impairment testing by management during the year, we are unable to comment on the impact, if any, on the total comprehensive income and retained earnings in the standalone financial statements (refer note 7 and note 9 of standalone financial statements).

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the

Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of standalone 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 qualified opinion on standalone financial statements.

KEY AUDIT MATTERS

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

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

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance Report, but does not include the standalone 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 standalone 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 standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the 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 STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters

stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total Comprehensive Income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 standalone 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 standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a

material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be

Independent Auditor's Report to the Members of Sarla Performance Fibers Limited

communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
3. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account;
 - d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with

the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

e) The matters described under the Basis for Qualified Opinion paragraph, in our opinion, may have an adverse effect on the functioning of the Company;

f) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act;

g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements;

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 46.1 to the standalone financial statements;

ii. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For C N K & Associates LLP

Chartered Accountants

Firm Registration Number: 101961W/W-100036

Himanshu Kishnadwala

Partner

Membership No.: 37391

Place: Mumbai
Date: 23rd May, 2019

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Sarla Performance Fibers Limited ("the Company") on the standalone financial statements for the year ended 31st March, 2019]

(i) (a) The Company is in the process of updating its fixed assets register in respect of addition to assets during the year to depict full particulars including quantitative details and situation of property, plant and equipment.

(b) The Company has a regular program of physical verification of fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification;

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable property are held in the name of the company except in the following case:

Particulars	Number of Cases	Gross Block (Rs. in Lakhs)	Net Block (Rs. in Lakhs)	Remarks
Freehold Land	1	3,029	3,029	Document of title in the name of two directors of the company. As informed to us, the Company is in the process of getting the title deeds registered in its name.

(ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification;

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable;

(iv) According to the information and explanations given to us, the Company has complied with the provisions of Section 185 of the Act. The Company has made equity investments, has given interest free loans and provided stand by letter of credit to its wholly owned subsidiaries. According to information and explanations given to us, said loans given, investments made and stand by letter of credit given are for business purpose and are within the limit of Sec 186(2) of the Act;

(v) According to the information and explanations given to us, the Company has not accepted any deposits from public within the provisions of Sections 73 to 76 of the Act read with The Companies (Acceptance of Deposits) Rules, 2014 and other relevant provisions of the Act and therefore, provisions of paragraph 3(v) of the Order are not applicable to the Company;

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as specified by the Central Government under sub section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the same with a view to determining whether they are accurate or complete;

(vii) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including provident fund, employees state insurance, income-tax, sales-tax, service tax, Goods and Service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it to the appropriate authorities;

(b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, Goods and Service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it, were outstanding, as on the last day of the financial year, for a period of more than six months from the date they became payable;

(c) Details of income-tax, sales-tax, service tax, Goods and Service tax, duty of customs, duty of excise, value added tax have not been deposited as on 31st March, 2019 on account of any dispute, are as under:

Name of the Statute	Forum where dispute is pending	Period to which the amount relate	Amount Involved (Rs. in lakhs)	Amount Unpaid (Rs. in lakhs)
The Central Excise Act, 1944	Supreme Court of India	FY 1995-96, 1996-97	150	75
The Central Excise Act, 1944	CESTAT	FY 1995-96, 1996-97	972	972
Custom Act, 1962	CESTAT	FY 2011-12, 2016-17	1,158	768

Annexure A to Independent Auditor's Report

- (viii) According to the information and explanations given to us, based on our examination of books and records, the Company has not defaulted in the repayment of loans or borrowing to banks. The Company does not have any loans and borrowings from financial institutions, government and has not issued any debentures;
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. According to the information and explanations given to us, money raised by way of term loans during the year have been applied for the purpose for which those were raised;
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no instances of fraud by the Company or on the Company by its officers or employees have been noticed or reported during the year;
- (xi) According to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with schedule V to the Act;
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable;
- (xiii) According to the information and explanations given to us, transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with related parties and the details of such transactions have been disclosed in the standalone financial statements etc. as required by the applicable Indian Accounting Standards;
- (xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable;
- (xv) According to the information and explanations given to us, during the year the Company has not entered into non-cash transactions with directors or persons connected with them;
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Place: Mumbai
Date: 23rd May, 2019

For C N K & Associates LLP
Chartered Accountants
Firm Registration Number: 101961W/W-100036

Himanshu Kishnadwala
Partner
Membership No.: 37391

"So many things are possible as long as you don't know they are impossible."

- Mildred D. Taylor, The Land

[Referred to in paragraph 3(g) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Sarla Performance Fibers Limited ("the Company") on the standalone financial statements for the year ended 31st March, 2019]

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

We have audited the internal financial controls with reference to financial statements of Sarla Performance Fibers Limited ("the Company") as of 31st March, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls

with reference to financial statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to financial statements includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

Annexure B to Independent Auditor's Report

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March,

2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Place: Mumbai
Date: 23rd May, 2019

For C N K & Associates LLP
Chartered Accountants
Firm Registration Number: 101961W/W-100036

Himanshu Kishnadwala
Partner
Membership No.: 37391

Balance Sheet as at 31st March, 2019



(Rs. in Lakhs)

Particulars	Note No.	As at 31 st March 2019	As at 31 st March 2018
I ASSETS			
(1) Non-current Assets			
(a) Property, Plant and Equipment	4	18,812	16,866
(b) Capital Work in Progress	5	1,030	323
(c) Intangible Assets	6	1,946	2,049
(d) Investments in Subsidiaries	7	779	779
(e) Financial Assets			
(i) Investments	8	1,103	964
(ii) Loans	9	8,448	8,024
(iii) Other Financial Assets	10	2,511	2,087
(f) Non-current Tax Assets (Net)	11	44	53
(g) Other Non-current Assets	12	329	181
Total Non-current Assets		35,003	31,326
(2) Current Assets			
(a) Inventories	13	3,895	4,225
(b) Financial Assets			
(i) Investments	14	37	125
(ii) Trade Receivables	15	9,049	6,875
(iii) Cash and Cash Equivalents	16	411	1,280
(iv) Bank Balances other than (iii) above	17	4,561	2,911
(v) Loans	18	31	23
(vi) Other Financial Assets	19	440	43
(d) Other Current Assets	20	1,963	1,051
Total Current Assets		20,387	16,533
Total Assets		55,390	47,859
II EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	21	835	835
(b) Other Equity	22	31,307	28,845
Total Equity		32,142	29,680
Liabilities			
(1) Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	6,009	3,926
(ii) Other Financial Liabilities	24	-	1
(b) Provisions	25	96	92
(c) Deferred Tax Liabilities (Net)	26	3,172	2,800
(d) Other Non-current Liabilities	27	5	6
Total Non-current Liabilities		9,282	6,825

(Rs. in Lakhs)

Particulars	Note No.	As at 31 st March 2019	As at 31 st March 2018
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	28	8,452	6,446
(ii) Trade Payables	29		
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		1,435	1,072
(iii) Other Financial Liabilities	30	3,698	3,602
(b) Other Current Liabilities	31	177	107
(c) Provisions	32	65	39
(d) Current Tax Liabilities (Net)	33	139	88
Total Current Liabilities		13,966	11,354
TOTAL EQUITY AND LIABILITIES		55,390	47,859

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

Partner
(Membership No. 37391)

MADHUSUDAN S. JHUNJHUNWALA

Chairman & Whole Time Director
(DIN: 00097254)

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MAHENDRA SHETH

CFO & Company Secretary

Place: Mumbai
Date: 23rd May, 2019

Place: Mumbai
Date: 23rd May, 2019

“Without leaps of imagination or dreaming, we lose the excitement of possibilities. Dreaming, after all is a form of planning.”

- Gloria Steinem

Statement of Profit and Loss for the period ended 31st March, 2019



(Rs. in Lakhs)

Particulars	Note No.	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
I Revenue from Operations	34	31,632	27,647
II Other Income	35	1,809	2,585
III TOTAL INCOME (I+II)		33,441	30,232
IV Expenses			
(a) Cost of Materials Consumed	36	17,611	13,073
(b) Changes in Inventories of finished goods and work-in-progress	37	(265)	678
(c) Employee Benefits Expense	38	1,150	1,008
(d) Finance Costs	39	727	618
(e) Depreciation And Amortization Expense	40	1,448	1,317
(f) Other Expenses	41	8,537	7,605
TOTAL EXPENSES (a to f)		29,208	24,299
V Profit / (Loss) Before Tax (III - IV)		4,233	5,933
VI Tax Expense:	26		
Current Tax		961	1,505
Deferred Tax		321	363
Mat Credit Entitlement		-	(145)
Adjustments For Earlier Years		(0)	182
Total Tax Expense		1,282	1,905
VII Profit / (Loss) for the year (V-VI)		2,951	4,028
VIII Other Comprehensive Income ('OCI')			
A (i) Items that will not be reclassified to profit or loss		(14)	(17)
Remeasurement of defined benefit plan			
(ii) Income tax relating to items that will not be reclassified to profit or loss		5	6
Total (A)		(9)	(11)
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total (B)		-	-
Total Other Comprehensive Income (A+B)		(9)	(11)
IX Total Comprehensive Income for the year (VII+VIII)		2,942	4,017
X Earnings Per Equity Share	43		
- Basic and Diluted (face value Re. 1)		3.53	4.82

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
Partner
(Membership No. 37391)

Place: Mumbai
Date: 23rd May, 2019

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MADHUSUDAN S. JHUNJHUNWALA
Chairman & Whole Time Director
(DIN: 00097254)

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 23rd May, 2019

(Rs. in Lakhs)

	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
A Cash Flow from Operating Activities		
Profit before Tax	4,233	5,933
Adjustments for:		
Finance Costs	727	618
Depreciation and Amortisation Expenses	1,448	1,317
Interest on Income Tax	3	11
Interest Income	(509)	(375)
Gain on disposal of Investment Property	-	(841)
Gain on disposal of Property, Plant and Equipment	(30)	(75)
Gain on disposal of Investments	24	(27)
Gain on fair value of Investments	(129)	(8)
Dividend Income on Current Investments	(31)	(9)
Dividend Income from Subsidiaries	(427)	(920)
Government Grant	(1)	(1)
Unrealised exchange gain or loss on foreign currency translations	(534)	(83)
Amortisation of Foreign currency monetary item translation difference account	(60)	(5)
Operating profit before working capital changes	4,714	5,536
Movements in Working Capital:		
Adjustments for (increase)/decrease in operating assets:		
Trade Receivables	(2,174)	(394)
Inventories	330	(9)
Current Loans	(8)	3
Non-current Loans	67	78
Other Non-current Assets	(149)	114
Other Current Assets	(912)	(587)
Other Current Financial Assets	(354)	475
Other Non-current Financial Assets	-	-
Adjustments for increase/(decrease) in Operating Liabilities:		
Trade Payables	363	72
Other Current Financial Liabilities	150	281
Other Current Liabilities	44	(928)
Provisions	15	35
Cash generated from operations	2,085	4,677
Direct Taxes Paid (net)	(849)	(1,320)
Net cash generated from Operating Activities (A)	1,237	3,357
B Cash Flows from Investing Activities		
Bank Balances other than Cash & Cash Equivalents	(1,651)	3,489
Purchase of Property, Plant and Equipment	(4,155)	(3,013)
Purchase of Intangible Assets	-	(7)
Proceeds from disposals of Property, Plant and Equipment	92	2,500
Purchase of Non-current Investments	(16)	(9)
Purchase of Current Investments	70	(117)
Loans to Subsidiaries	(0)	(925)
Interest Received	285	410
Bank Deposits	(244)	(1,484)
Dividend Income on Current investments	31	9
Dividend Income from Subsidiary	427	920
Net cash (used in) Investing Activities (B)	(5,160)	1,772

Statement of Cash Flow for the year ended 31st March, 2019



(Rs. in Lakhs)

	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
C Cash Flow from Financing Activities		
Proceeds from Non-current Borrowings	2,009	(1,067)
Proceeds from Current Borrowings	2,165	(1,783)
Interest Paid	(700)	(602)
Dividend Paid	(420)	(919)
Net Cash (used in) Financing Activities (C)	3,055	(4,370)
D NET INCREASE IN CASH AND CASH EQUIVALENTS [(A) + (B) + (C)]	(868)	758
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
Balances with banks in current accounts and deposit accounts	1,271	514
Cash on hand	9	10
CASH AND CASH EQUIVALENTS AS PER NOTE 16	1,280	524
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Balances with banks in current accounts and deposit accounts	388	1,271
Cash on hand	23	9
CASH AND CASH EQUIVALENTS AS PER NOTE 16	411	1,280

Explanatory notes to Statement of Cash Flows:

- The Statement of Cash Flows is prepared in accordance with the format prescribed by Securities and Exchange Board of India and as per Ind AS 7 as notified by Ministry of Corporate Affairs.
- 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.
- 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".
- Changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes:

Particulars	As at 1 st April, 2018	Cash Flow	Foreign Exchange Movement	As at 31 st March, 2019
Non-Current borrowing (including current maturities of non-current borrowing)	4,576	2,009	116	6,701
Current Borrowing	6,446	2,165	(159)	8,452
	11,022	4,175	(43)	15,153

Particulars	As at 1 st April, 2017	Cash Flow	Foreign Exchange Movement	As at 31 st March, 2018
Non-Current borrowing (including current maturities of non-current borrowing)	5,683	(1,067)	5	4,576
Current Borrowing	8,187	(1,783)	43	6,446
	13,825	(2,850)	47	11,022

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
Partner
(Membership No. 37391)

MAHENDRA SHETH
CFO & Company Secretary

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MADHUSUDAN S. JHUNJHUNWALA
Chairman & Whole Time Director
(DIN: 00097254)

Place: Mumbai
Date: 23rd May, 2019

Place: Mumbai
Date: 23rd May, 2019

Statement of Changes in Equity for the year ended 31st March, 2018

a. Equity Share Capital (Note 21)

(Rs. in Lakhs)

Particulars	Amount
Balance as at 1st April, 2017	835.03
Changes in equity share capital during the year 2017-18	-
Balance as at 31st March, 2018	835.03
Changes in equity share capital during the year 2018-19	-
Balance as at 31st March, 2019	835.03

b. Other Equity (Note 22)

(Rs. in Lakhs)

Particulars	Reserves and Surplus					Total Equity
	Capital Reserve	Securities Premium	General Reserve	Foreign Currency Monetary Item Translation Difference Account	Retained Earnings*	
As at 1st April, 2017	182	4,529	8,274	19	12,753	25,757
Profit for the year 2017-18	-	-	-	-	4,028	4,028
Other comprehensive income for the year 2017-18 (net of tax)	-	-	-	-	(11)	(11)
Addition/(Deletions) during the year	-	-	-	(5)	-	(5)
Amortisation during the year	-	-	-	(5)	-	(5)
Total comprehensive income for the year	-	-	-	(10)	4,017	4,007
Dividend	-	-	-	-	(919)	(919)
As at 31st March, 2018	182	4,529	8,274	9	15,851	28,845
Profit for the year 2018-19	-	-	-	-	2,951	2,951
Other comprehensive income for the year 2018-19 (net of tax)	-	-	-	-	(9)	(9)
Addition/(Deletions) during the year	-	-	-	-	-	-
Amortisation during the year	-	-	-	(60)	-	(60)
Total comprehensive income for the year	-	-	-	(60)	2,942	2,882
Dividend	-	-	-	-	(420)	(420)
As at 31st March, 2019	182	4,529	8,274	(51)	18,373	31,307

*Including rereasurement of net defined benefit plans

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

FOR AND ON BEHALF OF BOARD OF DIRECTORS

HIMANSHU KISHNADWALA
Partner
(Membership No. 37391)

MADHUSUDAN S. JHUNJHUNWALA
Chairman & Whole Time Director
(DIN: 00097254)

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 23rd May, 2019

Place: Mumbai
Date: 23rd May, 2019

Notes forming parts of Financial Statements for the year ended 31st March, 2019



1. CORPORATE INFORMATION:

Sarla Performance Fibers Limited ('SPFL' or 'the Company') is a public limited Company incorporated and domiciled in India and has its registered office at Survey No. 59/1/4, Amlī Piparia Industrial Estate, Silvassa – 396 230, U.T. of Dadra & Nagar Haveli, India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

The Company is engaged primarily in manufacturing of various types of polyester and nylon yarns. The Company caters to both domestic and international markets. The Company has three plants, 2 at Silvassa, Union territory of Dadra and Nagar haveli and 1 at Vapi, Gujarat.

The Company has a global presence with key subsidiaries in United States of America (USA) and British Virgin Island (BVI) that are engaged in the manufacture and/or sale of various types of polyester and nylon yarns.

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

2.1. Basis of compliance: The financial statements comply in all material aspects with Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act, 2013 ('Act') read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

2.2. Basis of Preparation and Presentation: The financial statements 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 Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

The financial statements of the Company for the year ended 31st March, 2019 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 23rd May, 2019.

2.3. Application of New Accounting Standard: The Company has adopted Ind AS 115 Revenue from contracts with customers, with

effect from April 1, 2018. Ind AS 115 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the contracts with its customers and replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The impact of the adoption of the standard on the financial statements of the Company is insignificant

2.4. Use of Judgements and Estimates: The preparation of the financial statements 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.

2.5. 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

Notes to Financial Statements for the year ended 31st March, 2019

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 Company 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. Intangible Assets:

2.6.1. Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably;

2.6.2. Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any;

2.6.3. The intangible assets with a finite useful life are amortised using straight line method over their estimated useful lives. The management’s estimates of the useful lives for various class of Intangibles are as given below:

Asset	Useful Life
Computer Software	3 years
Service Concession Arrangement	20 years

2.6.4. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses on de-recognition are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses);

2.6.5. The estimated useful life is reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates;

2.7. Investment Property:

2.7.1. Investment property is property (land or a building - or part of a building - or both) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any;

2.7.2. Any gain or loss on disposal of investment property is calculated as the difference between the net proceeds from disposal and the carrying amount of the investment property is recognised in Statement of Profit and Loss;

2.8. Non-currents Assets held for Sale:

2.8.1. Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets;

2.8.2. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell;

2.8.3. Non-current assets classified as held for sale are not depreciated or amortized from the date when they are classified as held for sale.

2.9. Leases: The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

2.9.1. Company as a Lessee:

Finance Lease

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred;

Operating Lease

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis unless payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase.

2.9.2. Company as a lessor:

Finance Lease

Finance leases are recognised at an amount equal to the net investment in the lease. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the net investment in the finance lease;

Operating Lease

Rental income from operating lease is recognised on a straight line basis over the lease term unless payments to the Company are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increase. Contingent rents are recognised as revenue in the period in which they are earned.

2.10. Impairment of Non-financial Assets:

2.10.1. 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;

2.10.2. The recoverable amount is the higher of the fair value less costs 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.

2.11. Inventories:

2.11.1. 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;

2.11.2. 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, excise duty;

2.11.3. 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.

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

2.13. Fair Value Measurement:

2.13.1. The Company measures certain financial instruments at fair value at each reporting date;

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

2.13.3. 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 Company has access at that date. The fair value of a liability also reflects its non-performance risk;

Notes to Financial Statements for the year ended 31st March, 2019

2.13.4. 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 Company 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;

2.13.5. While measuring the fair value of an asset or liability, the Company 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);

2.13.6. When quoted price in active market for an instrument is available, the Company 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;

2.13.7. If there is no quoted price in an active market, then the Company uses 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;

2.13.8. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company assesses the evidence obtained from 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.

2.14. Financial Instruments:

2.14.1. Financial Assets: Financial assets are recognised when the Company 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 Company 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 Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company 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 Company 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 Company 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;

2.14.2. Financial Liabilities:

Initial Recognition and Measurement: Financial liabilities are recognised when the Company 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;

2.14.3. Financial Guarantees: Financial guarantee contracts issued by the Company 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;

2.14.4. Derivative Financial Instruments: The Company uses derivative financial instruments to manage the exposure on account of fluctuation in interest rate and foreign exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value with the changes being recognised in the Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative;

2.14.5. Embedded Derivatives: If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the classification requirements contained in Ind AS 109 are applied to the entire hybrid contract. Derivatives embedded in all other host contracts, including financial liabilities are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVTPL. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows;

2.14.6. 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.

2.15. Revenue Recognition:

2.15.1. Sale of Goods: Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company 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,

Notes to Financial Statements for the year ended 31st March, 2019

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 Company'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 Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company 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 Company performs under the contract.

2.15.2. 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.

2.15.3. Income from export incentives such as duty drawback and premium on sale of import licenses are recognised on accrual basis;

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

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

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

2.15.7. Revenue from sale of power from wind operated generators (considered under service concession arrangement) is accounted when the same is transmitted to and confirmed by the Electricity Board to whom the same is sold;

2.15.8. Renewable Energy Certificate (REC) income is

recognised as and when such RECs are traded and money is realised.

2.15.9. 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.

2.16. Employee Benefits:

2.16.1. 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;

2.16.2. Post-employment Benefits: The Company 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 Company'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 Company, 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.

2.17. Borrowing Costs:

2.17.1. 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;

2.17.2. 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;

2.17.3. 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.

2.18. Foreign Currency Transactions:

2.18.1. The financial statements are presented in INR, the functional currency of the Company (i.e. the currency of the primary economic environment in which the Company operates);

2.18.2. 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 (except for long term foreign currency monetary items outstanding as of 31st March 2017 which are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over balance period of liability) 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.

2.18.3. 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.

2.19. Government Grants:

2.19.1. Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with;

2.19.2. When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed;

2.19.3. Government grants relating to property, plant and equipment are presented as deferred income and are credited to the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset.

2.20. Provisions and Contingent Liabilities:

2.20.1. 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;

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

2.20.3. 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;

2.20.4. Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company, 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;

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

2.21. Taxes on Income

2.21.1. 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;

2.21.2. 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.

Notes to Financial Statements for the year ended 31st March, 2019

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.

2.22. Earnings Per Share

2.22.1. 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;

2.22.2. 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.

2.23. 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 Company 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.

2.24. 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.

2.25. 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 Company's Board of Directors.

3. RECENT ACCOUNTING PRONOUNCEMENTS

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 – Leases which is effective from 1st April, 2019:

Ind AS 116: Leases

It will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees.

The Company is in process of evaluating the impact of the same.

“Turn your obstacles into opportunities and your problems into possibilities.”

Note 4: PROPERTY, PLANT & EQUIPMENT

(Rs. in Lakhs)

Gross Block	Freehold Land	Leasehold Land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Computers	Total
Balance as at 1st April, 2017	3,185	9	1,556	12,856	31	92	13	64	17,806
Additions / Transfers	121	-	152	1,133	20	-	8	3	1,437
Deletions	-	-	-	(61)	-	-	-	-	(61)
Balance as at March 31, 2018	3306	9	1,708	13,928	51	92	21	67	19,182
Additions / Transfers	0	0	114	3,147	3	66	8	15	3,353
Deletions	-	-	-	(136)	-	-	-	-	(136)
Balance as at March 31, 2019	3,306	9	1,822	16,939	54	158	29	82	22,399
Accumulated Depreciation	Freehold Land	Leasehold Land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Computers	Total
Balance as at 1st April, 2017	-	-	63	1,028	5	17	4	23	1,140
Depreciation Charges for the year	-	-	68	1,089	6	17	4	31	1,215
Depreciation on Deletions	-	-	-	(39)	-	-	-	-	(39)
Balance as at March 31, 2018	-	0	131	2,078	11	34	8	54	2,316
Depreciation Charges for the year	-	-	71	1,235	6	20	6	6	1,345
Depreciation on Deletions	-	-	-	(74)	-	-	-	-	(74)
Balance as at March 31, 2019	-	0	202	3,239	17	54	14	60	3,587
Net block as at 31st March, 2018	3,306	9	1,577	11,850	40	58	13	13	16,866
Net block as at 31st March, 2019	3,306	9	1,620	13,700	37	104	15	22	18,812

Notes:

- (i) In Plant and Equipments addition is net off loss of Rs. Nil (as at 31st March, 2018: 1 lakh) on reinstatement of foreign currency loan taken to acquire the asset. (Refer note 53)
- (ii) Freehold land includes, Land acquired during FY 2016-17 for Rs. 30 Crores which is standing in the name of two directors pending completion of formalities for transfer of the same to the company name.
- (iii) Charge has been created over property, plant and equipments of the company in regard to borrowings (refer note 23)
- (iv) Leasehold land represents land taken on finance lease for 20 years.

Notes to Financial Statements for the year ended 31st March, 2019

Note 5: CAPITAL WORK IN PROGRESS

(Rs. in Lakhs)

Particulars	As at 31 st March 2019	As at 31 st March 2018
Capital work in progress	1,030	323
	1,030	323

Note 6: INTANGIBLE ASSET

(Rs. in Lakhs)

Particulars	Service Concession Arrangement	Computer Software	Total
Gross Block			
Balance as at 1 st April, 2017	2,232	15	2,247
Additions	-	7	7
Deletions	-	-	-
Balance as at 31 st March, 2018	2,232	22	2,254
Additions	-	-	-
Deletions	-	-	-
Balance as at 31 st March, 2019	2,232	22	2,254
Accumulated Amortisation			
Balance as at 1 st April, 2017	97	6	102
Additions	97	6	102
Deletions	-	-	-
Balance as at 31 st March, 2018	193	11	205
Additions	97	7	103
Deletions	-	-	-
Balance as at 31 st March, 2019	290	18	308
Balance as at 31 st March, 2018	2,039	11	2,049
Balance as at 31 st March, 2019	1,942	4	1,946

Note 7: INVESTMENTS IN SUBSIDIARIES

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Investments in Equity shares at cost (fully paid)		
Unquoted		
4,35,000 (31st March, 2018: 4,35,000) Shares of USD 1.00 each of Sarla Overseas Holdings Limited	183	183
9,89,000 (31st March, 2018: 9,89,000) Shares of USD 1.00 each of Sarlaflex Inc USA (Refer note below)	596	596
TOTAL	779	779
Aggregate value of quoted investments	-	-
Aggregate value of unquoted investments	779	779
Aggregate amount of impairment in the value of investments	-	-

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

Note 8: NON-CURRENT FINANCIAL ASSETS - INVESTMENTS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Unquoted		
Investments in preference shares at FVTPL (fully paid)	606	500
Investments in units of mutual fund at FVTPL (fully paid)	372	355
Investments in debentures at amortised cost (fully paid)	125	109
TOTAL	1,103	964
Aggregate value of quoted investments	-	-
Aggregate value of unquoted investments	1,103	964
Aggregate amount of impairment in the value of investments	-	-

Notes: Mutual funds of Rs. 372 lakhs (as at 31st March, 2018: 355 lakhs) are lien against ECB Term Loan from Standard Chartered Bank. (Refer note 23)

Note 9: NON-CURRENT FINANCIAL ASSETS - LOANS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Unsecured, Considered Good unless stated otherwise		
Security deposits	588	654
Other loans and advance (refer note (i))	7,860	7,369
TOTAL	8,448	8,024

***BREAKUP**

(Rs. in Lakhs)

Loans considered good - Secured	-	-
Loans considered good - Unsecured	588	654
Loans which have significant increase in credit risk	7,860	7,369
Loans - credit impaired	-	-
TOTAL	8,448	8,024

Notes: (i) Other loans and advance includes loan amount Rs. 7,860 lakhs (as at 31st March, 2018: Rs. 7,369 lakhs) is given to related party (Refer note 44 & Note 7 - Investments in Subsidiaries)

Note 10: NON-CURRENT FINANCIAL ASSET - OTHERS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Fixed deposits with remaining maturity for more than 12 months	2,017	1,773
Interest Receivable	494	314
TOTAL	2,511	2,087

Notes: Fixed Deposits of Rs. 1,768 lakhs (As at 31st March, 2018 Rs. 1,774 lakhs) pledged as margin money deposit for facilities from Banks. (Refer note 28)

Note 11: NON CURRENT TAX ASSETS (NET)

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Taxes paid in advance (Net of Provision for tax)	44	53
TOTAL	44	53

Notes to Financial Statements for the year ended 31st March, 2019

Note 12: OTHER NON-CURRENT ASSETS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Unsecured, considered good unless stated otherwise		
Capital Advances	238	102
Security Deposits with government authorities	90	77
Advance Lease rental	2	2
TOTAL	330	181

Note 13: INVENTORIES (at lower of cost and net realisable value)

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Raw Materials	1,324	1,983
Work-In-Progress	714	769
Finished goods	1,552	1,232
Stores and Spares	117	100
Oil & lubricants	80	48
Power & Fuel	11	10
Packing Materials	97	83
TOTAL	3,895	4,225

Notes:

- Inventories of Rs. 3,895 lakhs (as at 31st March, 2018: Rs. 4,225 lakhs) are hypothecated against working capital facilities from banks. (refer note 28)
- There has been no write down of inventories during the year.

Note 14: INVESTMENTS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Quoted		
Investment in Equity shares at FVTPL (fully paid)	37	125
TOTAL	37	125
Aggregate value of quoted investments and market value thereof	37	125
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

Notes: Investments of Rs. 37 lakhs (as at 31st March, 2018: 125 lakhs) are hypothecated against working capital facilities from banks. (Refer note 28)

Note 15: TRADE RECEIVABLES

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
(a) Trade Receivables considered good - Secured	-	-
(b) Trade Receivables considered good - Unsecured	9,051	6,878
(c) Trade Receivables which have significant increase in credit risk	-	-
(d) Trade Receivables - credit impaired	-	-
Allowance as per Expected credit loss model	(2)	(3)
TOTAL	9,049	6,875

Notes:

- Trade receivable includes Rs.2,527 lakhs (As at 31st March, 2018: Rs.489 lakhs), receivable from two subsidiaries.
- Trade Receivables of Rs. 9,049 lakhs (as at 31st March, 2018: Rs. 6,875 lakhs) are hypothecated against working capital facilities from banks. (Refer note 28)
- Movement in the expected credit loss allowance

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Balance at the beginning of the year	3	18
Provision reversed during the year	(1)	(15)
Balance at the end of the year	2	3

Note 16: CASH & CASH EQUIVALENTS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Cash and Cash Equivalents		
Balances with Banks	388	1,044
Cash on Hand	23	9
Cheques on hand (Since deposited)	-	223
Demand deposits with Banks with original maturity of less than three months	-	4
TOTAL	411	1,280

Notes: Demand Deposits of Rs. Nil (As at 31st March, 2018 Rs. 4 lakhs) pledged as margin money deposit for facilities from Banks.

Note 17: BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Balance in unpaid dividend account	77	47
Fixed deposits with remaining maturity for less than 12 months	4,484	2,864
TOTAL	4,561	2,911

Notes: Fixed Deposit of Rs. 2,484 lakhs (As at 31st March, 2018 Rs. 2,390 lakhs) pledged as margin money deposit for facilities from Banks.

Note 18: LOANS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Unsecured, Considered Good		
<u>Others</u>		
Loans to staff	31	23
TOTAL	31	23

***BREAKUP**

(Rs. in Lakhs)

Loans considered good - Secured	-	-
Loans considered good - Unsecured	31	23
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
TOTAL	31	23

Note 19: OTHER FINANCIAL ASSETS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Interest Receivable	80	37
Other Receivables	0	6
Derivative financial assets	360	-
TOTAL	440	43

Notes to Financial Statements for the year ended 31st March, 2019

Note 20: OTHER CURRENT ASSETS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Advances to Suppliers (For Raw Materials and expenses)	409	142
Balances with government authorities	1,388	795
Export incentives receivables	138	78
Prepaid Expenses	28	36
TOTAL	1,963	1,051

Note 21: EQUITY SHARE CAPITAL

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Authorised		
100,000,000 (As at 31st March, 2018: 100,000,000) Equity Shares of Re. 1 each	1,000	1,000
Issued, Subscribed and Paid up		
83,503,000 (As at 31st March, 2018: 83,503,000) Equity Shares of Re. 1 each	835	835
Fully Paid-up		
TOTAL	835	835

Note 21.1: RECONCILIATION OF NUMBER OF EQUITY SHARES:

Particulars	As at 31 st March, 2019		As at 31 st March, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Opening Balance	835	835	835	835
Changes during the year	-	-	-	-
Closing Balance	835	835	835	835

Note 21.2: TERMS / RIGHTS ATTACHED TO EQUITY SHARES

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

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company,

after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note 21.3:

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

Note 21.4: SHARES HELD BY SHAREHOLDERS EACH HOLDING MORE THAN 5% OF THE SHARES

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Hindustan Cotton Company - through its partners		
No. of Shares	112	112
Percentage	13%	13%
Satidham Industries Private Limited		
No. of Shares	231	231
Percentage	28%	28%

Note 22: OTHER EQUITY

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Capital Reserve	182	182
Securities Premium Reserve	4,529	4,529
General Reserve	8,274	8,274
Foreign Currency Monetary Item Translation Difference Account	(51)	9
Retained Earnings	18,373	15,851
TOTAL	31,307	28,845

The movement in other Equity:
Note 22.1: CAPITAL RESERVE

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Balance as at the beginning of the year	182	182
Movement during the year	-	-
Balance as at the end of the year	182	182

Capital reserve represents forfeiture of application money received for share warrants on lapse of option due to non subscription.

Note 22.2: SECURITIES PREMIUM RESERVE

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Balance as at the beginning of the year	4,529	4,529
Movement during the year	-	-
Balance as at the end of the year	4,529	4,529

Securities premium reserve is generated by premium on issue of shares. The reserve is eligible for utilisation in accordance with the provisions of the Act.

Note 22.3: GENERAL RESERVE

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Balance as at the beginning of the year	8,274	8,274
Movement during the year	-	-
Balance as at the end of the year	8,274	8,274

General reserve represents appropriation of retained earnings and are available for distribution to shareholders.

Note 22.4: FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Balance as at the beginning of the year	10	19
Movement during the year	(61)	(9)
Balance as at the end of the year	(51)	10

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.

Note 22.5: RETAINED EARNINGS

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Balance as at beginning of the year	15,851	12,753
Profit for the year	2,951	4,028
Re-measurement of Net defined Benefit Plans (net of tax)	(9)	(11)
Dividend	(420)	(919)
Balance as at the end of the year	18,373	15,851

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

Notes to Financial Statements for the year ended 31st March, 2019

Dividend

Particulars	Year 2018-19	Year 2017-18
Dividend on equity shares paid during the year		
Final dividend for the F.Y. 2017-18 (Rs. 1.10 (Previous Year Rs. 1.10)) per equity share of Re. 1 each	919	919
Less: Dividend waived by promoters	(499)	-
TOTAL	420	919

Proposed Dividend:

The Board of Directors at its meeting held on 23rd May, 2019 have recommended a payment of final dividend of Rs. 1.10 (Rupee one and paise ten only) per equity share of face value of Re. 1 each for the financial year 31st March, 2019. The same amounts to Rs. 919 lakhs.

The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognized as a liability.

Note 23: NON-CURRENT BORROWINGS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Term Loans:		
Secured Loans - From Bank		
Yes Bank (Rupee Term Loan) (refer note (i))	1,500	1,500
Indusind Bank (Rupee term loan) (refer note (ii))	1,400	1,450
Standard Chartered Bank (Foreign Currency Loan) (refer note (iii & iv))	3,065	976
Yes Bank (Rupee Term Loan) for Vehicle (refer note (v))	44	-
TOTAL	6,009	3,926

Note:

Nature of Security

- (i) Lien on Fixed Deposits of Rs. 1,500 lakhs with Yes Bank Ltd.
- (ii) Lien on Fixed Deposits of Rs. 1,500 lakhs with Indusind Bank Ltd.
- (iii) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat
(b) First pari passu charge on the movable fixed assets of the company (except Unit 1 Silvassa)
(c) First pari passu charge on the immovable fixed assets of the company located at Vapi and unit II Silvassa
(d) Lien on marketable securities of INR 187.60 lakhs in the form of debt mutual funds.
- (iv) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat
(b) (i) First pari passu charge on the movable fixed assets (P&M) of Dadra Plant.
(ii) First pari passu charge on the movable fixed assets of the company (except Unit 1 Silvassa)
(c) First pari passu charge on the immovable fixed assets of the company located at Vapi and unit II Silvassa
(d) Cash Margin in form of FD equivalent of two quarters of Interest and principal repayment (~ INR 350 lakhs)
- (v) Specific charge on Vehicle financed by the Bank.

Terms of Repayment

- Term loan of Rs. 1,500 lakhs is bullet repayment after 60 months (Date: 10th March, 2021)
- Term loan of Rs. 1,500 lakhs is repayable Every year payment of Rs. 50 lakhs from 1st to 4th year end and balance of Rs. 1300 lakhs in 5th year. Repayment starting from May 2017
- Term loan of USD 40,00,000 is repayable in 16 equal quarterly installment of USD 2,50,000 each till Sept 2020. Repayment starting from Dec 2016
- Term loan of EURO 35,00,000 is repayable in 16 equal quarterly installment of EURO 2,18,750 each till Jan 2024. Repayment starting from May 2020
- Term loan of INR 52,00,000 is repayable in 60 equated monthly installment of INR 1,05,687 each till April 2023. Repayment starting from May 2019

Note 24: OTHER FINANCIAL LIABILITIES

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Security deposits payable	-	1
TOTAL	-	1

Note 25: PROVISIONS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Provision for employee benefits (Refer note 43)		
Gratuity	96	92
TOTAL	96	92

Note 27: OTHER NON CURRENT LIABILITIES

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Deferred income arising from government grants	5	6
TOTAL	5	6

Notes: Technology Upgradation Fund Scheme subsidy received from government (ministry of textiles) towards investments in plant and equipments.

Note 28: BORROWINGS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Loan Repayable on Demand - From Bank		
Secured		
Packing Credit (refer note no. (i),(ii),(iii) & (iv))	7,525	5,416
Foreign Bill Discounting (refer note no. (iv))	927	211
Buyer's Credit (refer note no. (i),(iii) & (iv))	-	819
TOTAL	8,452	6,446

Note:
Term of repayment and securities for current borrowings

All the working capital facilities are secured against:

- First pari passu charge on entire current assets of the Company, excluding those kept, stored, lying loose at Unit No. 1, both present and future.
- Second pari passu charge on the entire Movable fixed assets, excluding the movable fixed assets situated or kept at unit no. 1, of the Company, (save and except for vehicles)
- Second pari passu charge on immovable fixed assets of the Company situated at silvassa plant unit II bearing survey no. 64/2, 64/3, 64/4, 61/1, 61/2, 63/5, 63/7, 62/5 and all the piece and parcel of Industrial non-agricultural land bearing Survey No. 62/5, admeasuring 2700 sq.mtrs., situated at village - Amlti, Silvassa Union Territory of Dadra & Nagar Haveli.
- The facilities are further secured by personal guarantee of Managing Director.

Note 29: TRADE PAYABLES

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Trade Payables:		
Total outstanding dues of Micro and Medium enterprises	-	-
Total outstanding dues of creditors other than Micro and Medium enterprises	1,435	1,072
TOTAL	1,435	1,072

Notes to Financial Statements for the year ended 31st March, 2019

Note:

Micro, Small and medium enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosure are given below:

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Principal amount due and remaining unpaid	-	-
Interest due and unpaid on the above amount	-	-
Interest paid by the Company in terms of section 16 of the Micro, Small and Medium enterprises Act, 2006	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable	-	-
TOTAL	-	-

Note 30: OTHER FINANCIAL LIABILITIES

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Current maturities of long term debts	692	650
Creditors for Capital goods	1,437	1,533
Unpaid dividend (refer note (i) & (ii))	77	47
Salaries, wages & other payable	85	31
Book overdraft	455	835
Derivative financial liabilities	-	49
Others	952	457
TOTAL	3,698	3,602

Notes:

- There are no amounts due for payment to the Investor Education and Protection Fund Under Section 125 of the Act, as at the year end.
- Amount of Rs. 5 lakhs (As at 31st March, 2018:4 lakhs) is transferred to Investor Education and Protection Fund during the year.

Note 31: OTHER CURRENT LIABILITIES

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Revenue received in advance		
Advance from Customers	144	72
Others		
Deferred income arising from government grants	1	1
Statutory Dues	32	34
TOTAL	177	107

Note 32: PROVISIONS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Provision for employee benefits (Refer note 43)		
Gratuity	45	10
Leave Encashment	7	14
Bonus	13	15
TOTAL	65	39

Note 33: CURRENT TAX LIABILITIES

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Provision for Tax (Net of Taxes paid in advance)	139	88
TOTAL	139	88

Note 26: TAX EXPENSE, DEFERRED TAX LIABILITIES (NET) AND DEFERRED TAX ASSETS (NET)
A) AMOUNTS RECOGNIZED IN PROFIT AND LOSS

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Current tax expense (A)		
In respect of current year	961	1,505
	961	1,505
Deferred tax expense (B)		
In respect of current year	321	363
	321	363
Mat credit entitlement (C)	-	(145)
Adjustments for earlier years (D)	(0)	182
Tax expense recognized in the income statement (A+B+C+D)	1,282	1,905

B) AMOUNTS RECOGNIZED IN OTHER COMPREHENSIVE INCOME

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans	5	6
TOTAL	5	6

C) RECONCILIATION OF EFFECTIVE TAX RATE

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019		For the year ended 31 st March, 2018	
	%	Amounts	%	Amounts
Profit before Tax		4,233		5,933
Tax using the Company's Domestic Tax Rate	34.94%	1,479	34.61%	2,053
Tax effect of:				
Disallowable Expenses	0.22%	9	0.50%	30
Income / Expenses not considered in Income Tax Act	-0.67%	(28)	-0.89%	(53)
Tax-exempt Income	-0.26%	(11)	-0.05%	(3)
Tax Holidays and Similar Exemptions	-1.98%	(84)	-1.11%	(66)
Tax Paid at Lower Rate	-1.96%	(83)	-4.19%	(249)
Other Non-deductible Differences	-0.01%	(0)	2.63%	156
	30.29%	1,282	31.50%	1,868
Mat Credit Entitlement	0.00%	-	-2.45%	(145)
Adjustments for Earlier Years	0.00%	(0)	3.07%	182
Effective Income Tax Rate	30.28%	1,282	32.12%	1,905

Notes to Financial Statements for the year ended 31st March, 2019

D) MOVEMENT IN DEFERRED TAX LIABILITIES (NET)

(Rs. in Lakhs)

Particulars	As at 31 st March, 2018				As at 31 st March, 2019		
	Net Balance April 1, 2018	Recognized in Profit or Loss	Recognized in OCI	Recognized Directly in Equity	Net	Deferred Tax Asset	Deferred Tax Liability
Deferred tax Asset / (Liabilities)							
Property, Plant and Equipment	(3,244)	(107)	-	-	(3,351)	-	(3,351)
Fair Valuation of Mutual Funds	(19)	19	-	-	-	-	-
Fair Valuation of loan given to Subsidiary	-	(25)	-	-	(25)	-	(25)
Employee Benefits	46	(39)	5	-	12	12	-
Fair Valuation of Equity Shares	3	(1)	-	-	2	2	-
Fair Valuation of Investments (Preference Shares)	-	(25)	-	-	(25)	-	(25)
Fair Valuation of Derivatives	-	(143)	-	-	(143)	-	(143)
Amortisation of Foreign Currency Monetary Item Translation Difference Account	1	-	-	-	1	1	-
Fair Valuation of Security Deposits	0	(0)	-	-	(0)	(0)	-
Allowance for Expected Credit Losses	1	(0)	-	-	1	1	-
	(3,211)	(321)	5	-	(3,528)	16	(3,544)
MAT Credit Entitlement	411	-	-	-	411	411	-
Less: MAT Credit Utilised	-	-	-	-	(56)	(56)	-
Tax Assets (Liabilities)	(2,800)	(321)	5	-	(3,172)	371	(3,544)

(Rs. in Lakhs)

Particulars	As at 31 st March, 2017				As at 31 st March, 2018		
	Net Balance April 1, 2017	Recognized in Profit or Loss	Recognized in OCI	Recognized Directly in Equity	Net	Deferred Tax Asset	Deferred Tax Liability
Deferred tax Asset / (Liabilities)							
Property, Plant and Equipment	(2,789)	(455)	-	-	(3,244)	-	(3,244)
Fair Valuation of Mutual Funds	(9)	(10)	-	-	(19)	-	(19)
Fair Valuation of loan given to Subsidiary	(61)	61	-	-	-	-	-
Employee Benefits	-	40	6	-	46	46	-
Fair Valuation of Equity Shares	-	3	-	-	3	3	-
Fair Valuation of Derivatives	-	-	-	-	-	-	-
Amortisation of Foreign Currency Monetary Item Translation Difference Account	(3)	3	-	-	1	1	-
Fair Valuation of Security Deposits	1	(1)	-	-	0	0	-
Allowance for Expected Credit Losses	6	(5)	-	-	1	1	-
	(2,855)	(363)	6	-	(3,211)	51	(3,263)
MAT Credit Entitlement	493	145	-	-	638	638	-
Less: MAT Credit Utilised	-	-	-	-	(227)	(227)	-
Tax Assets (Liabilities)	(2,362)	(218)	6	-	(2,800)	462	(3,263)

Note 34: REVENUE FROM OPERATIONS

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Sale of Products/ Services	31,564	27,400
Other Operating Revenues	68	247
Revenue from Operations	31,632	27,647

Note:

Revenue from operations for periods upto 30th June, 2017 includes excise duty, which is discontinued with effect from 1st July, 2017 upon implementation of Goods and Service Tax (GST) in India. In view of the aforesaid restructuring of indirect taxes, revenue from operations for the year ended 31st March, 2019 is not comparable with the previous year,

IND AS 115 DISCLOSURES

(Rs. in Lakhs)

Sr. No.	Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
1	Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its statement of Profit and loss.		
	Revenue from contracts with customers (Transferred at point in time)		
	Sale of yarns	30,877	26,760
	Sale of wind power	687	640
		31,564	27,400
	Other Operating Revenues	68	247
	Total revenue from contracts with customers	31,632	27,647
2	Disaggregate Revenue		
	The table below presents disaggregated revenues of the Company from contracts with customers by geography/ offerings/ contract-type/market . The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.		
	Total revenue from contracts with customers		
	Yarn		
	India	11,509	11,285
	Export (Including deemed export)	19,436	15,722
	Wind Power		
	India	687	640
	TOTAL	31,632	27,647
3	Reconciliation Between Revenue with Customers and Contracted Price:		
	Revenue as per contracted price	31,714	27,708
	Less: Adjustments		
	Sales return	(49)	(48)
	Discounts/ Rebates	(33)	(13)
	Revenue from Contracts with Customers	31,632	27,647
4	Sales by performance obligations		
	Upon Shipment	30,945	27,007
	Upon Delivery	-	-
	Upon Transmission into Grid	687	640
	TOTAL	31,632	27,647
5	Contract balances		
	The following table provides information about receivables from contracts with customers:		
	Particulars	As at 31st March, 2019	As at 31st March, 2018
	a) Trade Receivables	9,051	6,878
	Allowance as per Expected credit loss model	(2)	(3)
	TOTAL	9,049	6,875
	Trade receivables are non-interest bearing and are generally on terms of 0 to 180 days.		
	b) Contract Liability		
	Advances from Customers	144	72
	The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended March 31, 2019.		

“Who you are tomorrow begins with what you do today.”

- Tim Fargo

Notes to Financial Statements for the year ended 31st March, 2019

Note 35: OTHER INCOME

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
a) Interest Income		
Instruments measured at amortised costs		
- on fixed deposits with bank	509	375
- others	0	16
b) Dividend Income		
- Dividend Income from Current investments at FVTPL	31	9
- Dividend Income from non current investments in Subsidiaries	427	920
c) Other non-operating Income		
(Net of expenses directly attributable to such income)		
- Gain on disposal of Investment Property	-	841
- Gain on disposal of Property, Plant and Equipment	30	75
- Gain on sale of current Investments	-	27
- Fair Valuation gain on Investments	129	8
- Gain or loss on foreign currency transaction and translation (net)	496	79
- Government grants - Deferred Income (Refer note)	1	1
- Provision for doubtful receivables written back	1	15
- Duty Drawback & Rebate	184	217
- Miscellaneous Income	1	2
TOTAL	1,809	2,585

Notes: Technology Upgradation Fund Scheme subsidy received from government (ministry of textiles) towards investments in plant and equipments.

Note 36: COST OF MATERIAL CONSUMED

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Inventory at the beginning of the year	1,982	1,277
Purchases	16,953	13,778
Inventory at the end of the year	(1,324)	(1,982)
TOTAL	17,611	13,073

Note 37: CHANGES IN INVENTORIES OF FINISHED GOODS (INCLUDING STOCK IN TRADE) AND WORK IN PROGRESS (Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Closing Stock		
Work-in-progress	714	769
Finished Goods	1,552	1,232
Opening Stock		
Work-in-progress	769	1,261
Finished Goods	1,232	1,418
TOTAL	(265)	678

Note 38: EMPLOYEE BENEFITS EXPENSE

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Salaries, Wages and Bonus, etc.	1,007	895
Contribution to provident and other funds	98	77
Staff Welfare Expenses	45	36
TOTAL	1,150	1,008

Notes to Financial Statements for the year ended 31st March, 2019

Note 39: FINANCE COSTS

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
a) Interest on Financial Liabilities carried at amortised cost		
Interest on borrowings	309	320
Exchanges differences regarded as an adjustment to borrowing	70	64
Interest expense on security deposits	-	14
b) Other Interest Cost		
Interest on Income tax	3	11
c) Other borrowing costs	345	209
TOTAL	727	618

Note 40: DEPRECIATION AND AMORTISATION EXPENSES

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Depreciation on property, plant and equipment	1,345	1,215
Amortisation of intangible assets	103	102
TOTAL	1,448	1,317

Note 41: OTHER EXPENSES

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Consumption of Stores and Spare Parts	289	330
Power and Fuel	1,672	1,275
Consumption of Packing Materials	1,509	1,281
Consumption of Oils and Chemicals	532	401
Labour Charges	1,763	1,469
Repairs and Maintenance:		
- Building	63	43
- Machinery	142	104
- Others	74	46
Excise Duty Expenses	-	426
Water, Waste and Effluent Treatment Charges	75	59
Rent	18	16
Insurance	31	29
Director Sitting Fees	3	2
Legal, Professional and Consultancy Charges	109	132
Bank Charges	87	95
Fair Valuation on loss on Derivatives	-	49
Corporate Social Responsibility Expenses	38	50
Miscellaneous Expenses	514	392
Loss on Sale of Current Investments	24	-
Payment to auditor:		
- Audit Fees	8	8
- For Taxation Matters	6	-
- For Certification	3	2
- For Other Services	0	-
Freight and Forwarding Charges	979	904
Commission on Sales	598	492
TOTAL	8,537	7,605

Notes to Financial Statements for the year ended 31st March, 2019

Note 42: EARNINGS PER SHARE (EPS)

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Profit for the year	2,951	4,028
Equity shares outstanding at the beginning and at the end of the year - (Nos)	8,35,03,000	8,35,03,000
Nominal value of each share (in Re.)	1	1
Basic and Diluted earning per share	3.53	4.82

Note 43: EMPLOYEE BENEFITS

A) DEFINED CONTRIBUTION PLANS: The Company contributes to the Government managed provident and pension fund for all qualifying employees.

Contribution to provident fund of Rs. 36 lakhs (31st March, 2018: Rs. 47 lakhs) is recognised as an expense and included in "Contribution to provident and other funds" in Statement of Profit and Loss.

B) DEFINED BENEFIT PLANS: The Company has defined benefit plan for payment of gratuity to all qualifying employees. It is governed by the Payment of Gratuity Act, 1972. Under this Act,

an employee who has completed five years of service is entitled to the specified benefits provided depends on the employee's length of service and salary at retirement age. The Company's defined benefit plan is funded with Life Insurance Corporation (LIC).

There are no other post retirement benefits provided by the Company.

The present value of the defined benefit obligation, the related current service cost and past service cost, were measured using the projected unit credit method.

Reconciliation in Present Value of Obligations (PVO)

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
PVO at the beginning of the year	232	191
Interest cost	18	14
Current service cost	28	20
Benefits paid	(25)	(10)
Actuarial (Gains)/Losses	14	17
PVO at the end of the year	267	232

Reconciliation of Fair Value of Plan Assets:

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Fair value of plan assets at the beginning of the year	128	125
Adjustments:		
Return on plan assets excl. interest income	(0)	0
Interest income	10	9
Contributions by the employer	12	4
Benefits paid	(25)	(10)
Fair value of plan assets at the end of the year	125	128

Net Liabilities / (Assets) recognised in the Balance Sheet:

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
PVO of the defined benefit obligation at the end of period	267	232
Fair value of planned assets at end of year	(125)	(128)
Net Liabilities / (Assets) recognised in the Balance Sheet	142	104

Amount recognised in Statement of Profit and Loss

(Rs. in Lakhs)

Particulars	2018-2019	2017-2018
Current service cost	28	20
Net interest	8	5
Net charge to the Statement of Profit or Loss	36	25

Notes to Financial Statements for the year ended 31st March, 2019



Amount recognised in Other Comprehensive Income (OCI)

(Rs. in Lakhs)

Particulars	2018-2019	2017-2018
Actuarial (Gain)/Loss recognised for the period	14	17
Return on plan assets excluding net interest	0	(0)
Recognised in OCI for the year	14	17

Expected Payout

(Rs. in Lakhs)

Year	2018-2019	2017-2018
Expected Outflow in 1 st Year	21	21
Expected Outflow in 2 nd Year	2	2
Expected Outflow in 3 rd Year	11	13
Expected Outflow in 4 th Year	10	9
Expected Outflow in 5 th Year	6	12
Expected Outflow in 6 th to 10 th Year	134	129

The weighted average duration of the defined benefit plan obligations at the end of reporting period is 27 years

Major category of plan assets as a % of total plan

The plan assets are being managed by LIC. No further details are made available by the fund manager.

Sensitivity Analysis: Significant actuarial assumptions for the determination of defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Impact on present value of defined benefit obligation:		
If discount rate is increased by 1%	(18)	(19)
If discount rate is decreased by 1%	21	23
If salary escalation rate is increased by 1%	20	21
If salary escalation rate is decreased by 1%	(18)	(19)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated

using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Principal Actuarial Assumptions

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Discount Rate	7.50%	7.75%
Expected return on plan assets	10	9
Expected rate of salary increase	8.50%	8.50%
Employee attrition rate	5.00%	1.00%
Mortality	Indian Assured Lives (2006-08)	Indian Assured Lives (2006-08)

Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

calculated by reference to the future salaries of plan participants. As such, a variation in the expected rate of salary increase of the plan participants will change the plan liability.

These plans typically expose the Company to actuarial risks such as interest rate risk and salary risk.

C) Other short term and long term employment benefits Short term leave

a) Interest risk: a decrease in the bond interest rate will increase the plan liability.

The liability towards compensated absences (annual and short term leave) for the year ended 31 March 2019 of Rs. 7 lakhs (31 March 2018: Rs. 14 lakhs), is included in the 'Employee benefits expense' in the Statement of Profit and Loss.

b) Salary risk: the present value of the defined benefit plan liability is

Notes to Financial Statements for the year ended 31st March, 2019

Note 44: RELATED PARTY DISCLOSURES

1) Relationships

(a) Subsidiaries

Sarla Overseas Holding Limited - Subsidiary Company
SarlaFlex Inc - Subsidiary Company

(b) Fellow subsidiary

Sarla Europe, Lda - Step down Subsidiary Company

(c) Joint Ventures of Subsidiary

Savitex SA De C.V., Honduras
MRK SA De C.V., Honduras
Sarla Textstill Filament Sanayi Ticaret A.S.

(d) Entities controlled by Key Managerial Personnel

Satidham Industries Private Limited
Hindustan Cotton Company

(e) Key Managerial Personnel

(i) Executive Director

Madhusudan Jhunjunwala - Chairman & Whole Time Director
Krishna Jhunjunwala - Managing Director

(ii) Non Executive Director

Shreya Desai - Independent and Non Executive Director
Parantap Dave - Independent and Non Executive Director
Neha Jhunjunwala - Non Executive Director
Jigar A Shah - Independent and Non Executive Director
(Till 22nd March, 2019)

2) Details of transactions with above related parties

(Rs. in Lakhs)

Nature of Transaction	Subsidiaries		Fellow Subsidiary		Entities controlled by Key Managerial Personnel		Key Managerial Personnel	
	As at 31 st March, 2019	As at 31 st March, 2018	As at 31 st March, 2019	As at 31 st March, 2018	As at 31 st March, 2019	As at 31 st March, 2018	As at 31 st March, 2019	As at 31 st March, 2018
	(a) Unsecured Loan Given							
Sarlaflex Inc	491	1,050	-	-	-	-	-	-
(b) Remuneration*								
Madhusudan Jhunjunwala - Chairman	-	-	-	-	-	-	138	138
Krishna Jhunjunwala - Managing Director	-	-	-	-	-	-	138	138
(c) Sitting Fees								
Shreya Desai - Independent and Non Executive Director	-	-	-	-	-	-	1	0
Parantap Dave - Independent and Non Executive Director	-	-	-	-	-	-	1	1
Neha Jhunjunwala - Non Executive Director	-	-	-	-	-	-	1	0
Jigar A Shah - Independent and Non Executive Director	-	-	-	-	-	-	1	1
(d) Commission Paid								
Sarla Europe, Lda	228	153	-	-	-	-	-	-
(e) Sale of Goods								
Sarla Overseas Holding Limited	3,357	2,887	-	-	-	-	-	-
Sarlaflex Inc	-	110	-	-	-	-	-	-
Sarla Europe, Lda	-	-	-	3	-	-	-	-
(f) Dividend Received								
Sarla Overseas Holding Limited	420	920	-	-	-	-	-	-
(g) Security Deposits Repaid								
Hindustan Cotton Company	-	-	-	-	-	250	-	-
(h) Advance received towards Property Purchased								
Satidham Industries Private Limited	-	-	-	-	-	110	-	-
(i) Repayment of advance								
Satidham Industries Private Limited	-	-	-	-	-	110	-	-

*Managing Director's remuneration is Rs. 138 lakhs (as at 31st March, 2018: 138 lakhs) and whole time Director's remuneration is Rs. 138 lakhs (as at 31st March, 2018: 138 lakhs) is in accordance with section 197(12) of Act and Rules thereunder.

Key Management Personnel Compensation

(Rs. in Lakhs)

Particulars	2018-2019	2017-2018
Short-term employee benefits	276	276
Post-employment benefits	-	-
Other long-term employee benefits	-	-
Others (including sitting fees to non-executive directors)	3	2

3) Balances Outstanding

(Rs. in Lakhs)

Nature of Transaction	Subsidiaries	
	As at 31 st March, 2019	As at 31 st March, 2018
a) Investment in Shares		
Sarla Overseas Holding Limited	183	183
Sarlaflex Inc	597	597
b) Unsecured Loan Given		
Sarlaflex Inc	7,860	7,369
c) Trade Receivables		
Sarla Overseas Holding Limited	2,527	379
Sarlaflex Inc	-	110

Notes:

- Sales, purchases and service transactions with related parties are made at arm's length price.
- Amounts outstanding are unsecured and will be settled in cash or receipts of goods and services.
- No expense has been recognised for the year ended 31st March 2019 and 31st March 2018 for bad or doubtful trade receivables in respect of amounts owed by related parties.
- The Company has issued stand by letters of credit to banks on behalf of Sarlaflex Inc, Wholly Owned Subsidiary of USD Nil (as at 31st March, 2018: USD 2.38 million) equivalent to Rs. Nil (as at 31st March, 2018: Rs. 1545 lakhs).

NOTE 45: SEGMENT INFORMATION

As per the requirements of para 4 of Ind AS 108 -Operating Segments, segment information has been provided under the Notes to Consolidated Financial Statements.

NOTE 46.1: CONTINGENT LIABILITIES NOT PROVIDED FOR:

A) CLAIMS AGAINST THE COMPANY NOT ACKNOWLEDGED AS DEBT:

Claim against Company not acknowledged as debt, comprises of excise duty & Custom duty disputed by company relating to issue of applicability of duty and classification of goods aggregating to Rs.2,280 lakhs (As at 31st March, 2018: Rs. 2,280 lakhs).

The Differential CST liability in respect of Non Collection of C Forms of Rs. 42 lakhs (As at 31st March, 2018: Rs. 42 lakhs).

B) GUARANTEES EXCLUDING FINANCIAL GUARANTEES:

Bank Guarantees issued by Banks on behalf of the company Rs.603 lakhs (As at 31st March, 2018: Rs. 743 lakhs). These are secured by the charge created in favour of the company's bankers by way of pledge of all Fixed Deposit Receipts.

C) OTHER MONEY FOR WHICH THE COMPANY IS CONTINGENTLY LIABLE:

Letter of Credit issued by Banks on behalf of the company Rs. 215 lakhs (As at 31st March, 2018: Rs. 897 lakhs), these are covered by the Charge created in favour of the Company's Bankers by way of Hypothecation of Stock, Receivables & Machineries / Assets of the Company.

Stand-by Letter of credit issued by Banks on behalf of Sarlaflex Inc, Wholly Owned Subsidiary of USD Nil (as at 31st March, 2018: USD 2.38 million) equivalent to Rs. Nil (as at 31st March, 2018: Rs. 1545 lakhs)

There re numerous interpretative issues relating to the Supreme Court (SC) Judgement on PF dated 28th February, 2019. The Group will update its provision, on receiving further clarity on the subject.

In respect of the items above, further cash outflows in respect of contingent liabilities are determinable only on receipt of judgements/decisions pending at various forums/authority. The Group doesn't expect the outcome of matters stated above to have a material adverse effect on the Group's financial conditions, result of operations or cash flows.

Notes to Financial Statements for the year ended 31st March, 2019

Note 46.2: CAPITAL COMMITMENT

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
For Capital Expenditures (net of advances)	233	863

Note 47: FINANCIAL INSTRUMENTS

as detailed in notes 23, 28 and 30) and total equity of the Company.

A) CAPITAL MANAGEMENT: The Company 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 Company's management reviews the capital structure of the Company 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 capital structure of the Company consists of net debt (borrowings

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

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Non-current borrowings	6,009	3,926
Current maturities of non-current borrowings	692	650
Current borrowings	8,452	6,446
Total Debt	15,153	11,022
Equity	835	835
Net debt to equity ratio	18	13

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:

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Financial Assets		
At Amortised cost		
Investments in Debentures	125	109
Trade Receivables	9,049	6,875
Cash and Cash Equivalents	411	1,280
Bank Balances other than above	4,561	2,911
Other Financial Assets	11,070	10,177
At Fair value through Profit and Loss		
Investments in Equity Shares	37	125
Derivative Contracts	360	-
Investments in Preference Shares	606	500
Investments in Mutual Funds	372	355
TOTAL	26,591	22,332
Financial Liabilities		
At Amortised cost		
Borrowings	14,461	10,371
Trade Payables	1,435	1,072
Other Financial Liabilities (including derivative financial liabilities)	3,698	3,604
TOTAL	19,594	15,047

ii) Fair Value Measurements (Ind AS 113):

The fair value of the Financial Assets and Liabilities are included at the amount, at which instrument could be exchanged in a

current transaction between willing parties, other than in a forced or liquidation sale.

The Company uses the following hierarchy for determining and

disclosing the fair value of financial instruments based on the input that is significant to the fair value measurement as a whole:

Level 1: This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of all Equity Shares which are traded on the stock exchanges, is valued using the closing price at the reporting date.

Level 2: The fair value of financial instruments that are not

traded in an active market (for example, over the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(Rs. in Lakhs)

Particulars	Fair Values	
	As at 31 st March, 2019	As at 31 st March, 2018
Financial Assets at Fair Value through Profit and Loss		
Investments in Equity Shares (Level 1)	37	125
Derivative Contracts (Level 2)	360	-
Investments in Preference Shares (Level 2)	606	500
Investments in Mutual Funds (Level 2)	372	355
TOTAL	1,375	980

The management assessed that cash and bank balances, trade receivables, loans, trade payables, borrowings (cash credit, foreign currency loans, working capital loans) and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

During the reporting period ending 31st March, 2019 and 31st March, 2018, there was no transfer between level 1 and level 2 fair value measurement.

Key Inputs for Level 1 and 2 Fair valuation Technique:

1. Mutual Funds: Based on Net Asset Value of the Scheme (Level 2)
2. Derivative (forward) contracts: The fair value is determined using quoted forward exchange rates at the reporting date. (Level 2)
3. Preference Shares: Based on comparable instruments (Level 2)
4. Listed Equity Investments (Other than Subsidiaries): Quoted Bid Price on Stock Exchange (Level 1)

NOTE 48: FINANCIAL RISK MANAGEMENT OBJECTIVES

(Ind AS 107)

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities.

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

The Company 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 Company 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 in mutual funds, preference shares, debentures, 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 Company'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 Company does not hold collateral as security. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

Notes to Financial Statements for the year ended 31st March, 2019

The Company 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: (Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
0-180 days	8,032	6,523
181-365 days	1,015	349
Above 365 days	4	7
TOTAL	9,051	6,879

Movement in Provisions of Doubtful Debts:

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Balance at beginning of the year	3	18
Movement in expected credit loss allowance	(1)	(15)
Balance at end of the year	2	3

Loans: The Company has given interest free unsecured loan to subsidiary, Sarlaflex Inc. The subsidiary has suspended its manufacturing operations since December, 2017 and has a negative net worth as on 31st March 2019. The management is confident that with the recent trade sanctions being imposed in the US, the operations of the subsidiary will be profitable. The management is monitoring the situation on a continuous basis.

Other Financial Assets: The Company maintains exposure in cash and cash equivalents, term deposits with banks, investments in Debentures, Preference shares, mutual funds and derivative contracts. The Company 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 Company.

B) Liquidity Risk: Liquidity risk is the risk that the Company 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 Company through effective fund management. The Company's principal sources of liquidity are cash and cash equivalents, borrowings and the cash flow that is generated from operations. The Company 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

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019			As at 31 st March, 2018		
	Carrying Amount	Contractual Cash flows		Carrying Amount	Contractual Cash flows	
		Upto 1 year	More than 1 year		Upto 1 year	More than 1 year
Financial Liabilities						
Borrowings (including Current Maturities of Long-Term Debts)	15,153	14,461	692	11,021	10,371	650
Trade and Other Payables	1,435	1,435	-	1,072	1,072	-
Other Financial Liabilities (including Derivative Financial Liabilities)	3,007	3,007	-	2,953	2,953	-
TOTAL	19,595	18,903	692	15,046	14,396	650

C) Market Risk: Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

i) Currency Risk: The Company is exposed to currency risk on account of its operating and financing activities. The functional currency of the Company is Indian Rupee. Company's exposure is mainly denominated in U.S. dollars (USD). The USD exchange rate has changed substantially in recent periods and

Exposure to Currency Risk

The currency profile of financial assets and financial liabilities are as below:

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019			As at 31 st March, 2018		
	USD	GBP	EURO	USD	GBP	EURO
Financial Assets						
Cash and Cash Equivalents	279	-	20	781	-	53
Trade Receivables	5,474	228	1,053	3,067	208	1,329
Loans	7,860	-	-	7,369	-	-
Less: Foreign Currency Forward Exchange Contracts	(1,729)	(543)	(3,108)	(1,626)	(185)	(1,157)
Net Exposure for Assets	11,884	(315)	(2,035)	9,591	23	225
Financial Liabilities						
Foreign Currency Loans	1,038	-	2,720	1,626	-	-
Short Term Borrowings	7,140	-	1,312	6,333	137	-
Trade and Other Payables	1,200	-	17	1,124	-	64
Less: Foreign Currency Forward Exchange Contracts	-	-	-	(130)	-	-
Net Exposure for Liabilities	9,378	-	4,049	8,953	137	64
Net Exposure (Assets - Liabilities)	2,506	(315)	(6,084)	638	(114)	161

Sensitivity Analysis: The following table details the Company's sensitivity to a 5% increase and decrease in the Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. This is mainly attributable to the net exposure outstanding on receivables or payables in the Company at the end of the reporting period. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and

adjusts their translation at the period end for a 5% change in foreign currency rate. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. In cases where the related foreign exchange fluctuation is capitalised to fixed assets or recognised directly in reserves, the impact indicated below may affect the Company's income statement over the remaining life of the related fixed assets or the remaining tenure of the borrowing respectively.

Impact on Profit or Loss

(Rs. in Lakhs)

Particulars	Increase in Exchange rate by 5%		Decrease in Exchange rate by 5%	
	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Movement in Currency (Before Tax)				
USD	125	32	(125)	(32)
GBP	(16)	(6)	16	6
EURO	(304)	8	304	(8)

"Remember that things are not always as they appear to be... Curiosity creates possibilities and opportunities."

- Roy T. Bennett

Notes to Financial Statements for the year ended 31st March, 2019

ii) **Interest Rate Risk:** Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing market interest rates. The Company's exposure to the risk due to changes in interest rates relates primarily to the Company's short-term and long term borrowings with floating interest rates. The Company constantly monitors the credit markets and revisits its financing strategies to achieve an optimal maturity profile and financing cost.

The Company has given interest free loan to Subsidiaries for business purpose.

The Company's investments in term deposits (i.e., certificates of deposits) with banks, investments in preference shares, mutual funds and debentures are at fixed interest rate and therefore do not expose the Company to significant interest rates risk.

Interest Rate Exposure:

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Term Loans - Long Term		
Floating Rate Borrowings	1,038	1,626
Fixed Rate Borrowings	5,663	2,950
Short Term Borrowings	8,452	6,446
TOTAL	15,153	11,022

Interest Rate Sensitivities for Floating Rate Borrowings:

(Rs. in Lakhs)

Particulars	Increase in Interest rate by 0.25%		Decrease in Interest rate by 0.25%	
	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Term Loans - Long Term	3	4	(3)	(4)
Short Term Borrowings	21	16	(21)	(16)

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

NOTE 49: CSR EXPENDITURE

a) Gross amount required to be spent by the Company during the year – Rs. 99 lakhs (31st March, 2018: Rs. 97 lakhs)

b) Amount spent during the year

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019			For the year ended 31 st March, 2018		
	Paid before the year end	Yet to be paid	Total	Paid before the year end	Yet to be paid	Total
Amount spent during the year - Expenditure on Corporate Social Responsibility	38	61	99	50	47	97

c) All the CSR expenditures spent during the current year is done towards human welfare.

NOTE 50: (A) ADVANCE(S) IN THE NATURE OF LOAN

(REGULATION 34 OF LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS)

(Rs. in Lakhs)

Particulars	Relationship	31.03.2019	31.03.2018
Name of the loanee - Sarlaflex Inc.			
In respect of Inter Corporate Deposits	Wholly owned Subsidiary		
Amount as at year end		7,860	7,369
Maximum amount outstanding		7,860	7,369

(B) PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS COVERED UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013

(Rs. in Lakhs)

Name of the Party	Nature	Amount	Purpose
Sarla Overseas Holding Ltd	Investments in Equity Shares	183	Capital Investment
Sarlaflex Inc.	Investments in Equity Shares	596	Capital Investment
Sarlaflex Inc.	Inter - Corporate Loans	7,860	Capital Expenditure and Working Capital

NOTE 51: LEASES

A) Operating lease: The Company procures on lease office premises under operating leases. These rentals recognized in the Statement of Profit and Loss Account for the year is Rs. 18 lakhs (31st March, 2018: Rs. 16 lakhs). The said lease is renewable at the option of the lessor & lessee. The deposit paid in respect of the same is Rs. Nil (as at 31st March, 2018: Nil). The future minimum lease payments and payment profile of cancellable operating leases are as under:

(Rs. in Lakhs)

Particulars	As at	
	31 st March, 2019	31 st March, 2018
Not later than one year	20	20
Later than one year but not later than five years	6	9
More than five years	-	-
TOTAL	26	29

NOTE 52: SERVICE CONCESSION ARRANGEMENTS

The Company has entered into service concession arrangements with entities supplying electricity ("The Regulator") to construct, own, operate and maintain a wind energy based electric power generating station ("Plant"). Under the terms of agreement, the Company will operate and maintain the Plant and sell electricity generated to the Regulator for a period which covers the substantial useful life of the Plant which may be renewed for such further period as may be mutually agreed upon between the parties. The Company will be responsible for any maintenance services during the concession period.

The Company in turn has a right to charge the Regulator at the agreed rate as stated in the service concession arrangement. The fair value towards the construction of the Plant has been recognised

as an Intangible Asset and is amortized over the useful life of the asset or period of contract whichever is less.

The Company has recognised an intangible asset of Rs. 2,232 lakhs as at 31st March, 2019 (31st March 2018: 2232 lakhs) of which 97 lakhs (Previous year 97 lakhs) has been amortized during the respective periods.

NOTE 53:

The Company has elected to continue the policy adopted under previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of 31st March 2017 i.e. foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases, if any, accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of the liability. For the current financial year, the impact on account of above (net of depreciation and amortization) is increase in profit before tax of Rs. 60 lakhs (in Previous year decrease in profit Rs. 5 lakhs). The net loss remaining unamortized under Foreign Currency Monetary Item Translation Difference Account as at 31st March 2019 is Rs. 51 lakhs (net gain as at 31st March 2018 Rs. 9 lakhs). (Also refer note 4A(i)).

NOTE 54: EVENTS AFTER THE REPORTING PERIOD

No adjusting or significations non-adjustings events have occurred between the reporting date (31st March, 2019) and the report release date (23rd May, 2019) except for proposed dividend as disclosed in note 22.5.

"The best way to be appreciative for your life is to live it; don't die for any other reason but love. Dreams are what guide us, art is what defines us, math is makes it all possible, and love is what lights our way."

- Mike Norton, White Mountain

Independent Auditor's Report to the Members of Sarla Performance Fibers Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

QUALIFIED OPINION

We have audited the accompanying consolidated financial statements of Sarla Performance Fibers Limited ("the Holding Company") and its subsidiaries (the Holding Company and Subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at 31st March 2019, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India of the consolidated state of affairs (consolidated financial position) of the Group as at 31st March, 2019, of the consolidated profit and consolidated total comprehensive income (consolidated financial performance), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

BASIS FOR QUALIFIED OPINION

Sarlaflex, Inc., the wholly owned subsidiary having total assets of Rs.15,237 lakhs has suspended 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 a going concern.

In the absence of any impairment testing by management for these assets during the year, we are unable to comment on the impact, if any, on the total comprehensive income and retained earnings in the consolidated financial statements (refer note 55 of consolidated financial statements).

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of

India (ICAI) together with the 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 qualified opinion on consolidated financial statements.

EMPHASIS OF MATTER

We draw attention to note no 54 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, 2019. The investment made by the Sarla Overseas Holdings Limited (SOHL) in these Joint Ventures has been tested for impairment and necessary provisions have been made has been provided for as on 1st April, 2016. We are unable to comment about impact of the same on the Consolidated Statement of Profit and Loss.

Our opinion is not qualified in respect of this 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.

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

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance 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 is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements in terms of requirements of the Act 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 the Ind AS and other accounting principles generally accepted in India including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act 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 the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Group 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 the Group.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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.

Independent Auditor's Report to the Members of Sarla Performance Fibers Limited

- 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 statements of such entities included in the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

We communicate with those charged with governance of the Holding Company and such other entities included in consolidated financial statements of which we are the independent auditors 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

1. We did not audit the financial statements of a step down subsidiary included in the consolidated financial statements, whose financial statements reflect total assets of Rs. 333 lakhs and liabilities of Rs. 310 lakhs as at 31st March, 2019, total revenue of Rs. 368 lakhs and total comprehensive income of Rs. 34 lakhs for the year ended 31st March, 2019 as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

This step down 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 step down 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 step down subsidiary is based on the report of other auditor and conversion adjustments prepared by the management of the Company and audited by us;

Our opinion on the consolidated financial statements and our report on other Legal and Regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

2. We did not audit the financial statements of one subsidiary SarlaFlex Inc., whose financial statements reflect total assets of Rs. 15,237 lakhs and liabilities of Rs. 22,963 lakhs as at 31st March, 2019, total revenues of Rs. Nil and total comprehensive income/ (loss) of Rs. (1,229) lakhs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements are unaudited and have been furnished to us by the Management. 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 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 terms of sub section (3) of Section 143 of the Act, in so far as it relates to this subsidiary is based solely on such financial statements;

Our opinion on the consolidated financial statements and our report on other Legal and Regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the financial statements certified by the management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 197(16) of the Act, we report that the Holding Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

a) We have sought and except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) The matters described under the Basis for Qualified Opinion paragraph, in our opinion, may have an adverse effect on the functioning of the Company;

f) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2019 taken on record by the Board of Directors of the Holding Company, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director

in terms of Section 164(2) of the Act.

g) As per the Guidance Note on 'Audit of Internal Financial Controls over Financial Reporting' issued in September 2015 by ICAI, since there are no subsidiaries incorporated in India, no reporting on the adequacy of the internal financial controls with reference to financial statements of the said subsidiaries and the operating effectiveness of such controls is required. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our report in Annexure 'B' of the standalone financial statements.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanation given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 47.1 to the consolidated financial statements;

ii. Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph the group has made provision in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

For C N K & Associates LLP

Chartered Accountants

Firm Registration Number: 101961W/W-100036

Himanshu Kishnadwala

Partner

Membership No.: 37391

Place: Mumbai
Date: 23rd May, 2019

"It is a profound and necessary truth that the deep things in science are not found because they are useful; they are found because it was possible to find them."

- Robert Oppenheimer

Consolidated Balance Sheet as at 31st March, 2019

(Rs. in Lakhs)

Particulars	Note No.	As at 31 st March 2019	As at 31 st March 2018
I ASSETS			
(1) Non-current Assets			
(a) Property, Plant and Equipment	4	23,606	22,077
(b) Capital Work in Progress	5	1,030	323
(c) Intangible Assets	6	1,946	2,050
(d) Investments Accounted for using equity method	7	-	-
(e) Financial Assets			
(i) Investments	8	7,414	6,898
(ii) Loans	9	1,066	1,221
(iii) Other Financial Assets	10	2,511	2,088
(f) Non-current Tax Assets (Net)	11	44	53
(g) Deferred Tax Assets (Net)	26	328	311
(h) Other Non-current Assets	12	2,273	1,660
Total Non-current Assets		40,218	36,681
(2) Current Assets			
(a) Inventories	13	5,759	5,815
(b) Financial Assets			
(i) Investments	14	37	125
(ii) Trade Receivables	15	8,024	7,913
(iii) Cash and Cash Equivalents	16	630	1,627
(iv) Bank Balances other than (iii) above	17	4,561	2,911
(v) Loans	18	127	110
(vi) Other Financial Assets	19	440	43
(c) Other Current Assets	20	2,014	1,091
Total Current Assets		21,592	19,635
Total Assets		61,810	56,316
II EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	21	835	835
(b) Other Equity	22	28,326	26,460
Equity attributable to equity share holders		29,161	27,295
Non-controlling Interests		25	8
Total Equity		29,186	27,303
Liabilities			
(1) Non-current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	14,998	12,410
(ii) Other Financial Liabilities	24	78	148
(b) Provisions	25	96	92
(c) Deferred Tax Liabilities (Net)	26	3,172	2,801
(d) Other Non-current Liabilities	27	5	6
Total Non-current Liabilities		18,349	15,457

(Rs. in Lakhs)

Particulars	Note No.	As at 31 st March 2019	As at 31 st March 2018
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	28	8,454	7,748
(ii) Trade Payables	29		
(A) total outstanding dues of micro enterprises and small enterprises		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		1,579	1,271
(iii) Other Financial Liabilities	30	3,698	3,846
(b) Other Current Liabilities	31	340	564
(c) Provisions	32	65	39
(d) Current Tax Liabilities (Net)	33	139	88
Total Current Liabilities		14,275	13,556
TOTAL EQUITY AND LIABILITIES		61,810	56,316

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

Partner
(Membership No. 37391)

MADHUSUDAN S. JHUNJHUNWALA

Chairman & Whole Time Director
(DIN: 00097254)

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MAHENDRA SHETH
CFO & Company Secretary

Place: Mumbai
Date: 23rd May, 2019

Place: Mumbai
Date: 23rd May, 2019

Consolidated Statement of Profit and Loss for the year ended 31st March, 2019

(Rs. in Lakhs)

Particulars	Note No.	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
I Revenue from Operations	34	32,430	30,413
II Other Income	35	1,757	2,046
III TOTAL INCOME (I+II)		34,187	32,459
IV Expenses			
(a) Cost of materials consumed	36	17,672	13,519
(b) Purchases of Stock-in-trade	37	33	25
(c) Changes in inventories of finished goods and work-in-progress	38	(517)	1,557
(d) Employee Benefits Expense	39	1,303	1,642
(e) Finance Costs	40	807	734
(f) Depreciation and Amortization Expense	41	2,205	2,015
(g) Other Expenses	42	8,837	8,428
TOTAL EXPENSES (a to g)		30,340	27,920
V Profit before share of net profits of investment accounted for using equity method and tax (III-IV)		3,847	4,538
VI Share of net profit/(loss) of Joint ventures accounted for using the equity method		-	-
VII Profit before tax (V+VI)		3,847	4,538
VIII Tax expense:			
Current Tax		971	1,511
Deferred Tax		323	566
Mat Credit Entitlement		-	(145)
Adjustments for Earlier Years		(0)	182
Total Tax Expense		1,294	2,114
IX Profit / (Loss) for the year (VII-VIII)		2,553	2,425
X Other Comprehensive Income ('OCI')			
A (i) Items that will not be reclassified to profit or loss Remeasurement of defined benefit plan		(14)	(17)
(ii) Income tax relating to items that will not be reclassified to profit or loss		5	6
Total (A)		(9)	(11)
B (i) Items that will be reclassified to profit or loss Foreign exchange differences in translating financial statements of foreign operations		(189)	11
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total (B)		(189)	11
Total Other comprehensive income (A+B)		(198)	0

(Rs. in Lakhs)

Particulars	Note No.	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
XI Total comprehensive income for the year (IX+X)		2,355	2,425
Profit attributable to:			
Owners of the Company		2,536	2,417
Non-Controlling Interest		17	8
Other Comprehensive Income attributable to:			
Owners of the Company		(198)	1
Non-Controlling Interest		0	(1)
Total Comprehensive Income attributable to:			
Owners of the Company		2,338	2,417
Non-Controlling Interest		17	7
XII Earnings per equity share	43		
- Basic and Diluted (Face value Re. 1)		3.04	2.89

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

Partner
(Membership No. 37391)

Place: Mumbai
Date: 23rd May, 2019

MAHENDRA SHETH

CFO & Company Secretary

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MADHUSUDAN S. JHUNJHUNWALA

Chairman & Whole Time Director
(DIN: 00097254)

Place: Mumbai
Date: 23rd May, 2019

"It may have happened, it may not have happened but it could have happened."

- Mark Twain

Consolidated Statement of Cash Flow for the year ended 31st March, 2019

(Rs. in Lakhs)

	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
A Cash Flow from Operating Activities		
Profit before Tax	3,847	4,538
Adjustments for:		
Finance Costs	807	734
Depreciation and Amortisation Expenses	2,205	2,015
Interest on Income Tax	3	11
Interest Income	(510)	(391)
Gain on disposal of Investment Property	-	(841)
Gain on disposal of Property, Plant and Equipment	(30)	(75)
Gain on disposal of Investments	24	(27)
Gain on fair value of Investments	(129)	(8)
Dividend Income on Current Investments	(31)	(9)
Government Grant	(1)	(1)
Unrealised exchange gain or loss on foreign currency translations	(43)	43
Foreign currency translation reserve	(528)	11
Amortisation of Foreign currency monetary item translation difference account	(60)	(5)
Operating profit before working capital changes	5,553	5,996
Movements in Working Capital:		
Adjustments for (increase)/decrease in operating assets:		
Inventories	57	646
Trade Receivables	(111)	310
Current Loans	(17)	(4)
Non-current Loans	156	69
Other Current Assets	(923)	(593)
Other Non-current Assets	(613)	(238)
Other Current Financial Assets	(354)	475
Adjustments for increase/(decrease) in Operating Liabilities:		
Trade Payables	308	(314)
Other Current Financial Liabilities	150	281
Other Financial Liabilities	(70)	88
Other Current Liabilities	(251)	(529)
Provisions	16	35
Cash generated from operations	3,900	6,223
Direct Taxes Paid (net)	(875)	(1,326)
Net Cash generated from Operating Activities (A)	3,025	4,897
B Cash Flows from Investing Activities		
Bank Balances other than Cash & Cash Equivalents	(1,651)	3,489
Purchase of Property, Plant and Equipment	(4,155)	(3,011)
Purchase of Intangible Assets	-	(7)
Proceeds from disposals of Property, Plant and Equipment	92	2,500
Purchase of Non-current Investments	(393)	(28)
Purchase of Current Investments	70	(117)
Interest Received	286	427
Bank Deposits	(244)	(1,484)
Dividend Income on Current investments	31	9
Net Cash (used in) Investing Activities (B)	(5,964)	1,776

(Rs. in Lakhs)

	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
C Cash flow from financing activities		
Proceeds from Non-current Borrowings	2,270	(2,583)
Proceeds from Current Borrowings	865	(1,779)
Interest Paid	(780)	(718)
Dividend Paid	(412)	(919)
Net cash (used in) Financing Activities (C)	1,943	(5,999)
NET INCREASE IN CASH AND CASH EQUIVALENTS [(A) + (B) + (C)]	(995)	674
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
Balances with banks in current accounts and deposit accounts	1,616	943
Cash on hand	11	10
CASH AND CASH EQUIVALENTS AS PER NOTE 16	1,627	953
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Balances with banks in current accounts and deposit accounts	605	1,616
Cash on hand	25	11
CASH AND CASH EQUIVALENTS AS PER NOTE 16	630	1,627

Explanatory notes to Statement of Cash Flows:

- The Statement of Cash Flows is prepared in accordance with the format prescribed by Securities and Exchange Board of India and as per Ind AS 7 as notified by Ministry of Corporate Affairs.
- 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.
- 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".
- Changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes:

Reconciliation of liabilities arising from financing activities.

Particulars	As at 1 st April, 2018	Cash Flow	Foreign Exchange Movement	As at 31 st March, 2019
Non-Current borrowing (including current maturities of non-current borrowing)	13,304	2,270	116	15,690
Current Borrowing	7,748	865	(159)	8,454
	21,052	3,135	(43)	24,144

Particulars	As at 1 st April, 2017	Cash Flow	Foreign Exchange Movement	As at 31 st March, 2018
Non-Current borrowing (including current maturities of non-current borrowing)	15,882	(2,583)	5	13,304
Current Borrowing	9,484	(1,779)	43	7,748
	25,366	(4,362)	47	21,052

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
Partner
(Membership No. 37391)

MAHENDRA SHETH
CFO & Company Secretary

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MADHUSUDAN S. JHUNJHUNWALA
Chairman & Whole Time Director
(DIN: 00097254)

Place: Mumbai
Date: 23rd May, 2019

Place: Mumbai
Date: 23rd May, 2019

Consolidated Statement of Changes in Equity for the year ended 31st March, 2019

a. Equity Share Capital (Note 21)

(Rs. in Lakhs)

Particulars	Amount
Balance as at 1st April, 2017	835.03
Changes in equity share capital during the year 2017-18	-
Balance as at 31st March, 2018	835.03
Changes in equity share capital during the year 2018-19	-
Balance as at 31st March, 2019	835.03

expanding

b. Other Equity (Note 22)

(Rs. in Lakhs)

Particulars	Reserves and Surplus							Total Attributable to Owners of the Company	Attributable to NCI	Total Equity
	Capital Reserve	Securities Premium	General Reserve	Foreign Currency Translation Reserve	Foreign Currency Monetary Item Translation Difference Account	Retained Earnings*	Total Attributable to Owners of the Company			
As at 1st April, 2017	183	4,529	8,274	25	19	11,941	24,971	1	24,972	
Profit for the year 2017-18	-	-	-	-	-	2,417	2,417	8	2,425	
Other comprehensive income for the year 2017-18 (net of tax)	-	-	-	12	-	(11)	1	(1)	0	
Addition/(Deletions) during the year	-	-	-	-	(5)	-	(5)	-	(5)	
Amortisation during the year	-	-	-	-	(5)	-	(5)	-	(5)	
Total comprehensive income for the year	-	-	-	12	(10)	2,406	2,408	7	2,415	
Dividend	-	-	-	-	-	(919)	(919)	-	(919)	
As at 31st March, 2018	183	4,529	8,274	37	9	13,428	26,460	8	26,468	
Profit for the year 2018-19	-	-	-	-	-	2,536	2,536	17	2,553	
Other comprehensive income for the year 2018-19 (net of tax)	-	-	-	(189)	-	(9)	(198)	0	(198)	
Addition/(Deletions) during the year	-	-	-	-	-	-	-	-	-	
Amortisation during the year	-	-	-	-	(60)	-	(60)	-	(60)	
Total comprehensive income for the year	-	-	-	(189)	(60)	2,527	2,278	17	2,295	
Dividend	-	-	-	-	-	(412)	(412)	-	(412)	
As at 31st March, 2019	183	4,529	8,274	(152)	(51)	15,543	28,326	25	28,351	

*Including remeasurement of net defined benefit plans

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
Partner
(Membership No. 37391)

Place: Mumbai
Date: 23rd May, 2019

FOR AND ON BEHALF OF BOARD OF DIRECTORS

MAHENDRA SHETH
CFO & Company Secretary

MADHUSUDAN S. JHUNJHUNWALA
Chairman & Whole Time Director
(DIN: 00097254)

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

1. CORPORATE INFORMATION:

Sarla Performance Fibers Limited ('SPFL' or 'the Company') is a public limited Company incorporated and domiciled in India and has its registered office at Survey No. 59/1/4, Amil Piparia Industrial Estate, Silvassa - 396 230, U.T. of Dadra & Nagar Haveli, India. The Company is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

The Company and its subsidiaries (collectively the 'Group') is engaged primarily in manufacturing of polyester and nylon yarns. The Company has a global presence with key subsidiaries in United States of America (USA) and British Virgin Islands (BVI) that are engaged in the manufacture and/or sale of various types of polyester and nylon 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') notified under Section 133 of the Companies Act, 2013 ('Act') read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

2.2. Basis of Preparation and Presentation: The Consolidated Financial Statements (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 and other criteria set out in the Schedule III to the Act. 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.

All amounts disclosed in the CFS and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

The CFS of the Group for the year ended 31st March, 2019 were approved for issue in accordance with a resolution of the Board of Directors in its meeting held on 23rd May, 2019.

2.3. Application of New Accounting Standard: The Group has adopted Ind AS 115 Revenue from contracts with customers, with effect from April 1, 2018. Ind AS 115 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the contracts

with its customers and replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The impact of the adoption of the standard on the financial statements of the Group is insignificant.

2.4. 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.

2.5. 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.

2.5.1. 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;

2.5.2. 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;

2.5.3. 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 Subsidiary Companies 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 of 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. 54 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 of Schedule III of the 2013 Act 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.

2.5.4 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
Subsidiaries			
Sarlaflex Inc	USA	98.89%	98.89%
Sarla Overseas Holdings Limited	British Virgin Islands (BVI)	100%	100%

2.6. Property, Plant and Equipment:

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

2.6.2. 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);

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

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

2.6.5. 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;

2.6.6. 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;

2.6.7. 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;

2.6.8. 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 except in respect of following useful lives of assets of a subsidiary.

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Type of asset	Useful Life
Equipments	10 years
Buildings	39 years
Computers	5 years
Vehicles	5 years
Furniture and Fixtures	7 years

2.6.9. 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;

2.6.10. 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;

2.6.11. Freehold land is not depreciated;

2.6.12. 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;

2.7. Intangible Assets:

2.7.1. Intangible assets are recognised only if it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably;

2.7.2. Intangible assets are carried at cost net of accumulated amortization and accumulated impairment losses, if any;

2.7.3. The intangible assets with a finite useful life are amortised using straight line method over their estimated useful lives. The management's estimates of the useful lives for various class of Intangibles are as given below:

Asset	Useful Life
Computer Software	3 years
Service Concession Arrangement	20 years

2.7.4. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses on de-recognition are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses);

2.7.5. The estimated useful life is reviewed at each financial year end and changes, if any, are accounted in the line with revisions to accounting estimates;

2.8. Investment Property:

2.8.1. Investment property is property (land or a building - or part of a building - or both) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes. Investment properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any;

2.8.2. Any gain or loss on disposal of investment property is calculated as the difference between the net proceeds from disposal and the carrying amount of the investment property is recognised in Statement of Profit and Loss;

2.9. Non-currents Assets held for Sale:

2.9.1. Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such assets;

2.9.2. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell;

2.9.3. Non-current assets classified as held for sale are not depreciated or amortized from the date when they are classified as held for sale.

2.10. Leases: The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

2.10.1. Group as a Lessee:

Finance Lease

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred;

Operating Lease

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis unless payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase.

2.10.2. Group as a Lessor:

Finance Lease

Finance leases are recognised at an amount equal to the net investment in the lease. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the net investment in the finance lease;

Operating Lease

Rental income from operating lease is recognised on a straight line basis over the lease term unless payments to the Group are structured to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increase. Contingent rents are recognised as revenue in the period in which they are earned.

2.11. Impairment of Non-financial Assets:

2.11.1. 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;

2.11.2. The recoverable amount is the higher of the fair value less costs 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.

2.12. Inventories:

2.12.1. 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;

2.12.2. 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, excise duty;

2.12.3. 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.

2.13. Fair Value Measurement:

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

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

2.13.3. 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;

2.13.4. 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;

2.13.5. 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);

2.13.6. When quoted price in active market for an instrument is available, the Group measures the fair value of the

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

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;

2.13.7. If there is no quoted price in an active market, then the Group uses 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;

2.13.8. The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group assesses the evidence obtained from 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.

2.14. Financial Instruments:

2.14.1. 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 inequity 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;

2.14.2. 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;

2.14.3. 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;

2.14.4. Derivative Financial Instruments: The Group uses derivative financial instruments to manage the exposure on account of fluctuation in interest rate and foreign exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value with the changes being recognised in the Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative;

2.14.5. Embedded Derivatives: If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the classification requirements contained in Ind AS 109 are applied to the entire hybrid contract. Derivatives embedded in all other host contracts, including financial liabilities are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVTPL. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows;

2.14.6. 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.

2.15. Revenue Recognition:

2.15.1. 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.

2.15.2. 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

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

the contract with the customer. Revenue also excludes taxes collected from customers.

2.15.3. Income from export incentives such as duty drawback and premium on sale of import licenses are recognised on accrual basis;

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

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

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

2.15.7. Revenue from sale of power from wind operated generators (considered under service concession arrangement) is accounted when the same is transmitted to and confirmed by the Electricity Board to whom the same is sold;

2.15.8. Renewable Energy Certificate (REC) income is recognised as and when such RECs are traded and money is realised.

2.15.9. 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.

2.16. Employee Benefits:

2.16.1. 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;

2.16.2. 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.

2.17. Borrowing Costs:

2.17.1. 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;

2.17.2. 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;

2.17.3. 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.

2.18. Foreign Currency Transactions:

2.18.1. The functional currency of the company is Indian Rupees (₹), whereas functional currency of foreign subsidiaries is USD (\$). The presentation currency of the group is Indian Rupees (₹).

2.18.2. 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 (except for long term foreign currency monetary items outstanding as of 31st March 2019) 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.

2.18.3. 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.

2.18.4. 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.

2.19. Government Grants:

2.19.1. Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with;

2.19.2. When the grant relates to an expense item, it is recognized in Statement of Profit and Loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed;

2.19.3. Government grants relating to property, plant and equipment are presented as deferred income and are credited to the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset.

2.20. Provisions and Contingent Liabilities:

2.20.1. 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;

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

2.20.3. 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;

2.20.4. 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;

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

2.21. Taxes on Income

2.21.1. 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;

2.21.2. 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

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred Tax is not recognised 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.

2.22. Segment Reporting: The Group identifies operating segments based on the dominant source, nature of risks and returns and the internal organisation. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Managing Director (who is the Group's chief operating decision maker) in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in conformity with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Inter segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors. Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

2.23. Earnings Per Share

2.23.1. 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;

2.23.2. 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.

2.24. 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.

2.24. 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.

2.25. 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 Company's Board of Directors.

3. RECENT ACCOUNTING PRONOUNCEMENTS

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 – Leases which is effective from 1st April, 2019:

Ind AS 116: Leases

It will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees.

The Group is in process of evaluating the impact of the same.

"Nothing in this world is impossible to a willing heart."

- Abraham Lincoln

(Rs. in Lakhs)

Note 4: PROPERTY, PLANT & EQUIPMENT

Gross Block	Freehold Land		Leasehold Land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Computers	Total
	Freehold Land	Leasehold Land								
Balance as at 1st April, 2017	3,247	9	3,263	17,659	37	105	17	84	24,421	
Additions	121	-	152	1,133	20	-	9	3	1,438	
Deletions	-	-	-	(75)	-	-	-	-	(75)	
Exchange fluctuations	0	-	5	15	0	0	0	0	20	
Balance as at March 31, 2018	3,368	9	3,420	18,732	57	105	26	87	25,904	
Additions	-	-	114	3,147	3	66	8	15	3,353	
Deletions	-	-	-	(136)	-	-	-	-	(136)	
Exchange fluctuations	4	-	109	306	0	1	0	1	421	
Balance as at March 31, 2019	3,372	9	3,643	22,049	60	172	34	103	29,442	
Accumulated Depreciation	Freehold Land	Leasehold Land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipments	Computers	Total	
Balance as at 1st April, 2017	-	-	111	1,667	7	22	5	32	1,844	
Depreciation charge for the year	-	0	116	1,724	7	21	5	39	1,913	
Depreciation on Deletion	-	-	-	(39)	-	-	-	-	(39)	
Exchange Fluctuations	-	-	1	8	0	0	0	0	9	
Balance as at March 31, 2018	-	0	228	3,360	14	43	10	71	3,726	
Depreciation charge for the year	-	-	123	1,931	7	25	6	9	2,101	
Depreciation on Deletion	-	-	-	(74)	-	-	-	-	(74)	
Exchange Fluctuations	-	-	6	75	0	0	(1)	0	81	
Balance as at March 31, 2019	-	0	356	5,292	22	68	16	81	5,835	
Net Book Value										
Balance as at 31st March, 2018	3,368	9	3,192	15,372	43	62	16	16	22,077	
Balance as at 31st March, 2019	3,372	9	3,287	16,757	38	104	18	23	23,606	

Notes:

- (i) In Plant and Equipments addition is net off loss of Rs. Nil (as at 31st March, 2018: Rs. 1 lakhs) on reinstatement of foreign currency loan taken to acquire the asset. (Refer note 52)
- (ii) Freehold land includes, Land acquired during FY 2016-17 for Rs. 30 Crores which is standing in the name of some directors pending completion of formalities for transfer of the same to the company name.
- (iii) Charge has been created over property, plant and equipments of the group in regard to borrowings (refer note 23)
- (iv) Leasehold land represents land taken on finance lease for 20 years.

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note 5: CAPITAL WORK IN PROGRESS

(Rs. in Lakhs)

Particulars	As at 31 st March 2019	As at 31 st March 2018
Capital work in progress	1,030	323
	1,030	323

Note 6: INTANGIBLE ASSET

(Rs. in Lakhs)

Particulars	Service Concession Arrangement	Computer Software	Total
Gross Block			
Balance as at 1 st April, 2017	2,232	15	2,247
Additions	-	7	7
Deletions	-	-	-
Balance as at 31 st March, 2018	2,232	22	2,254
Additions	-	-	-
Deletions	-	-	-
Balance as at 31 st March, 2019	2,232	22	2,254
Accumulated Depreciation			
Balance as at 1 st April, 2017	97	5	102
Additions	96	6	102
Deletions	-	-	-
Balance as at 31 st March, 2018	193	11	204
Additions	97	7	104
Deletions	-	-	-
Balance as at 31 st March, 2019	290	18	308
Balance as at 31 st March, 2018	2,039	11	2,050
Balance as at 31 st March, 2019	1,942	4	1,946

Note 7: INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Investments in Joint Ventures		
Unquoted		
Savitex SA De C.V., Honduras	1,857	1,857
MRK SA C.V., Honduras	127	127
Sarla Tekstil Filament Sanayi Ticaret A.S.	75	75
Provision for Diminution in value of investments	(2,059)	(2,059)
TOTAL	-	-

Notes: Refer note 54 for details of interest in other entities.

Note 8: NON CURRENT FINANCIAL ASSET - INVESTMENTS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Unquoted		
Investments in Preference shares at FVTPL (fully paid)	606	500
Investments in units of Mutual fund at FVTPL (fully paid)	372	355
Investments in debentures at amortised cost (fully paid)	125	109
Investment in U.S. Bancorp Community Development Corporation Investment Fund 8, LLC at amortised cost (fully paid). (Refer note 23).	6,311	5,934
Investment-FCT at amortised cost (fully paid)	-	0
TOTAL	7,414	6,898
Aggregate value of quoted investments	-	-
Aggregate value of unquoted investments	7,414	6,898
Aggregate amount of impairment in the value of investments	-	-

Notes: Mutual funds of Rs. 372 lakhs (as at 31st March, 2018: 355 lakhs) are lien against ECB Term Loan from Standard Chartered Bank. (Refer note 23)

Note 9: NON-CURRENT FINANCIAL ASSETS - LOANS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Security deposits	588	654
Other loans and advance	644	723
Allowance for Bad and Doubtful Advances	(166)	(156)
TOTAL	1,066	1,221

***BREAKUP**

(Rs. in Lakhs)

Loans considered good - Secured	-	-
Loans considered good - Unsecured	588	654
Loans which have significant increase in credit risk	644	723
Loans - credit impaired	(166)	(156)
TOTAL	1,066	1,221

Note 10: NON-CURRENT FINANCIAL ASSET - OTHERS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Fixed deposits with remaining maturity for more than 12 months	2,017	1,774
Interest Receivable	494	314
TOTAL	2,511	2,088

Notes: Fixed Deposits of Rs. 1,767 lakhs (As at 31st March, 2018 Rs. 1,774 lakhs) pledged as margin money deposit for facilities from Banks.

Note 11: NON CURRENT TAX ASSETS (NET)

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Taxes paid in advance (Net of Provision for tax)	44	53
TOTAL	44	53

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note 12: OTHER NON-CURRENT ASSETS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Unsecured, considered good unless stated otherwise		
Capital Advances	238	102
Security Deposits with government authorities	90	77
Advance Lease rental	2	2
New Market Tax Credit Receivables	1,943	1,479
TOTAL	2,273	1,660

Note 13: INVENTORIES (at lower of cost and net realisable value)

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Raw Materials	1,637	2,281
Work-In-Progress	714	769
Finished goods	2,996	2,424
Stores and Spares	123	105
Oil & lubricants	97	64
Power & Fuel	11	10
Packing Materials	181	162
TOTAL	5,759	5,815

Notes:

- Inventories of Rs. 3,895 lakhs (as at 31st March, 2018: Rs. 4,225 lakhs) are hypothecated against working capital facilities from banks. (refer note 28)
- There has been no write down of inventories during the year.

Note 14: INVESTMENTS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Quoted		
Investment in Equity shares at FVTPL (fully paid)	37	125
TOTAL	37	125
Aggregate value of quoted investments and market value thereof	37	125
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

Notes: Investments of Rs. 37 lakhs (as at 31st March, 2018: 125 lakhs) are hypothecated against working capital facilities from banks. (Refer note 28)

Note 15: TRADE RECEIVABLES

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
(a) Trade Receivables considered good - Secured		
(b) Trade Receivables considered good - Unsecured	8,177	8,383
(c) Trade Receivables which have significant increase in credit risk	-	-
(d) Trade Receivables - credit impaired	-	-
Allowance as per Expected credit loss model	(153)	(470)
TOTAL	8,024	7,913

Notes:

- Trade Receivables of Rs. 9,049 lakhs (as at 31st March, 2018: Rs. 6,876 lakhs) are hypothecated against working capital facilities from banks. (Refer note 28)
- Movement in the expected credit loss allowance.

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Balance at the beginning of the year	470	483
Provision reversed during the year	(317)	(13)
Balance at the end of the year	153	470

Note 16: CASH & CASH EQUIVALENTS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Cash and Cash Equivalents		
Balances with Banks	605	1,389
Cash on Hand	25	11
Cheques on hand (Since deposited)	-	223
Demand deposits with Banks with original maturity of less than three months	-	4
TOTAL	630	1,627

Notes: Demand Deposits of Rs. Nil (As at 31st March, 2018 Rs. 4 lakhs) pledged as margin money deposit for facilities from Banks.

Note 17: BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Balance in unpaid dividend account	77	47
Fixed deposits with remaining maturity for less than 12 months	4,484	2,864
TOTAL	4,561	2,911

Notes: Fixed Deposit of Rs. 2,484 lakhs (As at 31st March, 2018 Rs. 2,390 lakhs) pledged as margin money deposit for facilities from Banks.

Note 18: CURRENT LOANS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
<u>Others</u>		
Loans to staff	31	23
Others	96	87
TOTAL	127	110

***BREAKUP**

(Rs. in Lakhs)

Loans considered good - Secured	-	-
Loans considered good - Unsecured	127	110
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
TOTAL	127	110

Note 19: OTHER FINANCIAL ASSETS

(Rs. in Lakhs)

Interest Receivable	80	37
Other Receivables	0	6
Derivative financial assets	360	-
TOTAL	440	43

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note 20: OTHER CURRENT ASSETS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Advances to Suppliers (For Raw Materials and expenses)	487	220
Allowance for Bad and Doubtful Advances	(78)	(78)
Balances with government authorities	1,387	795
Export incentives receivables	137	78
Prepaid Expenses	39	44
Other receivable	42	32
TOTAL	2,014	1,091

Note 21: EQUITY SHARE CAPITAL

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Authorised		
100,000,000 (As at 31st March , 2018: 100,000,000) Equity Shares of Re. 1 each	1,000	1,000
Issued, Subscribed and Paid up		
83,503,000 (As at 31st March , 2018: 83,503,000) Equity Shares of Re. 1 each	835	835
TOTAL	835	835

Note 21.1: RECONCILIATION OF NUMBER OF EQUITY SHARES:

Particulars	As at 31 st March, 2019		As at 31 st March, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Opening Balance	835	835	835	835
Changes during the year	-	-	-	-
Closing Balance	835	835	835	835

Note 21.2: TERMS / RIGHTS ATTACHED TO EQUITY SHARES

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

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company,

after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note 21.3:

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

Note 21.4: SHARES HELD BY SHAREHOLDERS EACH HOLDING MORE THAN 5% OF THE SHARES

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Hindustan Cotton Company - through its partners		
No. of Shares	112	112
Percentage	13%	13%
Satidham Industries Private Limited		
No. of Shares	234	231
Percentage	28%	28%

Note 22: OTHER EQUITY

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Capital Reserve	183	183
Securities Premium Reserve	4,529	4,529
General Reserve	8,274	8,274
Foreign Currency Translation Reserve	(152)	37
Foreign Currency Monetary Item Translation Difference Account	(51)	9
Retained Earnings	15,543	13,428
TOTAL	28,326	26,460

The movement in other equity
Note 22.1: CAPITAL RESERVE

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Balance as at the beginning of the year	183	183
Movement during the year	-	-
Balance as at the end of the year	183	183

Capital reserve represents forfeiture of application money received for share warrants on lapse of option due to non subscription.

Note 22.2: SECURITIES PREMIUM RESERVE

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Balance as at the beginning of the year	4,529	4,529
Movement during the year	-	-
Balance as at the end of the year	4,529	4,529

Securities premium reserve is generated by premium on issues of shares. The reserve is eligible for utilization in accordance with the provisions of the Act.

Note 22.3: GENERAL RESERVE

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Balance as at the beginning of the year	8,274	8,274
Movement during the year	-	-
Balance as at the end of the year	8,274	8,274

General reserve represents appropriation of retained earnings and are available for distribution to the shareholders.

Note 22.4: FOREIGN CURRENCY TRANSLATION RESERVE

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Balance as at the beginning of the year	37	25
Movement during the year	(189)	12
Balance as at the end of the year	(152)	37

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional 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 reserve are reclassified to profit or loss on the disposal of the foreign operation.

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note 22.5: FOREIGN CURRENCY MONETARY ITEM TRANSLATION DIFFERENCE ACCOUNT

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Balance as at the beginning of the year	10	19
Movement during the year	(61)	(9)
Balance as at the end of the year	(51)	10

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.

Note 22.6: RETAINED EARNINGS

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Balance as at beginning of the year	13,428	11,941
Profit for the year	2,536	2,417
Re-measurement of Net defined Benefit Plans (net of tax)	(9)	(11)
Dividend (refer note below)	(412)	(919)
Balance as at the end of the year	15,543	13,428

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

DIVIDEND

(Rs. in Lakhs)

Particulars	2018-19	2017-18
Dividend on equity shares paid during the year		
Final dividend for the F.Y. 2017-18	911	919
Less: Dividend waived by promoters	(499)	-
TOTAL	412	919

Proposed Dividend:

The Board of Directors at its meeting held on 23rd May, 2019 have recommended a payment of final dividend of Rs. 1.10 (Rupee one and paise ten only) per equity share of face value of Re. 1 each for the financial year 31st March, 2019. The same amounts to Rs. 919 lakhs.

The above is subject to approval at the ensuing Annual General Meeting of the Company and hence is not recognized as a liability.

Note 23: NON-CURRENT BORROWINGS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Term Loans:		
Secured Loans - From Bank		
Yes Bank (Rupee Term Loan) (refer note (i))	1,500	1,500
Indusind Bank (Rupee term loan) (refer note (ii))	1,400	1,450
Standard Chartered Bank (Foreign Currency Loan) (refer note (iii & iv))	3,065	976
Yes Bank (Rupee Term Loan) for Vehicle (refer note (v))	44	-
Secured Loans - From Others		
NNMF Sub-CDE XXIII, LLC Loan "A" (Refer note 8)	6,311	5,934
(Investment in U.S. Bancorp Community Development Corporation Investment fund 8, LLC)		
NNMF Sub-CDE XXIII, LLC Loan "B"	2,591	2,436
Unsecured Loans - From others		
Other loans and advances	87	114
TOTAL	14,998	12,410

Note:

Nature of Security	Terms of Repayment
(i) Lien on Fixed Deposits of Rs. 1,500 lakhs with Yes Bank Ltd.	Term loan of Rs. 1,500 lakhs is bullet repayment after 60 months (Date: 10th March, 2021)
(ii) Lien on Fixed Deposits of Rs. 1,500 lakhs with Indusind Bank Ltd.	Term loan of Rs. 1,500 lakhs is repayable Every year payment of Rs. 50 lakhs from 1st to 4th year end and balance of Rs. 1300 lakhs in 5th year. Repayment starting from May 2017
(iii) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat (b) First pari passu charge on the movable fixed assets of the company (except Unit 1 Silvassa) (c) First pari passu charge on the immovable fixed assets of the company located at Vapi and unit II Silvassa (d) Lien on marketable securities of INR 187.60 lakhs in the form of debt mutual funds.	Term loan of USD 40,00,000 is repayable in 16 equal quarterly installment of USD 2,50,000 each till Sept 2020. Repayment starting from Dec 2016
(iv) (a) Specific charge on wind turbine generator financed and situated at Visapur, Satara & Sangli Dist. Maharashtra & exclusive charge on wind turbine generator situated at Baradia, Gujarat (b) (i) First pari passu charge on the movable fixed assets (P&M) of Dadra Plant. (ii) First pari passu charge on the movable fixed assets of the company (except Unit 1 Silvassa) (c) First pari passu charge on the immovable fixed assets of the company located at Vapi and unit II Silvassa (d) Cash Margin in form of FD equivalent of two quarters of Interest and principal repayment (~ INR 350 lakhs)	Term loan of EURO 35,00,000 is repayable in 16 equal quarterly installment of EURO 2,18,750 each till Jan 2024. Repayment starting from May 2020
(v) Specific charge on Vehicle financed by the Bank.	Term loan of INR 52,00,000 is repayable in 60 equated monthly installment of INR 1,05,687 each till April 2023. Repayment starting from May 2019

Note 24: OTHER FINANCIAL LIABILITIES

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Creditors for capital goods	78	147
Security deposits payable	-	1
TOTAL	78	148

Note 25: PROVISIONS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Provision for employee benefits		
Gratuity (Refer note 45)	96	92
TOTAL	96	92

“The greatest masterpieces of art or music and even some of the greatest scientific discoveries were made possible because people followed their urge or inspiration.”

- Jaya Ramachandran, Bounce Back with Power

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note 26: TAX EXPENSE, DEFERRED TAX LIABILITIES (NET) AND DEFERRED TAX ASSETS (NET)

A) AMOUNTS RECOGNIZED IN PROFIT AND LOSS

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019		For the year ended 31 st March, 2018	
Current tax expense (A)				
In respect of current year		971		1,511
		971		1,511
Deferred tax expense (B)				
In respect of current year		323		566
		323		566
Mat credit entitlement (C)		-		(145)
Adjustments for earlier years (D)		(0)		182
Tax expense recognized in the income statement (A+B+C+D)		1,294		2,114

B) AMOUNTS RECOGNIZED IN OTHER COMPREHENSIVE INCOME

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019		For the year ended 31 st March, 2018	
Items that will not be reclassified to profit or loss				
Remeasurements of the defined benefit plans		5		6
Items that will be reclassified to profit or loss		-		-
Income tax benefit/(expense) recognised in OCI		5		6

C) RECONCILIATION OF EFFECTIVE TAX RATE

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019		For the year ended 31 st March, 2018	
	%	Amounts	%	Amounts
Profit before Tax		3,847		4,538
Tax using the Company's Domestic Tax Rate	34.94%	1,344	34.61%	1,571
Tax effect of:				
Disallowable Expenses	0.24%	9	0.65%	30
Income / Expenses not considered in Income Tax Act	-0.73%	(28)	-1.17%	(53)
Tax-exempt Income	-0.28%	(11)	-0.07%	(3)
Tax Holidays and Similar Exemptions	-2.18%	(84)	-1.45%	(66)
Tax impact of Overseas Subsidiaries (net)	3.80%	146	15.21%	690
Tax Paid at Lower Rate	-2.18%	(84)	-5.48%	(249)
Other Non-deductible Differences	0.00%	-	3.44%	156
	33.61%	1,294	45.75%	2,077
Mat Credit Entitlement	0.00%	-	-3.20%	(145)
Adjustments for Earlier Years	0.00%	(0)	4.02%	182
Effective Income Tax Rate	33.61%	1,294	46.56%	2,114

D) MOVEMENT IN DEFERRED TAX LIABILITIES (NET)

(Rs. in Lakhs)

Name of the Entity	As at 31 st March, 2018			As at 31 st March, 2019		
	Net Balance April 1, 2018	Recognized in Profit or Loss	Recognized in OCI	Net	Deferred Tax Asset	Deferred Tax Liability
Deferred tax Asset / (Liabilities)						
Property, Plant and Equipment	(3,244)	(107)	-	(3,351)	-	(3,351)
Fair Valuation of Mutual Funds	(19)	19	-	-	-	-
Fair Valuation of loan given to Subsidiary	-	(25)	-	(25)	-	(25)
Employee Benefits	46	(39)	5	12	12	-
Fair Valuation of Equity Shares	3	(1)	-	2	2	-
Fair Valuation of Investments (Preference Shares)	-	(25)	-	(25)	-	(25)
Fair Valuation of Derivatives	-	(143)	-	(143)	-	(143)
Amortisation of Foreign Currency Monetary Item Translation Difference Account	1	0	-	1	1	-
Fair Valuation of Security Deposits	0	(0)	-	(0)	(0)	-
Allowance for Expected Credit Losses	1	(0)	-	1	1	-
	(3,212)	(321)	5	(3,528)	16	(3,544)
MAT Credit Entitlement	411	-	-	411	411	-
Less: MAT Credit Utilised	-	-	-	(56)	(56)	-
Tax Assets (Liabilities)	(2,801)	(321)	5	(3,172)	371	(3,544)

(Rs. in Lakhs)

Name of the Entity	As at 31 st March, 2017			As at 31 st March, 2018		
	Net Balance April 1, 2017	Recognized in Profit or Loss	Recognized in OCI	Net	Deferred Tax Asset	Deferred Tax Liability
Deferred tax Asset / (Liabilities)						
Property, Plant and Equipment	(2,789)	(455)	-	(3,244)	-	(3,244)
Fair Valuation of Investments (Mutual Funds)	(9)	(10)	-	(19)	-	(19)
Fair Valuation of loan given to Subsidiary	(61)	61	-	-	-	-
Employee Benefits	-	40	6	46	46	-
Fair Valuation of Equity Shares	-	3	-	3	3	-
Fair Valuation of Derivatives	-	-	-	-	-	-
Amortisation of Foreign Currency Monetary Item Translation Difference Account	(3)	3	-	1	1	-
Fair Valuation of Security Deposits	1	(1)	-	0	0	-
Allowance for Expected Credit Losses	6	(5)	-	1	1	-
	(2,855)	(364)	6	(3,212)	51	(3,263)
MAT Credit Entitlement	493	145	-	638	638	-
Less: MAT Credit Utilised	-	-	-	(227)	(227)	-
Tax Assets (Liabilities)	(2,362)	(219)	6	(2,801)	462	(3,263)

E) MOVEMENT IN DEFERRED TAX ASSETS (NET)

(Rs. in Lakhs)

Name of the Entity	As at 31 st March, 2018			As at 31 st March, 2019		
	Net Balance April 1, 2017	Recognized in Profit or Loss	Recognized in OCI	Net	Deferred Tax Asset	Deferred Tax Liability
Deferred tax Asset / (Liabilities)						
Net operating loss carry forwards	3,522	-	-	3,522	3,522	-
Valuation allowance	(3,214)	-	-	(3,214)	-	(3,214)
Exchange rate difference	-	-	20	20	20	-
Others	3	(2)	-	-	-	-
Tax Assets (Liabilities)	311	(2)	20	328	3,543	(3,214)

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

(Rs. in Lakhs)

Name of the Entity	As at 31 st March, 2017			As at 31 st March, 2018		
	Net Balance April 1, 2017	Recognized in Profit or Loss	Recognized in OCI	Net	Deferred Tax Asset	Deferred Tax Liability
Deferred tax Asset / (Liabilities)						
Net operating loss carry forwards	3,072	450	-	3,522	3,522	-
Valuation allowance	(2,560)	(654)	-	(3,214)	-	(3,214)
Exchange rate difference	-	0	0	-	-	-
Others	2	1	-	3	3	-
Tax Assets (Liabilities)	514	(203)	0	311	3,525	(3,214)

Notes:

Deferred Tax Liability (DTL) in respect of temporary differences related to undistributed earnings in subsidiaries has not been recognised, because the Company controls the dividend policy of its subsidiaries.

Note 27: OTHER NON CURRENT LIABILITIES

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Deferred income arising from government grants	5	6
TOTAL	5	6

Notes: Technology Upgradation Fund Scheme subsidy received from government (ministry of textiles) towards investments in plant and equipments.

Note 28: BORROWINGS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Loan Repayable on Demand - From Bank		
Secured		
Packing Credit Loan (note no. (i), (ii), (iii) & (iv))	7,525	5,416
Foreign Bill Discounting (note no. (iv))	927	211
Buyers Credit (note no. (i), (iii) & (iv))	-	819
Overdraft account (note no. (i))	2	1
Working Capital Demand Loan (note no. (v), (vi) & (vii))	-	1,301
TOTAL	8,454	7,748

Note:

Term of repayment and securities for current borrowings

All the working capital facilities are secured against:

- First pari passu charge on entire current assets of the Company, excluding those kept, stored, lying loose at Unit No. 1, both present and future.
- Second pari passu charge on the entire Movable fixed assets, excluding the movable fixed assets situated or kept at unit no. 1, of the Company. (save and except for vehicles).
- Second pari passu charge on immovable fixed assets of the Company situated at silvassa plant unit II bearing survey no. 64/2, 64/3, 64/4, 61/1, 61/2, 63/5, 63/7, 62/5 and all the piece and parcel of Industrial non-agricultural land bearing Survey No. 62/5, admeasuring 2700 sq.mtrs., situated at village - Amlı, Silvassa Union Territory of Dadra & Nagar Havelı.
- The facilities are further secured by personal guarantee of Managing Director.
- Second pari passu charge on entire current assets of the Company, excluding those kept, stored, lying loose at Unit No. 1, both present and future.
- First pari passu charge on the entire Movable fixed assets, excluding the movable fixed assets situated or kept at unit no. 1, of the Company. (save and except for vehicles).
- First pari passu charge on immovable fixed assets of the Company situated at silvassa plant unit II bearing survey no. 64/2, 64/3, 64/4, 61/1, 61/2, 63/5, 63/7, 62/5 and all the piece and parcel of Industrial non-agricultural land bearing Survey No. 62/5, admeasuring 2700 sq.mtrs., situated at village - Amlı, Silvassa Union Territory of Dadra & Nagar Havelı.

Note 29: TRADE PAYABLES

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Trade Payables:		
Total outstanding dues of Micro and Medium enterprises	-	-
Total outstanding dues of creditors other than Micro and Medium enterprises	1,579	1,271
TOTAL	1,579	1,271

Note 30: OTHER FINANCIAL LIABILITIES

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Current maturities of long term borrowings	692	894
Creditors for Capital goods	1,437	1,533
Unpaid dividend (refer note (i) & (ii))	77	47
Salaries, wages & other payable	85	31
Book overdraft	455	835
Derivative financial liabilities	-	49
Others	952	457
TOTAL	3,698	3,846

Notes:

- (i) There are no amounts due for payment to the Investor Education and Protection Fund Under Section 125 of the Act, as at the year end.
 (ii) Amount of Rs. 5 lakhs (As at 31st March, 2018:4 lakhs) is transferred to Investor Education and Protection Fund during the year.

Note 31: OTHER CURRENT LIABILITIES

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Revenue received in advance		
Advance from Customers	143	72
Others		
Deferred income arising from government grants	1	1
Statutory Dues	105	419
Creditors for Capital goods and Expenses	42	14
Other Liabilities	49	58
TOTAL	340	564

Note 32: PROVISIONS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Provision for employee benefits (Refer note 45)		
Gratuity	45	10
Leave Encashment	7	14
Bonus	13	15
TOTAL	65	39

Note 33: CURRENT TAX LIABILITIES (NET)

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Provision for Tax (Net of Taxes paid in advance)	139	88
TOTAL	139	88

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note 34: REVENUE FROM OPERATIONS

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Sale of Products/ Services	32,328	29,623
Other Operating Revenues	102	790
Revenue from Operations	32,430	30,413

Note:

Revenue from operations for periods upto 30th June, 2017 includes excise duty, which is discontinued with effect from 1st July, 2017 upon implementation of Goods and Service Tax (GST) in India. In view of the aforesaid restructuring of indirect taxes, revenue from operations for the year ended 31st March, 2019 is not comparable with the previous year.

IND AS 115 DISCLOSURES

(Rs. in Lakhs)

Sr. No.	Particulars	Year ended 31 st March, 2019	Year ended 31 st March, 2018
1	Details of revenue from contracts with customers recognised by the Company, net of indirect taxes in its statement of Profit and loss.		
	Revenue from contracts with customers (Transferred at point in time)		
	Sale of yarns	31,641	28,983
	Sale of wind power	687	640
		32,328	29,623
	Other Operating Revenues	102	790
	Total revenue from contracts with customers	32,430	30,413
2	Disaggregate Revenue		
	The table below presents disaggregated revenues of the Group from contracts with customers by geography/ offerings/ contract-type/market. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of its revenues and cash flows are affected by industry, market and other economic factors.		
	Total revenue from contracts with customers		
	Yarn		
	Domestic	11,614	11,600
	Export (Including deemed export)	20,129	18,173
	Wind Power		
	India	687	640
	TOTAL	32,430	30,413
3	Reconciliation Between Revenue with Customers and Contracted Price:		
	Revenue as per contracted price	32,514	30,480
	Less: Adjustments		
	Sales return	(51)	(54)
	Discounts/ Rebates	(33)	(13)
	Revenue from Contracts with Customers	32,430	30,413
4	Sales by performance obligations		
	Upon Shipment	27,464	25,480
	Upon Delivery	4,279	4,293
	Upon Transmission into Grid	687	640
	TOTAL	32,430	30,413

5 Contract balances

The following table provides information about receivables from contracts with customers:

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
a) Trade Receivables	8,177	8,383
Allowance as per Expected credit loss model	(153)	(471)
TOTAL	8,024	7,912
Trade receivables are non-interest bearing and are generally on terms of 0 to 180 days.		
b) Contract Liability		
Advances from Customers	143	72

The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended March 31, 2019.

Note 35: OTHER INCOME

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
a) Interest Income		
Instruments measured at amortised costs		
- on fixed deposits with bank	509	375
- others	0	16
b) Dividend Income		
- Dividend Income from Current investments at FVTPL	31	9
c) Other non-operating Income		
(Net of expenses directly attributable to such income)		
- Gain on disposal of Investment Property	-	841
- Gain on disposal of Property, Plant and Equipment	30	75
- Gain on sale of current Investments	-	27
- Fair Valuation gain on Investments	129	8
- Gain or loss on foreign currency transaction and translation (net)	496	79
- Government grants - Deferred Income (Refer note)	1	1
- Provision for doubtful receivables written back	1	15
- Duty Drawback & Rebate	184	217
- Miscellaneous Income	376	383
TOTAL	1,757	2,046

Notes: Technology Upgradation Fund Scheme subsidy received from government (ministry of textiles) towards investments in plant and equipments.

Note 36: COST OF MATERIAL CONSUMED

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Inventory at the beginning of the year	2,281	1,396
Purchases	17,028	14,404
Inventory at the end of the year	(1,637)	(2,281)
TOTAL	17,672	13,519

Note 37: PURCHASE OF STOCK-IN-TRADE

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Purchases of Yarn	33	25
TOTAL	33	25

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note 38: CHANGES IN INVENTORIES OF FINISHED GOODS (INCLUDING STOCK IN TRADE) AND WORK IN PROGRESS (Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Closing Stock		
Work-in-progress	714	769
Finished Goods	2,996	2,424
Opening Stock		
Work-in-progress	769	1,554
Finished Goods	2,424	3,196
TOTAL	(517)	1,557

Note 39: EMPLOYEE BENEFITS EXPENSE

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Salaries, Wages and Bonus	1,134	1,358
Contribution to provident and other funds	110	77
Staff Welfare Expenses	59	207
TOTAL	1,303	1,642

Note 40: FINANCE COSTS

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
a) Interest on Financial Liabilities carried at amortised cost		
Interest on borrowings	389	436
Exchanges differences regarded as an adjustment to borrowing costs	70	64
Interest expense on security deposits	-	14
b) Other Interest Cost		
Interest on Income tax	3	11
c) Other borrowing costs		
	345	209
TOTAL	807	734

Note 41: DEPRECIATION AND AMORTISATION EXPENSES

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Depreciation on property, plant and equipment	2,101	1,913
Amortisation of intangible assets	104	102
TOTAL	2,205	2,015

Note 42: OTHER EXPENSES

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Consumption of Stores and Spare Parts	289	351
Power and Fuel	1,711	1,504
Consumption of Packing Materials	1,509	1,334
Consumption of Oils and Chemicals	532	414
Labour Charges	1,770	1,495
Clearing and Forwarding Charges	68	65
Repairs and Maintenance:		
- Building	63	45
- Machinery	142	84
- Others	74	51
Excise Duty Expenses	1	426
Water, Waste and Effluent Treatment Charges	75	59
Rent	29	52
Insurance	84	167
Director Sitting Fees	3	2
Legal, Professional and Consultancy Charges	194	187
Bank Charges	98	103
Fair Valuation on loss on Derivatives	-	49
Corporate Social Responsibility Expenses	38	50
Miscellaneous Expenses	641	644
Loss on Sale of Current Investments	24	-
Payment to auditor:		
- Audit Fees	11	9
- For Taxation Matters	6	-
- For Certification	3	2
- For Other Services	0	-
Freight and Forwarding Charges	1,102	996
Commission on Sales	370	339
TOTAL	8,837	8,428

“Start by doing what’s necessary; then do what’s possible; and suddenly you are doing the impossible.”

- Francis of Assisi

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note 43: EARNINGS PER SHARE (EPS)

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Profit for the year	2,536	2,417
Equity shares outstanding at the beginning and at the end of the year - (Nos)	8,35,03,000	8,35,03,000
Nominal value of each share (in Re.)	1	1
Basic and Diluted earning per share	3.04	2.89

Note 44: EMPLOYEE BENEFITS

A) DEFINED CONTRIBUTION PLANS: The Company contributes to the Government managed provident and pension fund for all qualifying employees.

Contribution to provident fund of Rs. 36 lakhs (31st March, 2018: Rs. 47 lakhs) is recognised as an expense and included in "Contribution to provident and other funds" in Statement of Profit and Loss.

B) DEFINED BENEFIT PLANS: The Company has defined benefit plan for payment of gratuity to all qualifying employees. It is governed by the Payment of Gratuity Act, 1972. Under this Act,

an employee who has completed five years of service is entitled to the specified benefits provided depends on the employee's length of service and salary at retirement age. The Company's defined benefit plan is funded with Life Insurance Corporation (LIC).

There are no other post retirement benefits provided by the Company.

The present value of the defined benefit obligation, the related current service cost and past service cost, were measured using the projected unit credit method.

Reconciliation in Present Value of Obligations (PVO)

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
PVO at the beginning of the year	232	191
Interest cost	18	14
Current service cost	28	20
Benefits paid	(25)	(10)
Actuarial (Gains)/Losses	14	17
PVO at the end of the year	267	232

Reconciliation of Fair Value of Plan Assets:

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Fair value of plan assets at the beginning of the year	128	125
<u>Adjustments:</u>		
Return on plan assets excl. interest income	(0)	0
Interest income	10	9
Contributions by the employer	12	4
Benefits paid	(25)	(10)
Fair value of plan assets at the end of the year	125	128

Net Liabilities / (Assets) recognised in the Balance Sheet:

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
PVO of the defined benefit obligation at the end of period	267	232
Fair value of planned assets at end of year	(125)	(128)
Net Liabilities / (Assets) recognised in the Balance Sheet	142	104

Amount recognised in Statement of Profit and Loss

(Rs. in Lakhs)

Particulars	2018-2019	2017-2018
Current service cost	28	20
Net interest	8	5
Net charge to the Statement of Profit or Loss	36	25

Amount recognised in Other Comprehensive Income (OCI)

(Rs. in Lakhs)

Particulars	2018-2019	2017-2018
Actuarial (Gain)/Loss recognised for the period	14	17
Return on plan assets excluding net interest	0	(0)
Recognised in OCI for the year	14	17

Expected Payout

(Rs. in Lakhs)

Year	2018-2019	2017-2018
Expected Outflow in 1 st Year	21	21
Expected Outflow in 2 nd Year	2	2
Expected Outflow in 3 rd Year	11	13
Expected Outflow in 4 th Year	10	9
Expected Outflow in 5 th Year	6	12
Expected Outflow in 6 th to 10 th Year	134	129

The average duration of the defined benefit plan obligations at the end of reporting period is 39 years

Major category of plan assets as a % of total plan

The plan assets are being managed by LIC. No further details are made available by the fund manager.

Sensitivity Analysis: Significant actuarial assumptions for the determination of defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Impact on present value of defined benefit obligation:		
If discount rate is increased by 1%	(19)	(13)
If discount rate is decreased by 1%	23	25
If salary escalation rate is increased by 1%	21	24
If salary escalation rate is decreased by 1%	(19)	(12)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated

using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Principal Actuarial Assumptions

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Discount Rate	7.50%	7.75%
Expected return on plan assets	9.777	9.46
Expected rate of salary increase	8.50%	8.50%
Employee attrition rate	5.00%	1.00%
Mortality	Indian Assured Lives (2006-08)	Indian Assured Lives (2006-08)

Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

calculated by reference to the future salaries of plan participants. As such, a variation in the expected rate of salary increase of the plan participants will change the plan liability.

These plans typically expose the Company to actuarial risks such as interest rate risk and salary risk.

C) Other short term and long term employment benefits

Short term leave

a) Interest risk: a decrease in the bond interest rate will increase the plan liability.

The liability towards compensated absences (annual and short term leave) for the year ended 31 March 2019 of Rs. 7 lakhs (31 March 2018: Rs. 14 lakhs), is included in the 'Employee benefits expense' in the Statement of Profit and Loss.

b) Salary risk: the present value of the defined benefit plan liability is

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

Note 45: RELATED PARTY DISCLOSURES

1) Relationships

(a) Joint Ventures of Subsidiary (Refer note 54)

Savitex SA De C.V., Honduras

MRK SA De C.V., Honduras

Sarla Textstill Filament Sanayi Ticaret A.S.

(b) Entities controlled by Key Managerial Personnel

Satidham Industries Private Limited

Hindustan Cotton Company

(c) Key Managerial Personnel

(i) Executive Director

Madhusudan Jhunjunwala - Chairman & Whole Time Director

Krishna Jhunjunwala - Managing Director

(ii) Non Executive Director

Shreya Desai - Independent and Non Executive Director

Parantap Dave - Independent and Non Executive Director

Neha Jhunjunwala - Non Executive Director

Jigar A Shah - Independent and Non Executive Director

(Till 22nd March, 2019)

2) Details of transactions with above related parties

(Rs. in Lakhs)

Nature of Transaction	Entities controlled by Key Managerial Personnel		Key Managerial Personnel	
	As at 31 st March, 2019	As at 31 st March, 2018	As at 31 st March, 2019	As at 31 st March, 2018
a) Remuneration*				
Madhusudan Jhunjunwala - Chairman	-	-	138	138
Krishna Jhunjunwala - Managing Director	-	-	138	138
b) Sitting Fees				
Shreya Desai - Independent and Non Executive Director	-	-	1	0
Parantap Dave - Independent and Non Executive Director	-	-	1	1
Neha Jhunjunwala - Non Executive Director	-	-	1	0
Jigar A Shah - Independent and Non Executive Director	-	-	1	1
c) Security deposits repaid				
Hindustan Cotton Company	-	250	-	-
d) Advance received towards property purchased				
Satidham Industries Private Limited	-	110	-	-
e) Repayment of advance				
Satidham Industries Private Limited	-	110	-	-

*Managing Director's remuneration is Rs. 138 lakhs (as at 31st March, 2018: 138 lakhs) and whole time Director's remuneration is Rs. 138 lakhs (as at 31st March, 2018: 138 lakhs) is in accordance with section 197(12) of Act and Rules thereunder.

Key Management Personnel Compensation

(Rs. in Lakhs)

Particulars	2018-2019	2017-2018
Short-term employee benefits	276	276
Post-employment benefits	-	-
Other long-term employee benefits	-	-
Others (including sitting fees to non-executive directors)	3	2

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 trade receivables in respect of amounts owed by related parties.

Note 46: PRODUCTS FROM WHICH REPORTABLE SEGMENTS DERIVE THEIR REVENUES

Information reported to the chief operating decision maker (CODM) for the purpose of resources allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Segments have been identified and reported taking into

account the nature of products, the integration of manufacturing processes, the organization structure and the internal financial reporting systems.

In accordance with paragraph 4 of notified Ind AS 108 "Operating segments" the Group has disclosed segment information only on the basis of the consolidated financial statements.

The Group is predominantly involved into activity of manufacturing and processing of synthetic yarn which mainly have similar risk and nature. The Group has also diversified its activities into Wind Power Generation. Accordingly, the Group's business segment falls under two segments:

- i) Manufacturing of Yarn
- ii) Generation of Wind Power"

Segment Revenue And Results

The following is an analysis of the Group's revenue and results from operations by reportable segment

(Rs. in Lakhs)

Segment	Segment Revenue	
	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Yarn	31,743	29,703
Generation of Wind Power	809	836
	32,552	30,539
Elimination of Intersegment revenues	(122)	(126)
Unallocated	-	-
	32,430	30,413

(Rs. in Lakhs)

Segment	Segment Revenue	
	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Yarn	4,213	3,990
Generation of Wind Power	345	351
	4,558	4,341
Finance Costs	(807)	(734)
Other Expenses	(1,661)	(1,114)
Other Income	1,757	2,046
Profit Before Tax	3,847	4,538
Current Tax	(971)	(1,548)
Deferred Tax	(323)	(566)
Profit After Tax	2,553	2,425

Notes:

Segment revenue consist of sales of products including excise duty. (Refer footnote to note 34)

Segment profit represents the profit before tax earned by each segment without allocation of finance cost, other expenses, as well as other income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment Assets And Liabilities

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Segment Assets		
Yarn	52,458	45,994
Generation of Wind Power	8,212	9,232
Total Segment Assets	60,670	55,227
Unallocated	1,140	1,089
Consolidated Total Assets	61,810	56,316

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Segment Liabilities		
Yarn	28,722	25,094
Generation of Wind Power	3,902	3,919
Total Segment Liabilities	32,624	29,013
Unallocated		
Consolidated Total Liabilities	32,624	29,013

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

For the purpose of monitoring segment performance and allocation resources between segments:

All assets are allocated to reportable segments other than investments, deferred tax assets, non current tax assets, bank balances other than cash and cash equivalent

All liabilities are allocated to reportable segments other than borrowings, interest accrued on loans, provision for compensated absences, unpaid dividend and interim dividend payable.

Other Segment Information

(Rs. in Lakhs)

Particulars	Depreciation and Amortisation		Capital Expenditure	
	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Yarn	1,770	1,580	4,660	1,717
Generation of Wind Power	434	435	-	28
Unallocated	-	-	-	(1,581)
	2,205	2,015	4,660	164

Revenue from Major Products

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Yarn	31,621	29,199
Generation of Wind Power	809	836
Excise duty on sale of goods	-	378
	32,430	30,413

Geographical Information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets* by location of assets are detailed below:

(Rs. in Lakhs)

Particulars	Revenue from External Customers		Non Current Assets*	
	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
India	28,046	24,518	22,162	19,472
U.S.A.	-	1,333	6,737	6,690
Other Countries	4,384	4,562	1	1
	32,430	30,413	28,900	26,163

* Non-current assets exclude those relating to financial assets and deferred tax assets.

Information about major customers

No single customer contributed 10% or more to the group's revenue for the year end 31st March, 2019 and 2018, in case of yarn business.

Note 47.1: CONTINGENT LIABILITIES NOT PROVIDED FOR:

A) CLAIMS AGAINST THE GROUP NOT ACKNOWLEDGED AS

DEBT: Claim against Group not acknowledged as debt, comprises of excise duty & Custom duty disputed by company relating to issue of applicability of duty and classification of goods aggregating to Rs.2,280 lakhs (As at 31st March, 2018: Rs. 2,280 lakhs).

The Differential CST liability in respect of Non Collection of C Forms of Rs. 42 lakhs (As at 31st March, 2018: Rs. 42 lakhs).

B) GUARANTEES EXCLUDING FINANCIAL GUARANTEES:

Bank Guarantees issued by Banks on behalf of the group Rs.603 lakhs (As at 31st March, 2018: Rs. 743 lakhs). These are secured by the charge created in favour of the company's bankers by way of pledge of all Fixed Deposit Receipts.

C) OTHER MONEY FOR WHICH THE GROUP IS

CONTINGENTLY LIABLE: Letter of Credit issued by Banks on behalf of the company Rs. 215 lakhs (As at 31st March, 2018: Rs. 897 Lacs), these are covered by the Charge created in favour of the Group's Bankers by way of Hypothecation of Stock, Receivables & Machineries / Assets of the Group.

There are numerous interpretative issues relating to the Supreme Court (SC) Judgement on PF dated 28th February, 2019. Th Group will update its provision, on receiving further clarity on the subject.

In respect of the item above, further cash outflows in respect of contingent liabilities are determinable only on receipt of judgement / decisions pending at various forums / authority. The Group doesn't expect the outcome of matters stated above to have a material adverse effect on the Group's financial conditions, result of operations or cash flows.

Note 47.2: CAPITAL COMMITMENT

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
For Capital Expenditures (net of advances)	233	863

Note 48: FINANCIAL INSTRUMENTS

as detailed in notes 23, 28 and 30) and total equity of the Group.

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 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 capital structure of the Group consists of net debt (borrowings

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

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Non-current borrowings	14,998	12,410
Current maturities of non-current borrowings	692	894
Current borrowings	8,454	7,748
Total Debt	24,144	21,052
Equity	29,186	27,302
Net debt to equity ratio	0.83	0.77

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:

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Financial Assets		
At Amortised cost		
Investments in Debentures	125	109
Investment in U.S. Bancorp Community Development Corporation Investment Fund 8, LLC	6,311	5,934
Investment - FCT	-	-
Trade receivables	8,024	7,913
Cash and cash equivalents	630	1,627
Bank balances other than above	4,561	2,911
Loans	1,193	1,331
Other financial assets	2,592	2,131

“To raise new questions, new possibilities, to regard old problems from a new angle, requires creative imagination and marks real advance in science.”

- Albert Einstein

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

i) Classification of Financial Assets and Liabilities:

(Rs. in Lakhs)

Particulars	Fair Values	
	As at 31 st March, 2019	As at 31 st March, 2018
At Fair value through Profit and Loss		
Investments in equity shares	37	125
Derivative contracts	360	-
Investments in preference shares	606	500
Investments in Mutual Funds	372	355
TOTAL	24811	22,936
Financial Liabilities		
At Amortised cost		
Borrowings	23,452	20,158
Trade payables	1,579	1,271
Other Financial Liabilities (including derivative financial liabilities)	3,777	3,994
TOTAL	28,808	25,423

ii) Fair Value Measurements (Ind AS 113):

The fair values of the Financial Assets and Liabilities are included at the amount, at which instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments based on the input that is significant to the fair value measurement as a whole:

Level 1: This hierarchy uses quoted (unadjusted) prices in active markets for identical assets or liabilities. The fair value of all Equity Shares which are traded on the stock

exchanges, is valued using the closing price at the reporting date.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on company specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(Rs. in Lakhs)

Particulars	Fair Values	
	As at 31 st March, 2019	As at 31 st March, 2018
Financial Assets at Fair Value through Profit and Loss		
Investments in Equity Shares (Level 1)	37	125
Derivative Contracts (Level 2)	360	-
Investments in Preference Shares (Level 2)	606	500
Investments in Mutual Funds (Level 2)	372	355
TOTAL	1,375	980

The management assessed that cash and bank balances, trade receivables, loans, trade payables, borrowings (cash credit, foreign currency loans, working capital loans) and other financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

During the reporting period ending 31st March, 2019 there was no transfer between level 1 and level 2 fair value measurement.

Key Inputs for Level 1 and 2 Fair valuation Technique:

1. Mutual Funds: Based on Net Asset Value of the Scheme (Level 2)
2. Derivative (forward) contracts: The fair value is determined using quoted forward exchange rates at the reporting date. (Level 2)
3. Preference Shares: Based on comparable instruments (Level 2)
4. Listed Equity Investments: Quoted Bid Price on Stock Exchange (Level 1)

NOTE 49: 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

The following table provides information about the exposure to Credit Risk and Expected Credit Loss Allowance for trade and other receivables: (Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Not due		
0-180 days	7,005	7,424
181-365 days	1,015	485
Above 365 days	156	474
TOTAL	8,176	8,383

Movement in Provisions of Doubtful Debts: (Rs. in Lakhs)

Particulars	As at 31 st March, 2019	As at 31 st March, 2018
Opening Provision	(470)	(484)
Additional Provision Made	307	15
Restatement of Provision	10	(1)
Closing Provision	(153)	(470)

Other Financial Assets: The Group maintains exposure in cash and cash equivalents, term deposits with banks, investments in Debentures, Preference shares, mutual funds and derivative contracts. 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.

form financial assets such as trade receivables, investments in mutual funds, preference shares, debentures, 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.

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

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

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

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019			As at 31 st March, 2018		
	Carrying Amount	Contractual Cash flows		Carrying Amount	Contractual Cash flows	
		Upto 1 year	More than 1 year		Upto 1 year	More than 1 year
Financial Liabilities						
Borrowings (including Current Maturities of Long-Term Debts)	24,144	9,146	14,998	21,052	8,642	12,410
Trade and Other Payables	1,579	1,579	-	1,271	1,271	-
Other Financial Liabilities (including Derivative Financial Liabilities)	3,085	3,007	78	3,100	2,952	148
TOTAL	28,808	13,732	15,076	25,423	12,865	12,558

C) Market Risk: Market Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

i) Currency Risk: The Group is exposed to currency risk on account of its operating and financing activities. The functional currency of the Group is Indian Rupee. Group's exposure is mainly denominated in U.S. dollars (USD). The USD exchange rate has changed substantially in recent periods and may

continue to fluctuate substantially in the future. The Group has put in place a Financial Risk Management Policy to identify the most effective and efficient ways of managing the currency risks. The Group uses derivative instruments (mainly foreign exchange forward contracts) to mitigate the risk of changes in foreign currency exchange rate.

The Group does not use derivative financial instruments for trading or speculative purposes.

Exposure to Currency Risk

The currency profile of financial assets and financial liabilities are as below:

(Rs. in Lakhs)

Particulars	As at 31 st March, 2019			As at 31 st March, 2018		
	USD	GBP	EURO	USD	GBP	EURO
Financial Assets						
Cash and Cash Equivalents	279	-	20	781	-	53
Trade Receivables	2,985	228	1,053	2,569	208	1,329
Loans	-	-	-	-	-	-
Other Current Financial Asset	-	-	-	-	-	-
Less: Foreign Currency Forward Exchange Contracts	(1,729)	(543)	(4,118)	(1,626)	(185)	(1,157)
Net Exposure for Assets	1,535	(315)	(3,045)	1,724	24	225
Financial Liabilities						
Foreign Currency Loans	1,038	-	2,720	1,626	-	-
Short Term Borrowings	7,141	-	1,312	6,333	137	-
Trade and Other Payables	1,200	-	17	1,124	-	64
Other Current Financial Liabilities	-	-	-	-	-	-
Less: Foreign Currency Forward Exchange Contracts	-	-	-	(130)	-	-
Net Exposure for Liabilities	9,379	-	4,049	8,953	137	64
Net Exposure (Assets - Liabilities)	(7,844)	(315)	(7,094)	(7,229)	(113)	161

Sensitivity Analysis: The following table details the Group's sensitivity to a 5% increase and decrease in the Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign

exchange rates. This is mainly attributable to the net exposure outstanding on receivables or payables in the Group at the end of the reporting period. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rate. This analysis assumes that all other

variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. In cases where the related foreign exchange fluctuation is capitalised to fixed assets or recognised directly in reserves, the impact

indicated below may affect the Group's income statement over the remaining life of the related fixed assets or the remaining tenure of the borrowing respectively.

Impact on Profit or Loss

(Rs. in Lakhs)

Movement in Currency	Increase in Exchange rate by 5%		Decrease in Exchange rate by 5%	
	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
USD	(392)	(361)	392	361
GBP	(16)	(6)	16	6
EURO	(355)	8	355	(8)

ii) Interest Rate Risk: Interest Rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in 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.

The Group's investments in term deposits (i.e. certificates of deposits) with banks, investments in preference shares, mutual funds and debentures are at fixed interest rate and therefore do not expose the Group to significant interest rate risk.

Interest Rate Exposure:

(Rs. in Lakhs)

Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Term Loans - Long Term		
Floating Rate Borrowings	1,038	1,870
Fixed Rate Borrowings	14,566	11,321
Non Interest Bearing	87	114
Short Term Borrowings	8,454	7,748
TOTAL	24,144	21,053

Interest Rate Sensitivities for Floating Rate Borrowings:

(Rs. in Lakhs)

Movement in Rate	Increase in Exchange rate by 0.25%		Decrease in Exchange rate by 0.25%	
Particulars	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018	For the year ended 31 st March, 2019	For the year ended 31 st March, 2018
Term Loans - Long Term	3	5	(3)	(5)
Short Term Borrowings	21	19	(21)	(19)

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

NOTE 50: LEASES

(Rs. in Lakhs)

A) Operating Lease: The Group procures on lease office premises under operating leases. These rentals recognized in the Statement of Profit and Loss Account for the year is Rs. 18 lakhs (31st March, 2018: Rs. 16 lakhs). The said lease is renewable at the option of the lessor & lessee. The deposit paid in respect of the same is Rs. Nil (as at 31st March, 2018: Nil). The future minimum lease payments and payment profile of cancellable operating leases are as under:

Nature of Transaction	As at 31 st March, 2019	As at 31 st March, 2018
Not later than one year	20	20
Later than one year but not later than five years	6	9
More than five years	-	-
TOTAL	26	29

"When you have no fear, the possibilities are endless."

- Jeffree Star

Notes to Consolidated Financial Statements for the year ended 31st March, 2019

NOTE 51: SERVICE CONCESSION ARRANGEMENTS

The Group has entered into service concession arrangements with entities supplying electricity ("The Regulator") to construct, own, operate and maintain a wind energy based electric power generating station ("Plant"). Under the terms of agreement, the Group will operate and maintain the Plant and sell electricity generated to the Regulator for a period which covers the substantial useful life of the Plant which may be renewed for such further period as may be mutually agreed upon between the parties. The Group will be responsible for any maintenance services during the concession period.

The Group in turn has a right to charge the Regulator at the agreed rate as stated in the service concession arrangement. The fair value towards the construction of the Plant has been recognised as an Intangible Asset and is amortized over the useful life of the asset or period of contract whichever is less.

The Group has recognised an intangible asset of Rs.2232 lakhs as at 31st March, 2019 (31st March 2018: 2232 lakhs) of which 97 lakhs (Previous year 97 lakhs) has been amortized during the respective

periods.

NOTE 52:

The Group has elected to continue the policy adopted under previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of 31st March 2017 i.e. foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset and in other cases, if any, accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of the liability. For the current financial year, the impact on account of above (net of depreciation and amortization) is increase in profit before tax of Rs. 60 lakhs (in Previous year decrease in profit Rs. 5 lakhs). The net loss remaining unamortized under Foreign Currency Monetary Item Translation Difference Account as at 31st March 2019 is Rs. 51 lakhs (net gain as at 31st March 2018 Rs. 9 lakhs).(Also refer note 4(i)).

NOTE 53: DISCLOSURES AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT 2013 WITH RESPECT TO CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in Lakhs)

Name of the Entity	Net Assets, i.e., Total Assets Minus Total Liabilities		Share in Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Other Comprehensive Incomes	Amount	As % of Consolidated Profit or Loss	Amount
Parent								
Sarla Performance Fibers Limited	110.13%	32,142	115.59%	2,951	4.61%	(9)	124.92%	2,942
Subsidiaries								
Foreign								
SarlaFlex Inc	-26.53%	(7,743)	-29.98%	(765)	236.54%	(468)	-52.36%	(1,233)
Sarla Overseas Holdings Limited	19.10%	5,573	26.00%	664	-140.93%	279	40.02%	942
Intercompany Elimination	-2.78%	(810)	-12.21%	(312)	0.00%	-	-13.24%	(312)
Non - Controlling Interest in Subsidiaries	0.09%	25	0.67%	17	-0.22%	-	0.74%	17

NOTE 54: 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 Results for the year 2016-17 & 2015-16 & Financial results of Sarla Tekstil have also not been considered as same has not been received.

NOTE 55: The subsidiary (Sarlaflex, Inc.) has suspended its manufacturing operations since December 2017. The management

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

NOTE 56: EVENTS AFTER THE REPORTING PERIOD:

No adjusting or significant non-adjusting events have occurred between the reporting date (31st March, 2019) and the report release date (23rd May, 2019) except for proposed dividend as disclosed in note 22.6.

SARLA PERFORMANCE FIBERS LIMITED

[CIN: L31909DN1993PLC000056]

Registered Office: Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa, U.T. of Dadra & Nagar Haveli - 396230, India,

Tel: 0260-3290467, **Fax:** 0260 - 2631356,

Email: investors@sarlafibers.com **Website:** www.sarlafibers.com

NOTICE OF TWENTY SIXTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twenty Sixth Annual General Meeting** of the members of Sarla Performance Fibers Limited will be held on Friday, 27th September, 2019, at 10:00 AM, at the Registered Office of the Company at Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa - 396230, Union Territory of Dadra & Nagar Haveli to transact the following business:

ORDINARY BUSINESS:

1. To adopt Financial Statements

To receive, consider and adopt a) the audited financial statements of the Company for the financial year ended 31st March, 2019 and the Reports of the Board of Directors and Auditors thereon; and b) the audited consolidated financial statements of the Company for the financial year ended 31st March, 2019 and the Reports of the Auditors thereon and in this regard, pass the following resolutions as Ordinary Resolutions:

- a) **“RESOLVED THAT** the audited financial statements of the Company for the financial year ended 31st March, 2019 and the Reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted.”
- b) **“RESOLVED THAT** the audited consolidated financial statements of the Company for the financial year ended 31st March, 2019 and the Report of Auditors thereon laid before this meeting, be and are hereby considered and adopted.”

2. To declare dividend

To declare a dividend on equity shares for the financial year ended 31st March, 2019 and, in this regard, pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT a dividend at the rate of Rs. 1.1/- Per Share (Rupees One and Ten Paise Only) per equity share of face value of Re. 1/- (Rupee One) each on fully paid-up Equity Shares as recommended by the Board of Directors be and hereby declared [Excluding the Share upon which the Promoter / Member have waived / forgone / his / her / their right to receive the Dividend by him / her / them] for the financial year ended 31st March, 2019 to those Shareholders whose name appear in the Register of shareholders of the Company as on 20th September, 2019.”

3. To appoint Director retire by rotation

To appoint Mr. Madhusudan Jhunjhunwala [DIN: 00097254], who retires by rotation as a Director and in this regard, pass the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Madhusudan Jhunjhunwala [DIN: 00097254], who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retires by rotation.”

SPECIAL BUSINESS:

4. To re-appoint Mr. Madhusudan Jhunjhunwala (DIN: 00097254) as Chairman and Whole-time Director of a Company for a period of Five years:

To consider and, if thought fit, to pass the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, based on the recommendations of Nomination and Remuneration Committee and Board of Directors of the Company, the consent of members of the Company be and is hereby accorded to re-appoint Mr. Madhusudan Jhunjhunwala (DIN: 00097254), as a Whole -time Director, designated as Chairman and Executive Director, for a further period of Five (5) years with effect from 1st August, 2019 to 31st July, 2024, on the terms and conditions including remuneration as set out in the Statement annexed to the Notice, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit; and the period of his office shall be liable to determination by retirement of directors by rotation.”

RESOLVED FURTHER THAT pursuant to Section 196 read with Schedule V of the Companies Act, 2013, approval of the Members be and is hereby accorded to the continuation of directorship of Mr. Madhusudan Jhunjhunwala (DIN: 00097254) who has already

Notice

reached the age of 78 years.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolutions.”

5. To re-appoint Mr. Krishnakumar Jhunjunwala (DIN: 00097175) as Managing Director of a Company for a period of Five years:

To consider and thought fit, to pass with or without modification(s), if any, the following resolution as **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, based on the recommendations of Nomination and Remuneration Committee and Board of Directors of the Company, the consent of members of the Company be and is hereby accorded to re-appoint Mr. Krishnakumar Jhunjunwala (DIN: 00097175), for a further period of 5 (five) years from the expiry of his present term of office, i.e., with effect from 1st October, 2019 to 30th September, 2024, on the terms and conditions including remuneration as set out in the Statement annexed to the Notice, with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and / or remuneration as it may deem fit, and the period of his office shall be liable to determination by retirement of directors by rotation.”

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolutions.”

6. To re-appoint Mr. Parantap Dave (DIN: 00019472) as an Independent Director of the Company for a second term of five consecutive years, in terms of Section 149 of the Companies Act, 2013:

To consider and thought fit, to pass with or without modification(s), if any, the following resolution as **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory

modification(s) or re-enactment thereof, for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, Mr. Parantap Dave (DIN: 00019472), who was appointed as an Independent Director of the Company to hold office for Five (5) consecutive years up to the conclusion of 26th Annual General Meeting, by the members at the 21st Annual General Meeting, in terms of Section 149 of the Companies Act, 2013, be and is hereby re-appointed as an Independent Director of the Company for a second term of Five (5) consecutive years commencing from 27th September, 2019 up to the conclusion of the 31st Annual General Meeting of the Company in the calendar year 2024, not liable to retire by rotation.”

7. To appoint Mr. Paulo Manuel Ferreira Moura De Castro (DIN: 08459844) as an Independent Director of the Company:

To consider and thought fit, to pass with or without modification(s), if any, the following resolution as **Special Resolution**:

“**RESOLVED THAT** Mr. Paulo Manuel Ferreira Moura De Castro (DIN: 08459844), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 23rd May, 2019, under Section 161(1) of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment (s) thereof for the time being in force), who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013 signifying the intention to propose the candidature of Mr. Paulo Manuel Ferreira Moura De Castro (DIN: 08459844) for the office of Director be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or re-enactment(s) thereof for the time being in force), Mr. Paulo Manuel Ferreira Moura De Castro (DIN: 08459844), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Companies Act, and who is eligible for appointment as an Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of Five years with effect from 23rd May, 2019.”

8. To ratify the remuneration of Cost Auditors for the financial year ending 31st March, 2020:

To consider and, if thought fit, to pass with or without modification (s), the following resolutions as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014 (including any statutory

modification(s) or re-enactment thereof for the time being in force), and as approved by the Board of Directors of the Company, remuneration of Rs. 1,00,000 (Rupees One Lac Only) (plus applicable taxes and re-imburement of out of pocket expenses incurred in connection with the audit) to be paid to M/s. B.F. Modi & Associates, Cost Accountants, Vapi (Membership Number: 6955) appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year

ending 31st March, 2020, be and is hereby ratified;

RESOLVED FURTHER THAT the Board of Directors of the Company and / or Mr. Mahendra Sheth, Chief Financial Officer and Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

BY ORDER OF THE BOARD OF DIRECTORS

Madhusudan S. Jhunjunwala
Chairman and Whole Time Director
(DIN: 00097254)

Place: Mumbai
Date: 13th August, 2019

Registered Office:

SARLA PERFORMANCE FIBERS LIMITED
[CIN: L31909DN1993PLC000056]

Survey No. 59/1/4, Amli Piparia Industrial Estate,
Silvassa, U.T. of Dadra & Nagar Haveli - 396230
Tel: 0260 - 3290467, Fax: 0260 - 2631356,
Email: investors@sarlafibers.com Website: www.sarlafibers.com

possibilities

“Go for the impossible. I always tried to find my own limits. So far I did not find them, so my universe is in constant expansion.”

- Paulo Coelho

1. The Company's Statutory Auditors, M/s. CNK & Associates LLP, Chartered Accountants, Mumbai [ICAI Firm Registration Number: 101961W] were appointed as Statutory Auditors of the Company for a period of Five (5) consecutive years at the 24th Annual General Meeting (AGM) of the members of the Company held on 29th September, 2017 on a remuneration mutually agreed upon by the Board of Directors and the Statutory Auditors.

Their appointment was subject to ratification by the Members at every subsequent AGM held after the AGM held on 29th September, 2017. Pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from 7th May, 2018, the requirement of seeking ratification of the Members for the appointment of the Statutory Auditors has been withdrawn from the Statute.

In view of the above, ratification by the Members for continuance of their appointment at this AGM is not being sought. The Statutory Auditors have given a confirmation to the effect that they are eligible to continue with their appointment and that they have not been disqualified in any manner from continuing as Statutory Auditors. The remuneration payable to the Statutory Auditors shall be determined by the Board of Directors based on the recommendation of the Audit Committee.

2. The Explanatory Statement setting out material facts, pursuant to Section 102 of the Companies Act, 2013, Secretarial Standard-2 on General Meetings and Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Special Business under Item Nos. 4 to 8 of the accompanying Notice is annexed hereto.

3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of Members not exceeding fifty (50) in number and holding in the aggregate not more than ten percent (10.00%) of the total share capital of the Company carrying voting rights. A Member holding more than ten percent (10.00%) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other person or Shareholder. Proxies in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than forty-eight hours before the commencement of the Meeting. Proxies submitted on behalf of the Companies, Societies etc., must be supported by an appropriate resolution / authority, as applicable. A Proxy Form is annexed to this Notice.

4. Corporate Members are required to send a certified true copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representatives to attend and vote on their behalf at the Meeting.

5. Members, Proxies and Authorized Representatives are requested to bring to the Meeting, the attendance slip enclosed herewith, duly completed and signed mentioning therein details of their DP ID and Client ID / Folio No. Duplicate Attendance Slip or copies of the Report and Accounts will not be made available at the AGM venue.

6. In terms of the provisions of Section 152 of the Act, Mr. Madhusudan Jhunjunwala, Director will retire by rotation at the Meeting. Nomination and Remuneration Committee and the Board of Directors of the Company commend his re-appointment. Mr. Madhusudan Jhunjunwala is interested in the Ordinary Resolutions set out at Item Nos. 3, of the Notice with regard to his re-appointment. Mr. Krishnakumar Jhunjunwala, Managing Director and Ms. Neha Jhunjunwala, Director, being related to Mr. Madhusudan Jhunjunwala may be deemed to be interested in the resolution set out at Item No. 3 of the Notice. Save and except the above, none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Business set out under Item Nos. 1 to 3 of the Notice.

7. A brief resume of each of the Directors proposed to be appointed / re-appointed at this AGM, nature of their expertise in specific functional areas, names of companies in which they hold directorship and membership / chairmanships of Board Committees, shareholding and relationship between directors inter se as stipulated under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other requisite information as per Clause 1.2.5 of Secretarial Standard-2 on General Meetings, are provided in **Annexure 1.**

8. Electronic copy of the Annual Report for FY 2018-19 is uploaded on the Company's website www.sarlafibers.com and is being sent to all the Members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes, unless any Member has requested for a physical copy of the same. Members are requested to support Green initiative by registering / updating their e-mail addresses with the Depository Participant (in case of shares in dematerialized form) or with Sharex Dynamic (India) Private Limited, the Registrar and Transfer Agent ("RTA") of the Company (in case of shares held in physical form). Electronic copy of this Notice of the 26th AGM is uploaded on the Company's website www.sarlafibers.com and also on the website of National Securities Depository Limited (NSDL) viz. www.evoting.nsdl.com of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form and the same is being sent to all the Members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes, unless any Member has requested for a physical copy of the same. For Members who have not registered their email address, physical copies of this Notice and the Annual Report for FY 2018-19 are being sent through permitted mode.

For any communication, the Members may also send requests to the Company's email ID: abhishek@sarlafibers.com.

9. Relevant documents referred to in the accompanying Notice and in the Explanatory Statement are open for inspection by the Members at the Company's Registered Office on all working days (except Saturdays, Sundays and Public Holidays) between 11.00 a.m. to 1.00 p.m. up to the date of this AGM and also at the AGM.

10. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their Demat accounts. Members holding shares in physical form should submit their PAN to the RTA of the Company / Company.

11. SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated 8th June, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated 30th November, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from 1st April, 2019 unless the securities are held in the dematerialized form with the depositories. Accordingly, the Company / Sharex has stopped accepting any fresh lodgement of transfer of shares in physical form. Members holding shares in physical form are advised to avail of the facility of dematerialisation, promptly.

12. The Register of Members and Share Transfer Books of the Company will remain closed from **Friday, 20th September, 2019 to Friday, 27th September, 2019 (both days inclusive)**, for determining the names of Members eligible for dividend on Equity Shares, if declared at the AGM.

13. The Board of Directors at their meeting held on 23rd May, 2019, recommended a Dividend @ 1.1 per equity share of face value of Re. 1 each of the Company for the financial year ended 31st March, 2019, and the same if declared at the Meeting, will be paid within a period of 30 days of declaration to those members who have not waived / forgone their right to receive dividend for the Financial year 2018-19.

14. The dividend on Equity Shares, if declared at the AGM, will be paid on or after 27th September, 2019 to Members whose names appear on the record of Depositories [National Securities Depository Limited and Central Depository Services (India) Limited] on Friday, 20th September, 2019 (for shares held in Demat mode) and in the Register of Members of the Company (for shares held in physical mode) updated as on Friday, 20th September, 2019. The dividend will be paid to the Members within the stipulated time.

15. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, the Company has transferred on due dates, all unclaimed dividends up to the Financial Year 2010-11 to Investor Education and Protection Fund ('said Fund') established by Central

Government. Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, the Company has uploaded the details of the unpaid and unclaimed amounts lying with the Company on the website of the Company (www.sarlafibers.com), and also on the website of the Ministry of Corporate Affairs (www.mca.gov.in). Unclaimed dividend for the FY 2011-12 will fall due for transfer to the said Fund on 19th October 2019. Those Members, who have not encashed their dividends for the FY 2011-12, are requested to claim it from the RTA of the Company immediately. Those Members who have not so far claimed their dividend for the subsequent financial years are also advised to claim it from the Company or the RTA of the Company.

Due dates for transfer of unclaimed / unpaid Dividends for the financial year 2011-12 and thereafter to IEPF:

Financial Year Ended	Declaration Date	Due Date
31st March, 2012	20th September, 2012	19th October, 2019
31st March, 2013	13th September, 2013	11th October, 2020
31st March, 2014	27th September, 2014	25th October, 2021
31st March, 2015	28th September, 2015	26th October, 2022
31st March, 2016	30th September, 2016	29th October, 2023
31st March, 2017	29th September, 2017	27th October, 2024
31st March, 2018	28th September, 2018	26th October, 2025

16. Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, all equity shares of the Company on which dividend has not been paid or claimed for seven consecutive years or more on 27th October, 2019 shall be transferred by the Company to Investor Education and Protection Fund ("IEPF"). The Company has also written to the concerned Shareholders intimating them their particulars of the equity shares due for transfer. These details are also available on the Company's website www.sarlafibers.com. No claim shall lie against the Company in respect of these equity shares post their transfer to IEPF. Upon transfer, the Shareholders will be able to claim these equity shares only from the IEPF Authority by making an online application, the details of which are available at www.iepf.gov.in. All correspondence should be addressed to the RTA of the Company viz. Sharex Dynamic (India) Private Limited, (UNIT: Sarla Performance Fibers Limited), Unit No.1, Luthra Industrial Premises, Safed Pool, Andheri Kurla Road, Andheri East, Mumbai - 400072, Tel: 022-28515606 e-mail: sharexindia@vsnl.com.

17. The cut-off date for the purpose of determining the Members eligible for participation in remote e-voting (e-voting from a place other than venue of the AGM) and voting at the AGM is 21st September, 2019. Please note that Members can opt for only one mode of voting i.e., either by voting at the meeting or remote e-voting. If Members opt for remote e-voting, then they should not vote at the Meeting and vice versa. However, once an e-vote on a resolution is cast by a Member, such Member is not permitted to change it subsequently or cast the vote again. Members who have cast their vote by remote e-voting prior to the date of the Meeting

can attend the Meeting and participate in the Meeting, but shall not be entitled to cast their vote again.

18. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice, holds shares as of the cut-off date i.e. 20th September, 2019, may obtain the login ID and password by sending a request at investor@sharexindia.com. However, if the Member is already registered with NSDL for remote e-voting, then he/she can use his/her existing User-ID and password for casting the vote. Only a Member who is entitled to vote shall exercise his/her/its vote through e-voting and any recipient of this Notice who has no voting rights as on the Cut-off Date should treat the same as intimation only.

19. In case of joint holders attending the Meeting, the joint holder who is highest in the order of names will be entitled to vote at the Meeting.

20. A route map showing directions to the venue of the 26th AGM is given at the end of this Notice as per the requirement of the Secretarial Standard-2 on "General Meetings".

Voting through electronic means:

Pursuant to Section 108 of the Companies Act, 2013 read with the Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the Company is pleased to provide its Members the facility of remote e-voting to exercise their right to vote at the 26th AGM. The business may be transacted through e-voting services rendered by National Securities Depository Limited (NSDL).

The Board of Directors at their meeting held on 13th August, 2019 has appointed CS Ajit Sathe - Proprietor of M/s A. Y Sathe & Co., Company Secretaries in Practice (Registration No.: FCS: 2899/COP: 738) as the Scrutinizer to conduct the e-voting process in a fair and transparent manner.

The instructions to Members for voting electronically are as under:

I. The remote e-voting period commences on Tuesday, 24th September, 2019 (9:00 am IST) and ends on Thursday, 26th September, 2019 (5:00 pm IST). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 20th September, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

II. The Scrutinizer, after scrutinizing the votes casted through remote e-voting and at the Meeting through ballot or poll paper, will prepare a consolidated report and submit the same to the

Chairman or Managing Director of the Company within forty-eight hours of the conclusion of the Meeting i.e. on or before Sunday, 29th September, 2019.

III. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company (www.Sarlafibers.com) and on the website of NSDL at (www.evoting.nsdl.com) immediately after the declaration of result by the Chairman or Managing Director of the Company. The results shall also be immediately forwarded to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

IV. The process and manner for remote e-voting are as under:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is In300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.

c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***
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9. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to mail@csajithsathe.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “Forgot User Details/Password?” or “Physical User Reset Password?” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
- c) How to retrieve your ‘initial password’?
 - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
 - (ii) If your email ID is not registered, your ‘initial password’ is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:

- a) Click on “**Forgot User Details/Password?**” (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b) **Physical User Reset Password?**” (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.

8. Now, you will have to click on “Login” button.

Notes

www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

V. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

VI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

BY ORDER OF THE BOARD OF DIRECTORS

Madhusudan S. Jhunjhunwala
Chairman and Whole Time Director
(DIN: 00097254)

Registered Office:
SARLA PERFORMANCE FIBERS LIMITED
[CIN: L31909DN1993PLC000056]
Survey No. 59/1/4, Amlī Piparia Industrial Estate,
Silvassa, U.T. of Dadra & Nagar Haveli - 396230
Tel: 0260 - 3290467, Fax: 0260 - 2631356,
Email: investors@sarlafibers.com Website: www.sarlafibers.com

Place: Mumbai
Date: 13th August, 2019

“We are not interested in the possibilities of defeat. They do not exist.”

- Queen Victoria

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013, SECRETARIAL STANDARD-2 ON GENERAL MEETINGS AND REGULATION 36 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Item No. 4: Re-appointment of Mr. Madhusudan Jhunjunwala (DIN: 00097254) as Chairman and Whole-time Director of a Company for a period of Five years

The Members of the Company at the 22nd AGM held on 28th September, 2015, had approved the re-appointment of Mr. Madhusudan Jhunjunwala as Chairman and Whole-time Director of the Company, for a period of Five (5) years with effect from 1st August, 2015 to 31st July, 2020. Accordingly, Mr. Madhusudan Jhunjunwala will complete his present term on 31st July, 2020.

Pursuant to proviso to Section 196 (2) of the Companies Act, 2013, re-appointment of Whole-time Director can be made one year before the expiry of his term. Accordingly, on the recommendation of Nomination and Remuneration Committee, Board of Director in its meeting held on 13th August, 2019 have re-appointed and fixed remuneration of Mr. Madhusudan Jhunjunwala for a period of Five

(5) years with effect from 1st August, 2019 to 31st July, 2024, subject to the consent of the Members of the Company.

Further, as per the provisions of Section 196 (3) (a) read with Schedule V of the Companies Act, 2013, no Company shall appoint or continue the appointment of Whole-time Director, who has attained the age of Seventy (70) years, unless a special resolution is passed to that effect and justification thereof is indicated in the explanatory statement annexed to the notice for such appointment.

Mr. Madhusudan Jhunjunwala have reached the age of 78 years. Keeping in view Mr. Madhusudan Jhunjunwala's rich and varied experience in the industry, his involvement in the operations of the Company over a long period of time, and his pioneering role in guiding the Company, the Board of Directors is of the opinion that his continued association with the Company would be of immense benefit. Accordingly, approval of the members is sought for passing a Special Resolution for re-appointment of Mr. Madhusudan Jhunjunwala as a Whole-time Director, as set out in Part-I of Schedule V to the Act as also under sub-section (3) of Section 196 of the Act.

Broad particulars of the terms of re-appointment of and remuneration payable to Mr. Madhusudan Jhunjunwala are as under:

1.	Salary	:	Rs. 15,00,000/- per month fixed for 5 Years
2.	Medical Expenses	:	Reimbursement of Medical Expenses incurred for him and his family subject to a ceiling of one-month salary in a year. Family means the Spouse, dependent children and parents of Whole-time Director.
3.	Club Fees	:	Club Fees Subject to a Maximum of 2 Clubs. This will not include admission and life membership fees.
4.	Gratuity	:	Gratuity not exceeding half a month salary for every completed years of service.
5.	Car	:	Provision of a chauffeur driven Car for use of Company's business. Use of Car for private purpose shall be billed by the Company to the Whole-time Director.
6.	Telephone at Residence and Mobile Phone	:	Provision of a telephone at his Mobile phone residence and a Mobile phone for Company's business. However personal STD calls shall be billed by the Company to the Whole-time Director.
7.	Reimbursement of other expenses	:	The Whole-time Director shall be entitled to be reimbursed in respect of all expenses incurred by him including traveling, entertainment etc. for and on behalf of the Company. However, no sitting fees will be paid to the Whole-time Director for attending the Meetings of the Board of Directors or Committees thereof.
8.	Minimum Remuneration	:	If in the subsequent years profits of the Company remains inadequate or Company incurs losses then this remuneration shall be considered as minimum remuneration in terms of the Company Act, 2013.
9.	Job Responsibility	:	The Whole-time Director shall look after all Finance, Accounts and Administration work of the Company subject to the superintendence and control of the Board of Directors of the Company and shall carry out such other work as may be entrusted to him by the Board of Directors of the Company.

The Whole-time Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.

10.	Devotion of full time	:	During the employment with the Company the Whole-time Director shall devote full time and attention to the business of the Company as may be necessary or required and shall use his best endeavours to promote the interest and welfare of the Company.
11.	Ceasing of Office	:	If any time the Whole-time Director ceases to be Director of the Company for any cause whatsoever, he will cease to be Whole-time Director in terms of this appointment forthwith.
12.	Notice Period	:	The appointment of the Whole-time Director can be terminated by either party by giving 3 months' notice and no severance fees will be payable to the Whole-time Director.

Save and except as provided in the foregoing paragraph, Mr. Madhusudan Jhunjunwala satisfies all the other conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. Mr. Madhusudan Jhunjunwala is not disqualified from being appointed as a director in terms of Section 164 of the Act.

Additional information in respect of Mr. Madhusudan Jhunjunwala, pursuant to Regulation 36 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2), is given at **Annexure 1** to this Notice.

Except Mr. Madhusudan Jhunjunwala himself, Mr. Krishnakumar Jhunjunwala and Ms. Neha Jhunjunwala or their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

The Board of Directors recommends the resolution in relation to the appointment of Mr. Madhusudan Jhunjunwala as Chairman and Whole-time Director of the Company as set out in Item No. 4 for approval of the Members by way of a Special Resolution.

Item No. 5: Re-appointment of Mr. Krishnakumar Jhunjunwala (DIN: 00097175) as Managing Director of a Company for a period of Five years

The Members of the Company at the 22nd AGM held on 28th September, 2015, had approved the re-appointment of Mr. Krishnakumar Jhunjunwala as Managing Director of the Company,

1.	Salary	:	Rs. 15,00,000/- per month fixed for 5 Years
2.	Medical Expenses	:	Reimbursement of Medical Expenses incurred for him and his family subject to a ceiling of one-month salary in a year. Family means the Spouse, dependent children and parents of Managing Director.
3.	Club Fees	:	Club Fees Subject to a Maximum of 2 Clubs. This will not include admission and life membership fees.
4.	Gratuity	:	Gratuity not exceeding half a month salary for every completed years of service.
5.	Car	:	Provision of a chauffeur driven Car for use of Company's business. Use of Car for private purpose shall be billed by the Company to the Managing Director.

for a period of Five (5) years with effect from 1st October, 2014 to 30th September, 2019. Accordingly, Mr. Krishnakumar Jhunjunwala will complete his present term on 30th September, 2019.

Based on the recommendation of Nomination and Remuneration Committee, Board of Director in its meeting held on 13th August, 2019 have re-appointed and fixed remuneration of Mr. Krishnakumar Jhunjunwala for a period of Five (5) years with effect from 1st October, 2019 to 30th September, 2024, subject to the consent of the Members of the Company.

Mr. Krishnakumar Jhunjunwala aged 57 years holds a Bachelor Degree in Commerce from University of Mumbai and has more than twenty-five years of experience in the textile industry. He is engaged in the production, planning, marketing and other day to day operations relating to our business. He actively participates in the key financial decisions of our Company. He has a sharp commercial acumen and possesses in-depth knowledge of various segments of business in the textile industry. His vision for focusing on sale of value added yarn to global players has been instrumental in transforming our Company to its present position of strength.

Keeping in view Mr. Krishnakumar Jhunjunwala's rich and varied experience in the industry, the Board of Directors is of the opinion that his continued association with the Company would be of immense benefit. Accordingly, the Board recommends this resolution for continuation of appointment of Mr. Krishnakumar Jhunjunwala as Managing Director of the Company for a period of Five (5) years with effect from 1st October, 2019 to 30th September, 2024, on following terms and conditions:

6.	Telephone at Residence and Mobile Phone	:	Provision of a telephone at his Mobile phone residence and a Mobile phone for Company's business. However personal STD calls shall be billed by the Company to the Managing Director.
7.	Reimbursement of other expenses	:	The Managing Director shall be entitled to be reimbursed in respect of all expenses incurred by him including traveling, entertainment etc. for and on behalf of the Company. However, no sitting fees will be paid to the Managing Director for attending the Meetings of the Board of Directors or Committees thereof.
8.	Minimum Remuneration	:	If in the subsequent years profits of the Company remains inadequate or Company incurs losses then this remuneration shall be considered as minimum remuneration in terms of the Company Act, 2013.
9.	Job Responsibility	:	The Managing Director shall look after all the affairs of the Company subject to the superintendence and control of the Board of Directors of the Company and shall carryout such other work as may be entrusted to him by the Board of Directors of the Company.
10.	Devotion of full time	:	During the employment with the Company the Managing Director shall devote full time and attention to the business of the Company as may be necessary or required and shall use his best endeavours to promote the interest and welfare of the Company.
11.	Ceasing of Office	:	If any time the Managing ceases to be Director of the Company for any cause whatsoever, he will cease to be Managing Director in terms of this appointment forthwith.
12.	Notice Period	:	The appointment of the Managing Director can be terminated by either party by giving 3 months' notice and no severance fees will be payable to the Managing Director.

Save and except as provided in the foregoing paragraph, Mr. Krishnakumar Jhunjunwala satisfies all the other conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. Mr. Krishnakumar Jhunjunwala is not disqualified from being appointed as a director in terms of Section 164 of the Act.

Additional information in respect of Mr. Krishnakumar Jhunjunwala, pursuant to Regulation 36 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2), is given at **Annexure 1** to this Notice.

Except Mr. Krishnakumar Jhunjunwala himself, Mr. Madhusudan Jhunjunwala and Ms. Neha Jhunjunwala or their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

The Board of Directors recommends the resolution in relation to the appointment of Mr. Krishnakumar Jhunjunwala as Managing Director of the Company as set out in Item No. 5 for approval of the Members by way of a Special Resolution.

Item No.6: Re-appointment of Mr. Parantap Dave (DIN: 00019472) as an Independent Director of the Company for a second term of five consecutive years, in terms of Section 149 of the Companies Act, 2013

Pursuant to the provisions of Section 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Mr. Parantap Dave (DIN: 00019472) was appointed as an Independent Non-Executive Director of the Company by the members in the 21st Annual General Meeting ("AGM") held on 27th September, 2014 to hold office as an Independent Non-Executive Director of the Company for a period of Five (5) consecutive years till the conclusion of forthcoming 26th AGM of the Company.

As per the provisions of Section 149 of the Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of a Company but shall be eligible for re-appointment, for another term of upto five years, on passing of a special resolution by shareholders.

The Company has received intimation in Form DIR-8 from Mr. Parantap Dave that, he is not disqualified from being re-appointed as an Independent Director in terms of Section 164 of the Act, declaration that he meets with the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 & Regulation 16(1)(b) of SEBI Listing Regulations and his consent to continue as an Independent Director. In the opinion of the Board, Mr. Parantap Dave fulfills the conditions for his re-appointment as an Independent Director as specified in the Act and the SEBI Listing

Regulations and is independent of the management.

Based on the recommendations of the Nomination & Remuneration Committee and keeping in view the expertise of Mr. Parantap Dave, the Board of Directors at its meeting held on 13th August, 2019 approved the continuance of office of Mr. Parantap Dave as mentioned in the resolution.

Mr. Parantap Dave aged 58 years has rich experience in Corporate finance, including Debt Instruments, Private Equity, Merger & Acquisitions and Cross border transactions. Mr. Parantap Dave does not hold any shares of Sarla Performance Fibers Limited. He is not related to any other Directors / KMPs of the Company. He is the Chairman of Audit Committee, Nomination & Remuneration Committee and Stakeholder's Relationship Committee and Member of Corporate Social Responsibility Committee as well as Risk Management Committee of the Company. He has attended all the four (4) meetings of the Board held during the year 2018-19. He is a Director in Seven (7) other Companies registered in India.

The Nomination & Remuneration Committee and the Board evaluated the performance of Mr. Parantap Dave, rated him satisfactory on all parameters and recommended his re-appointment. Copy of the draft letter for re-appointment of Mr. Parantap Dave as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company during normal business hours on any working days.

Additional information in respect of Mr. Parantap Dave, pursuant to Regulation 36 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2), is given at **Annexure 1** to this Notice.

None of the Directors or Key Managerial Personnel of the Company and / or their relatives except Mr. Parantap Dave, to whom the resolution relates, is in any way, concerned or interested, financially or otherwise, in the resolution Item No. 6.

The Board of Directors recommends the resolution in relation to the appointment of Mr. Parantap Dave as an Independent Director of the Company as set out in Item No. 6 for approval of the Members by way of a Special Resolution.

Item No. 7: Appointment of Mr. Paulo Manuel Ferreira Moura De Castro (DIN: 08459844) as an Independent Director of the Company

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on 23rd May, 2019, have appointed Mr. Paulo Manuel Ferreira Moura De Castro (DIN: 08459844) as an Additional Director (in the category of Professional and Independent) with effect from 23rd May, 2019, pursuant to Section 161 of the Companies Act, 2013, read with the Articles of Association of the

Company.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Paulo Moura will hold office up to the date of the ensuing Annual General Meeting. A Notice has been received along with deposit of requisite amount from a member proposing Mr. Paulo Moura as a candidate for the office of Director of the Company.

The Company has received a declaration from Mr. Paulo Moura confirming that he meets the criteria of independence as prescribed under in sub-section (6) of Section 149 of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). Mr. Paulo Moura is also not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director of the Company.

In the opinion of the Board, Mr. Paulo Moura fulfils the conditions for her appointment as an Independent Director as specified in the Act and the Listing Regulations and he is independent of the management.

Mr. Paulo Moura aged 54 years has vast experience of more than 25 years in textile industries and have good knowledge of European and American Markets. His knowledge of Textile business and global markets would be utmost benefit to the Company. He is not related to any other Directors / KMPs of the Company. He does not hold any securities of the Company.

Copy of the draft letter for appointment of Mr. Paulo Moura as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company during normal business hours on any working days.

Additional information in respect of Mr. Paulo Moura, pursuant to Regulation 36 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2), is given at **Annexure 1** to this Notice.

None of the Directors or Key Managerial Personnel of the Company and / or their relatives except Mr. Paulo Moura, to whom the resolution relates, is in any way, concerned or interested, financially or otherwise, in the resolution Item No. 7.

The Board of Directors recommends the resolution in relation to the appointment of Mr. Paulo Moura as an Independent Director of the Company as set out in Item No. 7 for approval of the Members by way of a Special Resolution.

Item No. 8: Ratification of remuneration to Cost Auditor for financial year ending 31st March, 2020

The Board of Directors of the Company at their Board meeting held on 13th August, 2019 has considered and approved the appointment of M/s. B.F. Modi & Associates, Cost Accountants,

Vapi, (having Membership No. 6955) as the cost auditor of the Company for the financial year 2019-20 at a remuneration of Rs.1,00,000/- plus applicable taxes and out of pocket expenses that may be incurred.

None of the Directors, Key Managerial Personnel of the Company or their relatives or any of other officials of the Company as contemplated in the provisions of Section 102 of the Companies

Act, 2013 is, in any way, financially or otherwise, concerned or interested in the resolution in the resolution Item No. 8.

The Board of Directors recommends the resolution in relation to the ratification of the remuneration payable to the cost auditor for the financial year 2019-20 as set out in Item No. 8 for approval of the Members by way of an Ordinary Resolution.

possibilities

“Just beyond the horizon of the so-called impossible, is infinite possibility.”

- Bryant McGill

ANNEXURE 1

DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

[Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standard-2 on General Meetings]

Name of Director	Mr. Madhusudan Jhunjunwala	Mr. Krishnakumar Jhunjunwala
Director Identification Number	00097254	00097175
Date of Birth and Age	12/02/1941 and 78 years	15/02/1962 and 57 years
Date of first appointment on the Board	15/07/1994	14/06/1994
Qualifications	B. Com	B. Com
Experience and Expertise	Experience in Finance and Office Administration	Experience in Textile Manufacturing, Exports and Marketing
Terms and Conditions of appointment / re-appointment	As mentioned in Explanatory Statement to Notice	As mentioned in Explanatory Statement to Notice
List of Directorship of other Board	1) Sarla Estates Developers Pvt Ltd 2) Satidham Industries Pvt Ltd 3) Snow White Properties Pvt Ltd	1) Sarla Estates Developers Pvt Ltd 2) Satidham Industries Pvt Ltd 3) Sarla Twisters Pvt Ltd 4) Harmony Estates Pvt Ltdz
List of Membership / Chairmanship of Committees of other Board	NIL	NIL
Number of Shares held on 31 st March, 2019	19,45,000	13,14,000
Relationship with other Directors / Key Managerial Personnel	Father of Mr. Krishnakumar Jhunjunwala, Managing Director and Grandfather of Mr. Neha Jhunjunwala, Director	Son of Mr. Madhusudan Jhunjunwala, Chairman and Whole Time Director and Father of Ms. Neha Jhunjunwala, Director
Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person	As mentioned in Explanatory Statement to Notice	As mentioned in Explanatory Statement to Notice
Justification for choosing the appointees for appointment	NA	NA

Name of Director	Mr. Parantap Dave	Mr. Paulo Moura
Director Identification Number	00019472	08459844
Date of Birth and Age	29/04/1961 and 58 years	07/12/1964 and 55 years
Date of first appointment on the Board	27/09/2014	23/05/2019
Qualifications	Chartered Accountant	-
Experience and Expertise	Corporate Advisor	Experienced in the Field of Marketing
Number of Meetings of the Board attended during the year	1 (One)	NIL
List of Directorship of other Board	1) Dhanipa Management Services Pvt Ltd 2) Spectrum International Pvt Ltd 3) Sajeev Agri Pvt Ltd 4) Sankalp Siddhi Corporate Advisory Pvt Ltd 5) MAS Services Ltd 6) OMC Power Pvt Ltd	NIL
List of Membership / Chairmanship of Committees of other Board	NIL	NIL
Number of Shares held on 31 st March, 2019	NIL	NIL
Relationship with other Directors / Key Managerial Personnel	NONE	NONE
Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person	As per the Terms and Conditions of Appointment of Independent Directors placed on Company's Website i.e. www.sarlafibers.com	As per the Terms and Conditions of Appointment of Independent Directors placed on Company's Website i.e. www.sarlafibers.com
Justification for choosing the appointees for appointment	NA	NA

BY ORDER OF THE BOARD OF DIRECTORS

Madhusudan S. Jhunjhunwala
Chairman and Whole Time Director
(DIN: 00097254)

Place: Mumbai
Date: 13th August, 2019

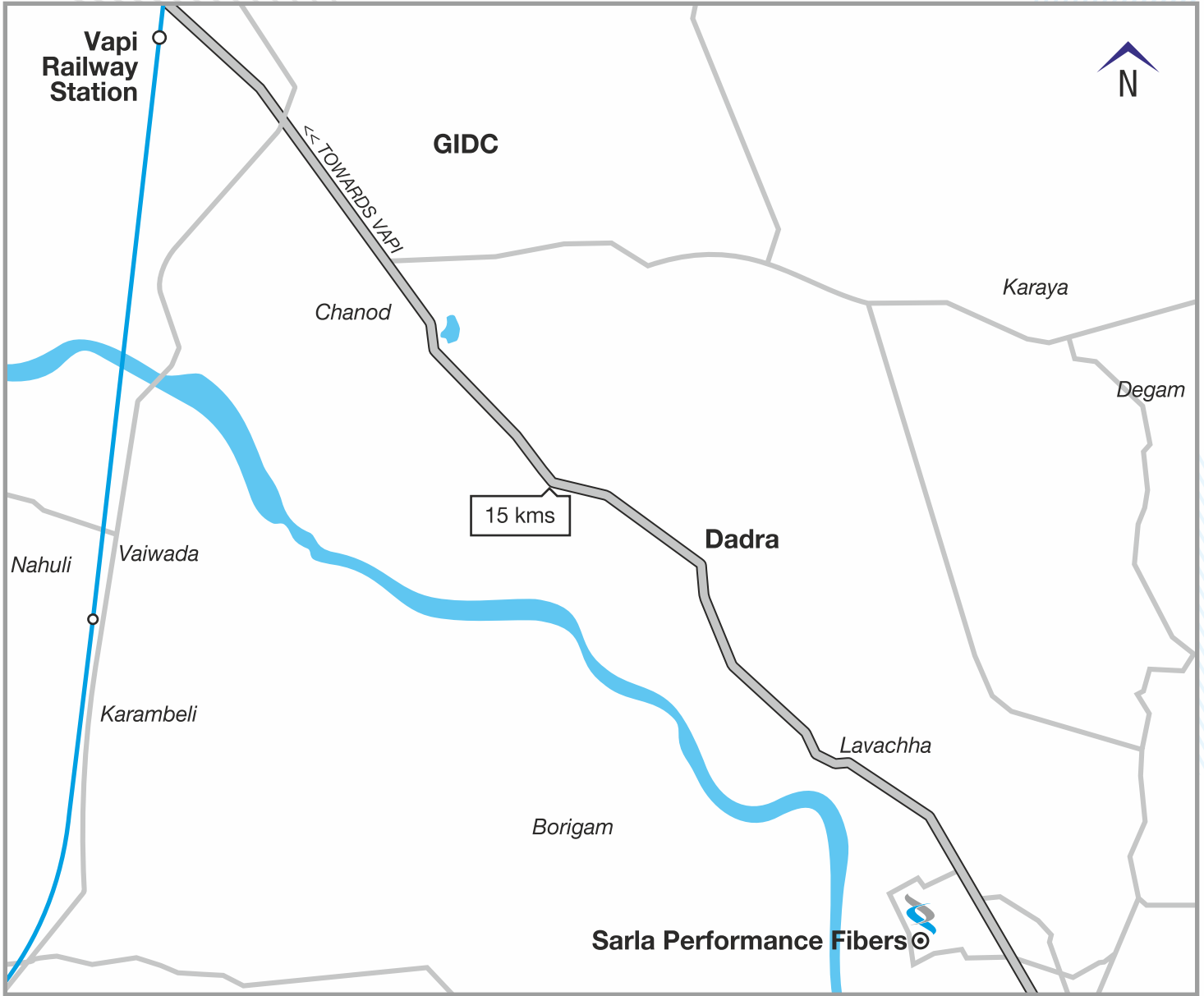
Registered Office:

SARLA PERFORMANCE FIBERS LIMITED
[CIN: L31909DN1993PLC000056]

Survey No. 59/1/4, Amlji Piparia Industrial Estate,
Silvassa, U.T. of Dadra & Nagar Haveli - 396230
Tel: 0260 - 3290467, Fax: 0260 - 2631356,
Email: investors@sarlafibers.com Website: www.sarlafibers.com

ROUTE MAP to the venue of Annual General Meeting

(From Vapi Railway Station to Sarla Performance Fibers Limited)



Note: Map not to scale/distance mentioned is approximate.

BY ORDER OF THE BOARD OF DIRECTORS

Madhusudan S. Jhunjhunwala
Chairman and Whole Time Director
(DIN: 00097254)

Place: Mumbai
Date: 13th August, 2019

Registered Office:

SARLA PERFORMANCE FIBERS LIMITED
[CIN: L31909DN1993PLC000056]

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SARLA PERFORMANCE FIBERS LIMITED

CIN: L31909DN1993PLC000056

Registered Office: Survey No. 59/1/4, Amlī Pipariā Industrial Estate,
Silvassa, U.T. of Dadra & Nagar Haveli - 396230

Tel: 0260-3290467, Fax: 0260-2631356

Email: investors@sarlafibers.com Website: www.sarlafibers.com

ATTENDANCE SLIP 26th ANNUAL GENERAL MEETING

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE AUDITORIUM

Folio No. / DP ID No./ Client ID No.	:	
Name and address of the registered member	:	
Name of Joint Holder(s), If any (in Block Letters)	:	
No. of Shares	:	

I/ We hereby record my/our presence at the 26th Annual General Meeting of the Company to be held at registered office on Friday, 27th September, 2019 at 10 AM

**Signature of the Member/
Joint Member/Proxy attending the Meeting**

Electronic Voting Event Number (EVEN)	User ID	Password
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Note:

1. Person attending the Meeting is requested to bring this Attendance Slip and Annual Report with him/her. Duplicate Attendance Slip and Annual Report will not be issued at the Annual General Meeting.
2. Please read the complete instructions given under the note no. 20 to the Notice of Annual General Meeting. The voting time starts from Tuesday, 24th September, 2019 (9:00 am IST) and ends on Thursday, 26th September, 2019 (5:00 pm IST). The voting module shall be disabled by NSDL for voting thereafter.

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Form No. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: **L31909DN1993PLC000056**
 Name of the Company: **Sarla Performance Fibers Limited**
 Registered office: **Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa, U.T. of Dadra & Nagar Haveli - 396230**

Name of the Member : _____
Registered Address : _____
E-mail Id : _____
Folio No. / Client Id : _____
DP Id : _____

I/We, being the member(s) of shares of the above named company, hereby appoint:

Name _____
 Address _____
 E-mail Id _____
 1) _____ or failing him;
 2) _____ or failing him;
 3) _____

Signature of first proxy holder **Signature of second proxy holder** **Signature of third proxy holder**
 as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **26th Annual General Meeting** of the Company, to be held on **Friday, 27th September, 2019 at 10:00 AM**, at the Registered Office of the Company at Survey No. 59/1/4, Amli Piparia Industrial Estate, Silvassa, U.T. of Dadra & Nagar Haveli - 396230, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolution No.	For	Against
1.	Adoption of Financial Statements a) the audited financial statements of the Company for the financial year ended 31st March, 2019 and the Reports of the Board of Directors and Auditors thereon; and b) the audited consolidated financial statements of the Company for the financial year ended 31st March, 2019 and the Reports of the Auditors thereon.		
2.	Declaration of Dividend for the financial year ended 31st March, 2019.		
3.	Appointment of Director retire by rotation.		
4.	Re-appointment of Mr. Madhusudan Jhunjunwala (DIN: 00097254) as Chairman and Whole-time Director of a Company for a period of Five years.		
5.	Re-appointment of Mr. Krishnakumar Jhunjunwala (DIN: 00097175) as Managing Director of a Company for a period of Five years.		
6.	Re-appointment of Mr. Parantap Dave (DIN: 00019472) as an Independent Director of the Company for a second term of five consecutive years, in terms of Section 149 of the Companies Act, 2013.		
7.	Appointment of Mr. Paulo Manuel Ferreira Moura De Castro (DIN: 08459844) as an Independent Director of the Company.		
8.	Ratification of remuneration to Cost Auditor for financial year ending 31st March, 2020.		

Signed _____ day of _____, 2019

Signature of shareholder: _____

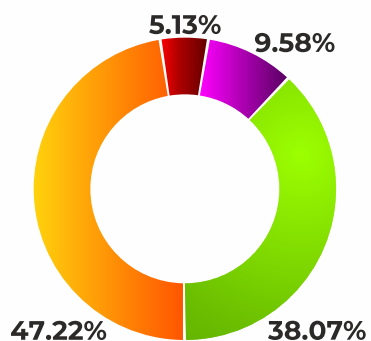
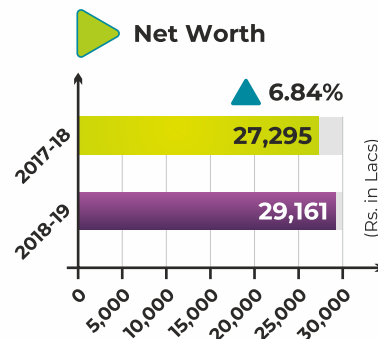
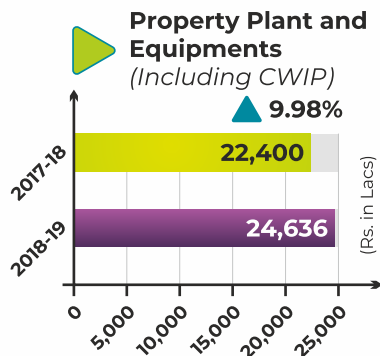
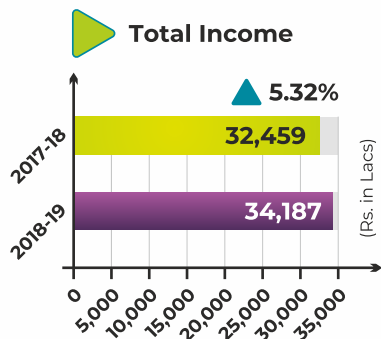
Signature of Proxy holder(s): _____

Affix Re. 1
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

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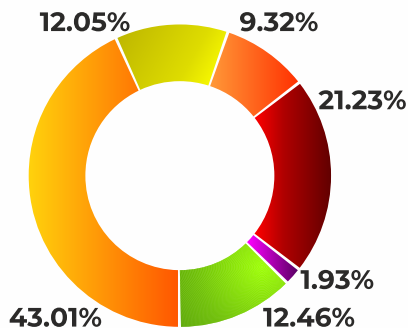
HIGHLIGHTS OF THE YEAR



(Rs. in Lacs)
Consolidate Data

Source of Funds 2018-19

Equity	29,186
Deferred Tax Liability	3,172
Payable for goods & other liabilities	5,922
Money borrowed from banks & others	23,530
Total	61,810



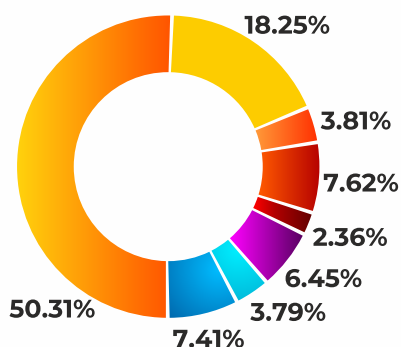
(Rs. in Lacs)
Consolidate Data

Application of Funds 2018-19

Property, Plant & Equipments and CWIP	26,582
Investment	7,451
Inventories	5,759
Receivables and other assets	13,123
Loans & Advances	1,193
Cash & Bank Balances	7,702
Total	61,810

(Rs. in Lacs)
Consolidate Data

Distribution of Revenue 2018-19



Materials	17,188
Manufacturing Expenses	6,235
Employees Remuneration & benefits	1,303
Administrative & other expenses	2,603
Interest & Finance Charges	807
Depreciation	2,205
Tax	1,294
Retained Earnings	2,532
Total	34,167

34,167

PRODUCTS AT A GLANCE



▶ Textured Sewing Thread

SPFL Sewing Threads caters to end applications such as Apparels, Swim Wear, Lingerie, Fleece Goods, Towels and Wash Clothes, Table Cloths and Placemats, Sheets and Pillow Cases.



▶ Textured Nylon Yarn

SPFL Textured Nylon Yarn caters to end applications such as Active & Swim Wear, Narrow Fabrics and Tapes, Hosiery, Under Garments.



▶ Textured Polyester Yarn

SPFL Textured Polyester finds applications in Sewing Thread, Furniture & Automotive Upholstery, Narrow Fabrics and Tapes, Circular and Flat Knitted products.



▶ High Tenacity Yarn

SPFL High Tenacity Yarns has niche end applications such as Automotive Seat Belts, Trims & Air Bags, Dress, Casual & Athletic Footwear, Leather Goods & Soft Luggage.



▶ Covered Yarn

Narrow Tapes, Hosiery, Lingerie, Seamless Knitwear, Medical, Bandages, Knitted and Denim Fabrics are the primary end applications of SPFL's range of covered yarns.



Registered Office:

SARLA PERFORMANCE FIBERS LIMITED

Survey No. 59/1/4, Amlī Pipariā Industrial Estate,
Silvassa - 396 230, U. T. of Dadra & Nagar Haveli

Corporate Office:

304, Arcadia, Nariman Point, Mumbai - 400 021

Phone No: + 91-22-2283 4116

Fax No: + 91-22-2285 1728

Website: www.sarlafibers.com

Investors services e-mail id: investors@sarlafibers.com